

Council  
11 February 2025

## **2025/26 BUDGET AND MEDIUM-TERM FINANCIAL PLAN**

<b>Head of Service:</b>	Peter Sebastian, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
<b>Author</b>	Sue Emmons, Chief Accountant
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?</b>	Yes
<b>If yes, reason urgent decision required:</b>	Statutory requirement to set Council Tax
<b>Appendices (attached):</b>	See list of appendices at end of report

### **Summary**

**This report fulfils the statutory requirement to agree a budget for 2025/26, comprising both revenue and capital expenditure plans, and to set a council tax for the year.**

**The Council Tax recommendation as supported by Financial Strategy Advisory Group is for an increase of £6.75 per annum (Band D property), an equivalent increase of 2.98%.**

### **Recommendations to Council:**

**See (1) to (15) below**

- 1 That the following estimates recommended by the policy committees be approved:-**
  - a. The revenue estimates for 2025/26 (as included in Section 5 and Appendix 2)**
  - b. The capital programme for 2025/26 and the provisional programme for 2026/27 to 2029/30, as summarised in the capital strategy statement (as included in Section 8 and Appendix 10).**

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- 2 That the fees and charges recommended by the policy committees be approved for 2025/26 as attached in Section 5 and Appendix 4.
- 3 That it be noted that, under delegated powers, the Chief Finance Officer calculated the amount of the Council Tax Base as 33,846.93 (Band 'D' equivalent properties) for the year 2025/26, in accordance with the Local Government Finance Act 1992, as amended (the "Act"). (as attached at Appendix 5)
- 4 That the Council Tax Requirement for the Council's own purposes for 2025/26 is £7,883,627 as attached in Section 12 and Appendix 5.
- 5 That the following amounts be calculated for the year 2025/26 in accordance with sections 31 to 36 of the Act:
  - a. £59,065,553 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(2) of the Act.
  - b. £51,181,926 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(3) of the Act.
  - c. £7,883,627 being the amount by which the aggregate at 8(a) above exceeds the aggregate at 8(b) above, calculated by the Council, in accordance with section 31A(4) of the Act, as its council tax requirement for the year.
  - d. £232.92 being the amount at 8(c) above divided by the amount at 1. above, calculated by the Council, in accordance with section 31(B) of the Act, as the basic amount of its council tax for the year.
- 6 To note that Surrey County Council and Surrey Police Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below:-

**SURREY COUNTY COUNCIL**

Band:	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Amount	1,230.90	1,436.05	1,641.20	1,846.35	2,256.65	2,666.95	3,077.25	3,692.70

**SURREY POLICE AUTHORITY - PROVISIONAL**

Band:	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Amount	224.75	262.20	299.66	337.12	412.04	486.95	561.87	674.24

- 10 That the Council, in accordance with Section 30 to 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of council tax for 2025/26 for each of the categories of dwellings.

**EPSOM AND EWELL BOROUGH COUNCIL**

<b>Band:</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	£	£	£	£	£	£	£	£
<b>Amount</b>	<b>155.28</b>	<b>181.16</b>	<b>207.04</b>	<b>232.92</b>	<b>284.68</b>	<b>336.44</b>	<b>388.20</b>	<b>465.84</b>

**AGGREGATE OF COUNCIL TAX REQUIREMENTS (FINAL BILL)**

<b>Band:</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	£	£	£	£	£	£	£	£
<b>Amount</b>	<b>1,610.93</b>	<b>1,879.41</b>	<b>2,147.90</b>	<b>2,416.39</b>	<b>2,953.37</b>	<b>3,490.34</b>	<b>4,027.32</b>	<b>4,832.78</b>

- 11 That members note the delay in receiving the final precept information from Surrey Police, expected at the end of February, and delegate authority to finalise the Budget Book and to make any amendments to the Council Tax demands as might prove necessary as the result of changes to the estimated demands issued by preceptors on the Council's Collection Fund to the Director of Corporate Services (Section 151 officer), once this information has been received.
- 12 That the Council agrees the Treasury Management Strategy and prudential indicators and authorised limits for 2025/26 as set out in Appendix 11 including:-
- a. Affordability prudential indicators;
  - b. The actual and estimated Capital Financing Requirement;
  - c. The estimated levels of borrowing and investment;
  - d. The authorised and operational limits for external debt;
  - e. The liability benchmark;
  - f. The treasury management prudential indicators.
- 13 That the Council receives the budget risk assessment at Appendix 12 and notes the conclusion of the Chief Finance Officer in Appendix 13 that these budget proposals are robust and sustainable as concluded in this report.
- 14 That the Council receives the Chief Finance Officer Statement on the Reserves as attached at Appendix 13.
- 15 That members note that decisions on how to fund any particular projects that relate to Local Government Reorganisation (LGR) in Surrey may require the exercise of the urgent decision procedure in accordance with the provisions of paragraph 3 of Appendix 2 to the Council's Constitution. (see paragraphs 5.9-5.10)

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### 1. Introduction

- 1.1. The Council is required to agree a budget for 2025/26 and, having regard to the cost of service provision and estimates of income, the level of council tax for the coming year.
- 1.2. Legislation also requires:-
  - 1.2.1. The setting of prudential indicators which determine the level of Council borrowing and capital expenditure, together with the treasury management strategy;
  - 1.2.2. The Council's Chief Finance Officer to report on the robustness of the estimates and the adequacy of the reserves; and
  - 1.2.3. The Council to consider the risks in its budget strategy.
- 1.3. The Council has now completed its review of service income and expenditure. The policy committees have considered their service estimates and they have recommended budgets, charges and capital investment for the next financial year.
- 1.4. This report provides an overview of the General Fund Revenue Account budget position for 2025/26 and future years as a basis for determining council tax.
- 1.5. The budget report is based on the Financial Strategy Advisory Group's recommended increase of £6.75 per annum, or 2.98% (for Band D property) in Council Tax. The report reflects the provisional grant settlement figures from central government, with the final settlement due to be approved in the House of Commons in February
- 1.6. All options are consistent with the council tax policy of ensuring that council tax stays below the average of the Surrey Districts.

### 2. Implications for the Council's Key Priorities, Service Plans and Community Strategy Proposals

- 2.1. The Medium-Term Financial Strategy (MTFS) includes the following objectives for council tax and the revenue budget, as approved by Full Council in February 2024, linked to the key priority to be an Effective Council:-

#### Council Tax

- 2.1.1. Ensure that council tax stays below the average of the Surrey Districts

#### Budget Position

- 2.1.2. Produce a balanced revenue budget each year;
- 2.1.3. Maintain a minimum working balance of £2.5 million at 31 March 2029;
- 2.1.4. Maintain a prudent level of strategic reserves and a minimum of £1 million in the corporate projects reserve;
- 2.1.5. Utilise reserves pro-actively to manage major risks to the Council's finances.

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### **3. Medium-Term Financial Plan 2025/26–2028/29**

- 3.1. Budget decisions should be taken in the context of longer-term plans, such as the Council's Corporate Plan, and draft MTFS 2025/26-2028/29, which is attached at Appendix 1.
- 3.2. The plan provides a detailed analysis of the Council's current finances and projected financial outlook. To prevent duplication, reference is made in this report to the relevant section of the Financial Plan.
- 3.3. The Financial Plan also provides a summary of the economic environment and resource forecasts taking into account legislative and other changes after next year including:-
  - 3.3.1. Increased levels of homelessness.
  - 3.3.2. Contingencies to mitigate elevated inflation and associated cost pressures.

### **4. Budget Strategy**

- 4.1. The 2025/26 revenue budget and the capital investment programme comprise the Council's spending plans for the forthcoming year.
- 4.2. Service estimate reports for 2025/26 have been prepared for each of the four policy committees and circulated to all Councillors, via Members' News, in the draft Budget Book 2025/26
- 4.3. The estimates have been prepared on the basis of the budget guidelines and targets agreed by Strategy & Resources Committee in July 2024, which included the following:-
  - 4.3.1. Ongoing review of existing asset utilisation to realise cost reductions in Council operational buildings and increased income from investment properties.
  - 4.3.2. Officers to be tasked with identifying further efficiencies in 2025/26, if possible, although these are becoming harder to achieve after over a decade of austerity
  - 4.3.3. A base review, which entails reviewing the year end position for 2023/24, identifying any potential savings, additional cost pressures and areas where savings can be developed
  - 4.3.4. Continue to investigate and bring forward income streams which maximise revenue from new and existing services, such as invest to save opportunities. Ensure any new powers are considered to generate additional income for the Council, such as any new charging policy for waste.
  - 4.3.5. Undertake a review of reserves to be reported to Financial Strategy Advisory Group to seek support for recommended minimum reserve balances

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4.3.6. A target to increase fees and charges income by 6% in 2025/26 (as previously agreed at Full Council in February 2024), then by CPI+1% in the following years. Heads of Service review fees and charges annually to ensure increases are achievable and report fees and charges to policy committees for approval.

4.3.7. To maximise external funding (e.g. Government Grants) and partnership opportunities (this could include any collaborative working opportunities which would result in cost savings).

4.3.8. That any new revenue growth items (i.e. service enhancements resulting in increased net expenditure) supported by Policy Committees will need to be fully funded from existing budgets.

4.4. The 2025/26 revenue budget and the capital investment programme comprise the Council's spending plans for the forthcoming year.

4.5. Financial Strategy Advisory Group has been updated on the budget process and given guidance on the preparation of the estimates. Financial Strategy Advisory Group has also recommended that Full Council approve the Treasury Management Strategy at Appendix 11. For more detail, councillors may wish to refer to the following agenda that provides a useful background to the budget review programme:-

4.5.1. Strategy & Resources Committee, 23 July 2024 – 2025/26 Strategic Financial Planning;

4.5.2. Financial Strategy Advisory Group, 31 January 2025 - Treasury Management, 2025/26 Budget and Council Tax Report 2025/26.

### **5. 2024/25 Revenue Budget and Medium Term Financial Strategy**

5.1. The draft Budget Book was issued to all Councillors via Members News on 15 January and was available prior to when the estimates were considered by policy committees. This contained:

5.1.1. Provisional estimated business rates income for 2025/26, pending submission of statutory returns to the Ministry of Housing, Communities and Local Government (MHCLG) due by 31 January 2025;

5.1.2. Provisional internal accounting recharges for corporate services. The final internal accounting recharges will be reflected in the final Budget Book. Internal accounting recharges have no impact on the committee's discretionary expenditure budgets, a net nil impact on the general fund overall and therefore no impact on the council tax decision; and

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5.1.3. The Council's grant income that was confirmed at the provisional local government finance settlement announced in December (see paragraphs 5.25-5.30 for further details). The government will provide an updated and final settlement in early February – this settlement is not expected to amend any of the existing grant allocations downwards; albeit a further increase is not expected. Final confirmation will be provided on the compensation that the Council will receive for the increased staffing costs as a result of the government's decision to increase Employer National Insurance contributions for the 2025/26 year, as announced by the Chancellor in October. The budget presented includes an estimate of potential compensation. Any additional funding for EEBC in the Final Settlement is expected to be modest and, when confirmed, will be included in the final Budget Book.

5.2. The service estimates are contained in the draft Budget Book 2025/26. The table below represents the proposals put forward in the draft budget book and includes the final financing position, as updated in January, showing a balanced budget position for next year:

<b>General Fund Budget Summary</b>	<b>2025/26 Draft Budget</b>
	<b>£'000</b>
Net Cost of Services (as per draft Budget Book and approved by Committees)	10,398
Less increased contribution from Collection Fund Equalisation Reserve	(129)
<b>Updated Net Cost of Services</b>	<b>10,269</b>
Funded by:	
Council Tax (based on 2.98% annual increase)	7,884
Retained Business Rates*	1,804
Govt compensation for under indexing the business rates multiplier	305
Revenue Support Grant	72
Funding Floor Grant**	338
Surplus on prior year council tax	38
Deficit on prior year business rates*	(171)
<b>Sub-Total Funding</b>	<b>10,269</b>
<b>Budget position for 2025/26</b>	<b>0</b>

\*See paragraph 5.45 – Retained Business Rates

\*\*The Funding Floor represents a government commitment that no council is worse off than the previous financial year. This grant ensures that Epsom & Ewell does not lose out as a result of other funding changes.

5.3. The following table summarises the Council's proposed budget for the 2025/26 year and the MTFS (up to 2028/29):-

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Budget Forecast	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>
	<u>Budget</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
	£000	£000	£000	£000	£000
Net Cost of Service brought forward (before interest and planned use of reserves)	11,394	12,457	11,398	12,351	12,985
Pay & Prices Increases	1,482	699	713	728	742
Service Changes and Pressures	393	(691)	446	100	(100)
Changes to External Funding	0	(521)	500	500	500
Increases in Fees & Charges	(456)	(423)	(256)	(264)	(272)
Identified savings	(356)	(123)	(450)	(430)	0
<b>Forecast Net Cost of Services</b>	<b>12,457</b>	<b>11,398</b>	<b>12,351</b>	<b>12,985</b>	<b>13,855</b>
Interest on Balances	(1,125)	(1,000)	(875)	(750)	(750)
Use of New Homes Bonus	(225)	0	0	0	0
Transfer from Collection Fund Reserve	(974)	(129)	0	0	0
Contribution from Property Income Equalisation Reserve	(700)	0	0	0	0
Contribution from Corporate Projects Reserve	(528)	0	0	0	0
Transfer from Working Balance (-)	0	0	0	0	0
<b>Forecast Net Expenditure</b>	<b>8,905</b>	<b>10,269</b>	<b>11,476</b>	<b>12,235</b>	<b>13,105</b>
Retained Business Rates Forecast ( <i>see para 5.45</i> )	1,749	1,804	1,840	1,877	1,914
Compensation for under-indexing the business rates multiplier ( <i>see para 5.45</i> )	292	305	306	312	318
Council Tax Income Forecast ( <i>see para 5.45</i> )	7,636	7,884	8,166	8,453	8,750
Council Tax Surplus ( <i>see para 5.45</i> )	58	38	0	0	0
Retained Business Rates Deficit ( <i>see para 5.45</i> )	(1,037)	(171)	0	0	0
Revenue Support/Other Grants ( <i>see para 5.28</i> )	207	410	86	76	77
<b>External Funding*</b>	<b>8,905</b>	<b>10,269</b>	<b>10,398</b>	<b>10,718</b>	<b>11,060</b>
<i>Funding Shortfall / Savings to be Identified</i>	<i>0</i>	<i>0</i>	<i>1,078</i>	<i>1,517</i>	<i>2,045</i>



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5.4. For a detailed version of the MTFs, see Appendix 1.

5.5. The key assumptions within this MTFs are:

<b>Key assumptions</b>	<b><u>2025/26</u> <u>Budget</u></b>	<b><u>2026/27</u> <u>Forecast</u></b>	<b><u>2027/28</u> <u>Forecast</u></b>	<b><u>2028/29</u> <u>Forecast</u></b>
Pay inflation	2.00%	2.00%	2.00%	2.00%
General inflation (on goods and services)	2.00%	2.00%	2.00%	2.00%
Council Tax increases	2.98%	2.99%	2.99%	2.99%
Business Rates retained income	1.70%	2.00%	2.00%	2.00%
Fees & Charges income	6.00%	3.00%	3.00%	3.00%

5.6. The rationale for these key assumptions is:

5.6.1. The pay award for 2025/26 and future years was considered by the Strategy and Resources Committee on 28<sup>th</sup> January, which made a recommendation for a 2% award.

5.6.2. General inflation assumptions are based broadly on the estimates from the Office of Budget Responsibility in October 2024 (Economic and Fiscal Outlook) for CPI inflation. This showed 2.6% forecast for 2025/26, 2.2% for 2026/27, 2.1% for 2027/28 and 2.1% for 2028/29.

5.6.3. The budget and MTFs assumes the maximum increase in Council Tax allowable. It should be noted that, for 2025/26, the proposed increase of 2.98% is the highest increase within the 3% increase limit that gives rise to an equal increase across all bands once rounding to the nearest penny has been applied. A 2.99% increase would result in a £6.78 increase which when multiplied across the other bands, would require rounding to the nearest penny, creating slightly different percentage changes for each band.

5.6.4. Business Rates income is forecast using the “multiplier” which is set by government each year based on CPI inflation in the September before the next financial year. For 2025/26, CPI inflation will be 1.7% based on the CPI inflation level in September 2024. Future years are assumed to be the same as the general inflation forecast.

5.6.5. Fees and charges are proposed to increase by 6% for 25/26, as agreed by the policy committees and in the agreed MTFs. For future years, it is proposed to increase fees and charges by CPI inflation plus 1% (estimated to be 3%). These proposed increases will be reviewed each year by policy committees.

5.7. The remainder of this section of the report will explain the other key elements of the proposed budget in more detail.

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### Committee Budgets

- 5.8. The proposed budget and MTFs covers existing services plus makes contingencies for changes to funding of services. The Committee budgets have been reviewed and approved by the relevant committees and are included in detail in Appendix 2. The main year-on-year changes in the cost of service provision are detailed in Appendix 3 to this report.
- 5.9. At present, there is limited factual information on the future of Local Government Reorganisation (LGR) in Surrey. It is expected, within the 2025/26 financial year, that additional projects and requirements on Council officers will emerge, once the future direction is clear. Therefore, it is expected that additional requests will be made to officers that are not currently costed within the budget. It is expected that the policy decision will be made by the relevant decision-making body according to the terms of the Constitution; such a decision may require either an extraordinary meeting of the Full Council or an urgent decision in accordance with the provisions of paragraph 3 of Appendix 2 to the Council's Constitution.
- 5.10. Once the policy decision has been made, there will be the question of funding it. In these instances, a decision will need to be made about whether to reprioritise existing spending or use Council reserves where possible. As part of this budget report, it is proposed that any urgent work is approved in accordance with the Council's existing urgent powers process as laid out in Appendix 2, paragraph 3 of the constitution. This enables a decision to be made on an urgent project to proceed by the Chief Executive, Deputy Chief Executive and Section 151 officer, in consultation with the relevant Committee Chair or the Mayor (where it is a decision reserved to full Council).

### Staff Budget

- 5.11. A total of £15.4 million of staff costs, staff on-costs and agency costs have been included in the policy committee estimates compared to £14.6 million in 2024/25. This will form the salary control total for budget monitoring purposes, subject to adjustments needed where service changes are agreed by the Council.
- 5.12. It is recommended that Full Council agree an annual staff pay award of 2.0% for 2025/26. This has been reviewed by the Strategy and Resources committee and recommended to Full Council for approval in this meeting.
- 5.13. The budget includes the full staffing costs for Nonsuch JMC (NJMC) and Epsom & Walton Downs Conservators (EWDC) where the Council's liability is 50% and 60% respectively. Staffing costs for NJMC and EWDC are then recharged to those bodies accordingly.
- 5.14. It is anticipated that a 2% staff vacancy margin, staff turnover savings net of temporary staff cover, will be required to manage staff costs within the control total.
- 5.15. The mayoral budget, used for discharging the mayor's civic duties, will increase by 1.7% (September 2024 CPI). Any required changes to members allowances budgets would be offset by an allocation from the inflation contingency budget.

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5.16. Following the 2022 pension fund valuation, the employer's pension on-cost rate remains unchanged at 17.4% of an employee's salary (known as the primary rate). The Council also makes a lump sum contribution to the pension fund (known as the secondary rate) to reduce the accumulated past deficit on the fund. The next valuation will be based on the Surrey Pension Fund position at 31 March 2025 and will result in amended pension contributions for the 2026/27 financial year. At present, no forecast has been made for these and the budget remains unchanged.

### Identified Savings

5.17. The 2025/26 budget and the MTFPS include the requirement to complete a range of service reviews to help to ensure that the Council's expenditure does not exceed its income. These service reviews form part of the MTFPS that was approved by Council last year.

5.18. The MTFPS assumes delivery of £1m of savings from 2025/26 onwards. It should be noted that despite these savings, the budget gap is forecast to be £2 million by 2028/29 and further savings will need to be identified to achieve a balanced budget at the end of this period.

5.19. Given the need for further savings/income to be identified in future years, it is recommended that scheduled programme of discretionary service and asset reviews should be presented in 2025/26 to Strategy & Resources Committee for approval and subsequent delivery.

5.20. For 2025/26 and beyond, the following savings are included in the budget:-

Identified Savings	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>
	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000
Operational efficiencies and income generation	55	50	-	-
<b>Strategy &amp; Resources Committee</b>				
Commercial property rent reviews	38	-	-	-
Review of Town Hall	-	-	400	-
<b>Environment Committee</b>				
Review of Parks	-	-	30	-
Review of Borough Beautification – replaced by rental income from parks	30	-	-	-
<b>Community &amp; Wellbeing Committee</b>				
Review of homelessness	-	300	-	-
<b>Licensing &amp; Planning Policy Committee</b>				

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Additional Planning Income	-	100	-	-
<b>Total</b>	<b>123</b>	<b>450</b>	<b>430</b>	<b>-</b>

5.21. It should be noted that, for the 2026/27 budget and future years, there remains a budget gap. This will be reviewed in detail as part of the budget-setting process for the 2026/27 financial year. In particular, two key areas of focus will be:

5.21.1. Reviewing and updating forecasts on the expected costs of temporary accommodation

5.21.2. Reviewing the potential impact of a change in Business Rates income. The government may seek to amend the baseline (above which the Council gets to retain half of all business rates income) which could lead to a possible reduction in future income.

5.21.3. It is estimated, at a high level, that the potential additional pressures in these two areas will be around £500,000 a year from 2026/27 onwards. This forecast will be revised as part of the budget-setting process for 2026/27.

5.22. The 2025/26 budget also includes revenue funding towards the financing of a sustainable capital programme. There is a £500,000 contribution towards the cost of the 2025/26 programme and the same amount for future years.

### Fees and Charges income

5.23. Each policy committee has received a report on fees and charges for 2025/26. Income from the recommended charges has been included in the committee estimates (i.e. specific income from fees and charges has been allocated to the specific committee budgets to which the income relates).

5.24. A summary of the additional income from increases in discretionary charges included in the budgets recommended by the committees is attached at Appendix 4.

### Government funding

5.25. Details of the provisional local government finance settlement were sent to all councillors via Members News on 19 December 2024.

5.26. The 2025/26 settlement is set out in this report. Nationally there is an increase in national core spending power for 2025/26 of 6% in cash terms; however, this has benefited Unitary and Metropolitan Councils with additional funding prioritising social care and areas with higher levels of deprivation. For District and Borough Councils the average is 0.3%, for Epsom and Ewell Borough Council, overall core spending power uplift is close to 0% when changes are rounded.

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5.27. It is likely that a range of policy changes will be made by government for the 2026/27 financial year, including the 'Fair Funding Review'. The Fair Funding Review is a review of the distribution of government and business rates funding between Councils, and when complete, it is expected to favour unitary and upper tier councils, ahead of districts such as EEBC.

5.28. The following table from the Ministry of Housing, Communities and Local Government (MHCLG) shows the Council's provisional Core Spending Power grants for EEBC for 2025/26: -

2025/26 Provisional Settlement (Core Spending Power) MHCLG 19 December 2024	2024/25	2025/26 (Provisional)	Funding Change since 2024/25
	£'000	£'000	£'000
Retained Business Rates - Baseline	1,598	1,632	34
Compensation for under indexing the business rates multiplier	292	305	13
Funding Guarantee Grant	141	0	(141)
Services Grant	10	0	(10)
Recovery Grant	15	0	(15)
Funding Floor*	0	338	338
Domestic Abuse Safe Accommodation	37	37	0
<b>Subtotal - Recurring Government Funding</b>	<b>2,093</b>	<b>2,312</b>	<b>219</b>
New Homes Bonus	498	6	(492)
Council Tax**	7,636	7,909	273
<b>Total Provisional Core Spending Power (as per LG Finance Settlement)</b>	<b>10,227</b>	<b>10,227</b>	<b>0</b>

<b>Reconciliation to Budget (para 5.2)</b>	<b>10,227</b>
Revenue Support Grant/ Rolled in Grants	72
Domestic Abuse Safe Accommodation	(37)
New Homes Bonus	(6)
January Forecast of Business Rates and Council Tax	13
<b>Funding for 2025/26</b>	<b>10,269</b>

\*The Funding Floor represents a government commitment that no council is worse off than the previous financial year. This grant ensures that Epsom & Ewell does not lose out as a result of other funding changes.

\*\*In its assessment of core spending power, government assumes that councils should increase council tax by the maximum permissible amount.

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5.29. The funding change compared to 2024/25 is below the rates of inflation from September (CPI 1.7%), which are commonly used for supplier contract uplifts, and next year's staff pay award budgeted at 2%. This means the spending settlement does not provide any additional funding to the Council to tackle inflationary, revenue and deficit pressures.

5.30. Should government make any changes to the provisional settlement, it is anticipated these would be reported to Full Council and, if the changes result in less income for the Council, any shortfall will be met from the Corporate Projects Reserve.

### Council Tax Income for 2025/26

5.31. In April 2012, Central Government brought in a new measurement of spending defined as the 'Council Tax Requirement'. This is the estimate of tax to be raised i.e. Band D tax level multiplied by the Council Tax base (the number of Band D equivalent properties). The Council is required to show this information in the Council Tax leaflet.

5.32. The Council Tax Requirement for 2025/26 is £7,883,627 subject to agreement at this meeting of Full Council.

5.33. The Council Tax requirement will change each year due to:-

5.33.1. Increases/decreases in domestic properties. This is known as the "Council Tax base" and is an estimate of the number of Band D properties eligible for Council tax, after estimating all the properties that are subject to relief (e.g. Single Person Discount). For the 2025/26 year, it is assumed that the number of eligible properties has increased by 0.25% based on historic trends and a prudent estimate of potential housing growth in 2025/26.

5.33.2. The Council Tax charge. This is the amount set by Full Council and, for the 2025/26 year, is proposed to be an increase of 2.98%. The provision local government finance settlement confirmed capping limits for council tax, allowing district councils to increase their council tax by either £5 per annum (Band D equivalent) or 3% (whichever is highest) before needing to hold a referendum.

5.34. For financial planning purposes, the MTFs and Budget Book assumes an annual council tax increase of 2.98%, which equates to an additional £6.75 per annum or 13.0 pence per week for a Band D equivalent property.

5.35. The proposed increase of 2.98% is the highest increase within the 3% increase limit that gives rise to an equal increase across all bands once rounding to the nearest penny has been applied. A 2.99% increase would result in a £6.78 increase which when multiplied across the other bands, would require rounding to the nearest penny, creating slightly different percentage changes for each band.

5.36. To the average band 'D' council taxpayer (those not receiving discounts or support), the annual charge for borough services would increase from £226.17 to £232.92 per property.

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- 5.37. With CPI inflation at 1.7% (as of September 2024), this still represents a above inflationary increase for residents, and a real terms funding benefit for the Council.
- 5.38. For the Council's finances, revenue from council tax provides critical income to pay for services, assisting to replace funding lost from government revenue support grant and new homes bonus.
- 5.39. The Group may feel it appropriate for options of 0% and 2.98% to be included in the budget report to full Council, as set out in the following table

<b>Council Tax Change</b>	<b>0% Freeze</b>	<b>2.98% Increase</b>
Council Tax (Band D)	£226.17	£232.92
Increase per annum	£0	£6.75
Increase per week	£0p	£13p
Additional Income Generated 2025/26	£0	£228,467
Additional savings / reserve contributions needed to balance Draft Budget	£228,467	£0
On-going income received in future years	£0	£228,467

- 5.40. The current Surrey district council tax levels for the 2024/25 year are shown at Appendix 7. The policy in the MTFS is to ensure that council tax stays below the average of the Surrey districts.
- 5.41. Surrey County Council is expected to implement the maximum council tax increase to help their future funding position.

### Business Rates Income for 2025/26

- 5.42. Government sets a level of business rates that should be collectable by a local authority each year and then, using a national formula, determines how much can be retained by the Council (the funding baseline).
- 5.43. Should the local collection of business rates exceed the government-set baseline, the Council retains a 50% share of the surplus above the baseline. However, should local collection of business rates fall short of the baseline, the Council is liable for a 50% share of the deficit.
- 5.44. The draft Budget Book estimated a retained business rates income for 2025/26 of £1,784,000 and also includes separate 'Additional Multiplier Cap' grant funding of £301,000 based on provisional figures.

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5.45. The following table shows that EEBC can now expect to achieve business rates income in 2025/26 of £1,804,000 and £305,000 from 'Additional Multiplier Cap' grant:-

Retained Business Rates	2024/25			2025/26		Description
	Gov't Baseline	EEBC Budget (NNDR1)	EEBC Latest Forecast	Previous Forecast inc in MTFS	Final EEBC Budget (NNDR1)	
	£'000	£'000	£'000	£'000	£'000	
Rates Collectable	27,214	24,116	23,078		25,906	
Less: payable to central government	(13,607)	(12,058)	(11,539)		(12,953)	50% of total
Less: payable to SCC	(2,722)	(2,412)	(2,308)		(2,591)	20% of local share
<b>NNDR Baseline</b>	<b>10,885</b>	<b>9,646</b>	<b>9,231</b>	-	<b>10,362</b>	
Less Tariff	(9,343)	(9,343)	(9,343)		(9,454)	Tariff set by govt. to go to 'top-up authorities'
<b>Retained Business Rates</b>	<b>1,542</b>	<b>303</b>	<b>(112)</b>	-	<b>908</b>	
Less: loss of 50% of underlying growth	-	(207)	(196)		(243)	
<b>Est. of Retained Business Rates</b>	<b>1,542</b>	<b>96</b>	<b>(308)</b>	<b>1,784</b>	<b>665</b>	
Add back: S31 Grants	-	1,653	1,653	-	1,139	
<b>EEBC Income including relief grants</b>	<b>1,542</b>	<b>1,749</b>	<b>1,345</b>	<b>1,784</b>	<b>1,804</b>	
Multiplier Cap Grant		292	393	301	305	
<b>Budgeted / Forecast EEBC Income including grants</b>	<b>1,542</b>	<b>2,041</b>	<b>1,738</b>	<b>2,085</b>	<b>2,109</b>	

<b>Surplus / (Shortfall) In Funding v Budget / MTFS</b>	<b>(303)</b>	<b>24</b>
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5.46. For 2025/26, Epsom and Ewell Borough Council has not been invited to be included within a pooling arrangement with Surrey County Council, London Borough of Sutton and other Surrey district councils. Surrey County Council is the lead authority for this pool and it was decided that Epsom and Ewell would not be in the pool for 2025/26 (having benefitted from the pool in 2024/25) and Tandridge would be rotated into the pool to enable them to receive the benefit of being in the pool for 2025/26.



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5.47. The Council has also carried out a consultation with Non-Domestic Ratepayers, as it is required to do. The Council has provided information about its spending proposals and business rates reliefs on the website. Any responses specific to the 2025/26 budget will be identified at the meeting.

### Collection Fund Surplus / Deficit for the 2025/26 budget

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

5.49. In simple terms, this means that, for both Council Tax and Business Rates, the Council is required to reflect a surplus or deficit for the 2025/26 budget based on:

5.49.1. The final outturn position for 2023/24 – this is the change between the estimate provided last year and the final accounts, now completed

5.49.2. The in-year forecast position for 2024/25 – based on current year trends

5.49.3. The combination of these two elements represents a surplus to be credited (i.e. more income received than budgeted for) or a deficit to be charged (i.e. less income received than budgeted for) to the General Fund for 2025/26, essentially updating the budget based on the latest estimate of income received from the Collection Fund.

5.50. For Council Tax, the estimated surplus to be credited to the General Fund from prior years is £38k. This will be credited to the General Fund budget for the 2025/26 financial year. The detailed calculation is included in Appendix 6.

5.51. For Business rates, the estimated deficit to be charged to the General Fund for the 2025/26 year, based on a forecast carried out in January, is in the following table:

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	EEBC's Share	
<b>2023/24</b>		
Prior Year surplus (2023/24 final outturn vs forecast outturn)		132,551
<b>2024/25</b>		
Forecast Share of Deficit for 2024/25	(415,481)	
Anticipated Reduced Levy	11,361	
Forecast Additional Multiplier Cap	100,367	
		(303,753)
<b>Prior Year Deficit on Business Rates to be Charged to the General Fund in 2025/26</b>		<b>(171,202)</b>
<b>2025/26 Income Forecast</b>		
Additional Business Rates for 2025/26	19,898	
Additional Multiplier Cap	4,426	
		24,324
<b>Reduced Funding from Business Rates</b>		<b>(146,878)</b>
Less Current Deficit on Prior Year Retained Business Rates in Draft Budget Book		18,300
<b>Increased contribution from Collection Fund Equalisation Reserve</b>		<b>(128,578)</b>

5.52. The Draft Budget Book already contained an £18k deficit. This forecast shows an overall worsening of £129k. This will be funded from the Collection Fund Equalisation Reserve.

Collection Fund Equalisation Reserve

5.53. The Council holds the Collection Fund Equalisation Reserve to mitigate the impact of changes to planned funding from business rates income. Any compensatory grants from government are set-aside in the Collection Fund Equalisation Reserve and used to fund the deficits that arise due to government business rate reliefs, in accordance with collection fund regulations. This reserve essentially helps the Council to mitigate timing differences across financial years, as well as any reductions in income relative to budget.

5.54. The funding position on retained business rates income for 2025/26 and the prior year remains provisional, pending submission of statutory collection fund returns to MHCLG at the end of January. Any changes in the overall level of funding will be included in the Final Budget Book and offset by a contribution to or from the Collection Fund Equalisation Reserve. It should be noted that this reserve is expected to be equivalent to around [10%] of the total income budgeted for the 2025/26 year and is deemed to be at a sufficient level.

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### 6. Funding from Commercial Property Company

- 6.1. Epsom & Ewell Property Investment Company Ltd (EEPIC), the Council's wholly owned subsidiary, holds two commercial properties outside the Borough. The properties were acquired in 2017 to generate additional income for the Council, before the introduction of new statutory guidance in 2018, which restricted the ability to acquire further properties outside the Borough using borrowing.
- 6.2. For 2025/26, dividend income from EEPIC is expected to be £1.35m, an increase from 2023/24 and 2024/25, when a temporary 50% reduction in rental income from one tenant was in place (as agreed at S&R Committee in March 2023) and led to a lower annual dividend payment. Should income from EEPIC fall below budget for any reason, the Council holds the Property Income Equalisation Reserve which can be used to offset any impact on the revenue budget in the short term.
- 6.3. The Council itself owns four other properties in the Borough which were acquired through the use of external borrowing – 64-74 East Street, Emerald House on East Street, 2 Roy Richmond Way and Parkside House. While 64-74 East Street has been identified as the new Town Hall site, the other three properties are budgeted to generate net rental income (including borrowing costs) of £648,000 in 2025/26. £448,000 of this income makes an important contribution to the funding of services, and the balance of £200,000 is transferred to the Planned Maintenance reserve to ensure the Council can fulfil all the maintenance needs across its property portfolio.

### 7. Reserves

- 7.1. The policies for the reserves are contained in the Financial Plan 2024 – 2028 as approved by Full Council in February 2024. This policy notes that minimum reserves levels should remain as currently specified with the Medium-Term Financial Strategy; namely
  - 7.1.1. General Fund Working Balance Reserve - £2.5 million.
  - 7.1.2. Capital Receipts - £1 million
  - 7.1.3. Corporate Projects Reserve - £1 million
- 7.2. The 'Probable Outturn' comprises a revised forecast for the current year ending 31 March 2024, based on the mid-year budget review. The following table has been updated to reflect the Quarter Three Forecast Outturn position:-

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Committee	2024/25		
	Current Approved Budget	Q3 Forecast (Probable Outturn)	Variance
	£'000	£'000	£'000
Strategy & Resources	(953)	(1,513)	(560)
Environment	4,714	4,866	152
Community & Wellbeing	5,802	6,391	588
Licensing & Planning Policy	1,282	1,332	50
Capital charges	(1,941)	(1,941)	0
<b>Total budget requirement</b>	<b>8,905</b>	<b>9,135</b>	<b>230</b>

7.3. The 2024/25 budget included transfers from earmarked reserves to finance services, but no planned use of the working balance. For the purpose of preparing this budget report it has been assumed that in 2024/25 the Council will make a contribution of £230,000 from working balances to cover the forecast overspend (based on the forecast year-end position, as at Quarter 3 of 2024/25), decreasing the general fund reserve to £2.77 million.

7.4. The Council's latest reserves forecasts, including the estimated outturn for the 2024/25 year (as at Quarter 3), may be summarised as follows:-

Reserve	Balance 31 March 2024 £000	Forecast Balance 31 March 2025 £000	Description
Capital Receipt Reserves	3,808	1,965	Receipts from the sale of assets earmarked for capital programme commitments and invested under the Treasury Management policy.
Uncommitted Strategic Community Infrastructure Levy	8,366	6,192	Receipts available for funding of infrastructure improvements
Earmarked Strategic Reserves	22,463	13,503	Provisions for future expenditure or against identified liabilities
Working Balance	2,997	2,772	General Fund Working Balance
<b>Total</b>	<b>37,967</b>	<b>24,432</b>	

7.5. The levels of revenue reserves are set out in Appendix 9.

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7.6. The Council is required to consider the level of its reserves in setting its budget. The Chief Finance Officer's statement of the adequacy of the financial reserves is attached at Appendix 13.

7.7. Next year's budget does not assume any use of the General Fund Working balance to fund services. In addition, it assumes, £129k of the Collection Fund Equalisation Reserve to finance the deficit on business rates brought forward from 2023/24 and changes to estimated business rates income. No other reserve uses are forecast in the 2025/26 budget.

### 8. Capital Programme

8.1. The proposed Capital Programme for 2025/26 and future years is:-

Project	2025/26 £'000	Main Funding Source
Disabled Facility Grants (subject to external funding)	974	External grant
Stew Ponds Desilting	150	Corporate capital resources
Upper Pond Bank Replacement	150	Corporate capital resources
Ashley Centre Car Park -Level 1 New waterproof membrane	184	Corporate capital resources
Court Recreation Ground – Renewal of 3G football pitch	130	Corporate capital resources
Playground Renovation and Surface renewal	40	Corporate capital resources
Playhouse Stage Lighting and Dimmers	225	Corporate capital resources
<b>Total</b>	<b>1,853</b>	

8.2. This Capital Programme agreed by the Financial Strategy Advisory Group on 22 November for recommendation to policy committees. These proposals, which were presented to relevant policy committees in January, included £785,000 for the Disabled Facilities Grant (DFG) funding programme, for which the 2025/26 allocation has now been confirmed at £974,000.

8.3. Therefore, the 2025/26 capital programme of £1,853,000 will be financed as follows:

8.3.1. DFG grant of £974,000

8.3.2. £475,000 from a budgeted planned revenue contributions; and

8.3.3. £404,000 from useable capital receipts.

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- 8.4. Funding the capital programme in this way is expected to see the level of uncommitted capital receipts reserves drop to £1.56 million by the end of 2025/26.
- 8.5. The draft Financial Plan includes a contribution for revenue funding of the capital programme of £500,000 in 2026/27 to provide ongoing resources for a sustainable capital programme.
- 8.6. The Council agreed within its current MTFS to maintain a minimum level of capital reserves of £1 million.
- 8.7. A provisional five year forward programme was reported to policy committees in January 2025. Supported schemes have been included in the draft capital programme.
- 8.8. The updated capital strategy statement is attached at Appendix 10.

### 9. Prudential Indicators and Authorised Limits for 2025/26

- 9.1. The Local Government Act 2003 introduced a system of capital controls for local authorities. Details of the regulations are set out in Appendix 11 to this report.
- 9.2. The Financial Strategy Advisory Group (FSAG) has considered the capital financing requirements as part of the capital programme review and it is not anticipated that the Council will undertake any long term borrowing to finance the core capital programme in 2025/26.
- 9.3. FSAG has also considered the Prudential Indicators and Authorised Limits at Appendix 11 and has recommended them to Council for approval.

### 10. Council Tax Recommendation

- 10.1. The budget target included an increase of £6.75 per annum on a Band D equivalent property in council tax.
- 10.2. Following confirmation of changes in government funding and the council tax referendum rules, along with the need to minimise the use of working balances, the recommendation in this report and supported by Financial Strategy Advisory group, is based on an increase of 2.98%.
- 10.3. Based on this figure the Borough Council's calculation of the amount to be raised by way of council tax based on the proposed council tax requirement is as follows:-

<b>Council Tax Requirement 2025/26</b>	<b>£</b>	<b>£</b>
Budget Requirement		10,269,243
Revenue Support Grant	72,274	
Funding Floor	337,790	

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<b>Council Tax Requirement 2025/26</b>	<b>£</b>	<b>£</b>
Business Rates retained	664,529	
Small Business Rate Relief Grant & S31 Grants	1,139,369	
Compensation for Under-indexation of Business Rates Multiplier	305,126	
External Finance:		(2,519,088)
<b>Sub-Total</b>		<b>7,750,155</b>
Add: Collection Fund Deficit (Business Rates)		171,202
Less: Collection Fund Surplus (Council Tax)		(37,731)
<b>Council Tax Requirement</b>		<b>7,883,627</b>

10.4. Provisional precepts have been issued by Surrey County Council and Surrey Police Authority upon Epsom and Ewell Borough Council, as the billing authority, as per the following table. A schedule of precept dates has been agreed with the precepting authorities:

<b>Awaiting confirmation</b>	<b>£</b>	<b>%</b>
Surrey County Council	62,493,279	76
Surrey Police (provisional)	11,410,477	14
Epsom and Ewell Borough Council	7,883,627	10
<b>Total</b>	<b>81,787,383</b>	<b>100</b>

10.5. In accordance with Regulation 3 of the Local Authorities (Calculation of Tax Base) Regulations 2012, the Council calculated the amount of 33,846.93 as its council tax base for the year 2025/26. This represents the number of Band D equivalent properties.

10.6. Based on the recommendation in this report, the change in the council tax levy per Band D equivalent dwelling, when compared to 2024/25 would be as follows:-

<b>Recommendations</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Variation</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
Surrey County Council (provisional)	1,758.60	1,846.35	87.75	4.99
Surrey Police Authority (provisional)	323.57	337.12	13.55	4.19
Epsom & Ewell Borough Council	226.17	232.92	6.75	2.98
<b>Total</b>	<b>2,308.34</b>	<b>2,416.39</b>	<b>108.05</b>	<b>4.68</b>

10.7. The detailed Council Tax calculation is included in Appendix 5.

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### 11. Robustness of the Estimates

11.1. The Local Government Act 2003 requires that when a local authority is agreeing its budget and precept, the Chief Finance Officer must report on the robustness of the estimates made for the purpose of the calculations.

11.2. The Council's Chief Finance Officer advises that:-

11.2.1. The Council produced its draft 2023/24 financial statements in good time, with an unqualified audit opinion expected shortly in 2025.

11.2.2. The revenue and capital budget monitoring arrangements are effective and Members receive quarterly monitoring reports.

11.2.3. Financial Strategy Advisory Group receives reports on financial and risk management, and has been well placed to provide effective advice on financial planning leading to the preparation of the detailed service estimates.

11.2.4. Policy committees have received detailed estimates of revenue and capital expenditures for 2025/26 and have also received assessments on the main financial risks.

11.3. It is the Chief Finance Officer's opinion that the assumptions used in preparing the estimates are realistic and that the committees should be able to meet their obligations within the proposed budget allocations, factoring in the mitigations set-out in the risk assessment.

11.4. A corporate budget risk assessment is appended to this report (Appendix 12), as is a statement on the level of revenue reserves (Appendix 13).

11.5. The Chief Finance Officer considers that the budget proposals for 2025/26 are robust and sustainable, based on the Council's current plans and further detail explained at Appendix 13.

11.6. Given the uncertainty over business rates retention forecasts, the Council has included an estimate of potential lost income within its spending plans, assuming that the government's 'Fair Funding' and 'Retained Business Rates' reviews may result in less business rates income for the Council.

11.7. The major challenge in the MTFS (Appendix 1) is the delivery of the £1 million of additional income and savings already identified and finding a further £2 million of savings required to deliver a balanced budget by the end of this MTFS period in 2028/29.

11.8. To identify how the Council can deliver this further reduction in net expenditure, members are asked to agree that a scheduled programme of discretionary service and asset reviews should be presented to Strategy & Resources Committee for approval in due course.



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### 12. Equalities Implications

- 12.1. The Council will fulfil its statutory obligations and comply with its policy on equalities.
- 12.2. The budget proposals where they involve a reduction in service to users will require an equalities assessment.
- 12.3. Assessments will be required for service changes where identified in service plans.

### 13. Risk Management

- 13.1. A financial risk assessment was completed for each of the policy committee revenue budgets. The main financial risks have been included in a corporate budget risk assessment at Appendix 12.
- 13.2. Financial risks remain elevated for 2025/26 due to ongoing economic uncertainty, with slow growth and higher interest rates. For the Council, the impact of cost-of-living pressures may result in increased demand for housing and homelessness prevention services, lower income generation and potential loss of a commercial tenant (and associated rental income), including at properties owned by EEPIC. All of these factors have been identified within spending plans and, in the case of the rental income, the Council has reserves set aside to mitigate the risk of lower income.
- 13.3. Appendix 12 also identifies the means of managing the risks identified. In relation to the size of the working balance and the capital reserves, which act as a contingency against such risks, the overall level of revenue budget risk in 2025/26 is deemed to remain at medium to high.
- 13.4. A higher risk remains with the financial outlook beyond 2025/26 due to the potential for reduced government funding and the impact of local government reorganisation across Surrey. It is anticipated that the 'Fair Funding Review', the mechanism used by central government to determine individual authority settlements, will be used to reduce funding for Surrey districts by focusing funding on areas with higher deprivation.

### 14. Legal Implications

- 14.1. The Council is under a statutory obligation to produce a balanced budget and to comply with its policy on equalities.
- 14.2. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs while s.25 Local Government Act 2003 requires the Council to have due regard to a statement on the adequacy of reserves and the robustness of the budget, produced by the Chief Financial Officer, when making its budget decisions.

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- 14.3. The Council is required to set a balanced budget and the Chief Financial Officer must report under s114 of the Local Government Finance Act 1988 if it appears to them that the expenditure of the authority incurred (or proposed to be incurred) in a financial year is likely to exceed the resources available to meet that expenditure.
- 14.4. The Chief Financial Officer has a statutory duty under s.25 Local Government Act 2003 to make a statement on the adequacy of reserves and the robustness of the budget. The Act requires the Council to have regard to this statement in making its decisions at its budget and council tax setting meetings. This statement is set out at Appendix 9 of this report, for consideration.
- 14.5. **Legal Officer's comments:** Decisions taken about the budget will impact the services which can be delivered. In the event of any impact, there will need to be an equalities impact assessment in relevant cases.

### 15. Conclusions

- 15.1. The Council has reviewed its financial position as part of the four-year MTFS that was agreed in February 2024. This provides a best estimate of the resources available for services compared to the cost of those services over the remaining three years of the MTFS.
- 15.2. The priorities in the existing Corporate Plan (until it is superseded) will guide the allocation of resources through service plans and annual service targets.
- 15.3. The proposed budget makes provision for all services next year and takes into account variations in income and expenditure, as well as changes to funding. The budget also includes the full year effect of savings made last year and new savings and increases in income agreed by the policy committees for 2025/26.
- 15.4. The Council has been able to prepare a balanced budget through a range of savings and efficiencies, increases to income and the use of strategic reserves. The Council will need to progress a number of strategic reviews, with the aim of delivering a sustainable budget in future years without the need for funding from strategic reserves.
- 15.5. The major challenge in the MTFS is the delivery of the £1 million of additional income and savings already identified and finding a further £2 million of savings required to deliver a balanced budget by the end of this MTFS period in 2028/29.
- 15.6. The main financial risks identified for next year's budget are set out in Appendix 12 to this report.
- 15.7. Given the challenging financial environment including the need for further savings in future years, the draft budget for 2025/26 is based on a £6.75 increase for a Band D property, equivalent to an annual increase in council tax of 2.98%. The proposed budget will still require the delivery of cost reductions but the increase would help to maintain the resources needed for service delivery in the medium-term.

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15.8. The Council will maintain its council tax policy with the tax being below the Surrey average.

15.9. For ease of reference, the appendices attached are listed below:

<b>Appendix 1</b>	<b>Medium-Term Financial Plan 2025-2029</b>
<b>Appendix 2</b>	<b>Policy Committee Budgets 2025/26</b>
<b>Appendix 3</b>	<b>Main Changes to Service Budgets for 2025/26</b>
<b>Appendix 4</b>	<b>Income from increases to discretionary Fees and Charges</b>
<b>Appendix 5</b>	<b>Council Tax Calculation 2025/26</b>
<b>Appendix 6</b>	<b>Council Tax Collection Fund</b>
<b>Appendix 7</b>	<b>Surrey District Council Tax levels 2024/25</b>
<b>Appendix 8</b>	<b>Business Rate Collection Fund</b>
<b>Appendix 9</b>	<b>Reserves (Revenue and Capital)</b>
<b>Appendix 10</b>	<b>Capital Strategy Statement</b>
<b>Appendix 11</b>	<b>Treasury Management Strategy, including Prudential Indicators &amp; Authorised Limits</b>
<b>Appendix 12</b>	<b>Risk Assessment</b>
<b>Appendix 13</b>	<b>Chief Finance Officer's Statement on Robustness of Estimates and Adequacy of Reserves</b>