

REVENUE BUDGET 2026/27

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

Summary

This report sets out estimates for income and expenditure on services in 2026/27.

Recommendation (s)

The Committee is asked to:

- (1) Recommend the 2026/27 service estimates for approval at the budget meeting of Full Council in February 2026.

1 Reason for Recommendation

- 1.1 The recommendations will enable the Council to meet its statutory duty to set a balanced budget for 2026/27.

2 Background

- 2.1 In February 2025, Full Council agreed an updated four-year Medium Term Financial Strategy to 2027/28 (MTFS). The MTFS aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan. The MTFS was further revised in light of further information, as reported to Strategy & Resources Committee in July 2025.
- 2.2 The figures in this report reflect the provisional local government finance settlement for 2026/27.

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- 2.3 The figures in this report reflect the work undertaken by budget managers and finance staff to identify any changes in resourcing requirements, and the provisional local government finance settlement for 2026/27.
- 2.4 Service estimates for this Committee are included in the draft Budget Book 2026/27 that will be made available to all Councillors.
- 2.5 Estimates have been prepared on the basis that existing services to residents are maintained, unless specified otherwise in section 5.
- 2.6 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-
- 2.6.1 The Budget Book contains the service estimates for 2026/27.
- 2.6.2 Unavoidable cost increases and income reductions are reflected in the estimates.
- 2.6.3 Recommended increases to fees and charges have been included within the Budget Book and the income estimates.
- 2.7 All increases in charges are subject to approval by the Committee/Council.

3 Forecast Outturn 2025/26

- 3.1 Before considering the revenue estimates for 2026/27, this section provides a summary of the forecast outturn for the current financial year.
- 3.2 The probable outturn specifically for Community and Wellbeing Committee, as advised at Audit & Scrutiny Committee in November 2025, is an adverse variance of £1.19 million which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs:

Community & Wellbeing Committee	Published Budget	Current Approved Budget	Forecast Outturn Q2	Forecast Variance
Service Group	£'000	£'000	£'000	£'000
Housing	2,651	2,825	4,000	1,175
Community Services (Route Call, Meals at Home, Community Alarm)	477	507	522	15
Support for Voluntary Orgs.	233	233	233	0
Wellbeing Centre	438	457	457	0

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Health & Wellbeing	321	339	339	0
Sports, Leisure & Cultural (includes Venues)	1,263	1,316	1,316	0
Precepting & Levying Bodies (NJMC & EWDC)	415	415	415	0
Community & Wellbeing Committee	5,798	6,092	7,282	1,190

- 3.3 The majority of the adverse variance within Community & Wellbeing Committee relates to the forecast £1.175m adverse position on homelessness for which the demand for services has grown exponentially over the past year. There is also an adverse variance within Personal Services due to a forecast under-recovery of income within the Meals at Home service.

4 Proposals for 2026/27 Budget

- 4.1 The service estimates for 2026/27 are included in the draft Budget Book, circulated to councillors in January.
- 4.2 A summary of the Committee's service estimates for 2026/27 is shown in the following table:

Community & Wellbeing Committee	Published Budget 2025/26	Base Position 2026/27
Service Group	£'000	£'000
Housing	2,651	3,948
Community Services (Route Call, Meals at Home, Community Alarm)	477	528
Support for Voluntary Organisations	233	219
Wellbeing Centre	438	477
Health & Wellbeing	321	345
Sports, Leisure & Cultural (includes Venues)	1,263	1,174
Precepting & Levying Bodies (NJMC & EWDC)	415	427
Community & Wellbeing Committee	5,798	7,118

- 4.3 The following table comprises a summary of the main changes to the Committee's proposed budget for 2026/27 compared with the published budget for 2025/26.

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Community & Wellbeing Committee		Budget £'000
Published Budget 2025/26		5,798
Service Group	Change	
All	Variations in pay, pension (IAS19) & support service recharges	414
Housing	Homelessness Prevention Grant moved into main funding	304
Housing	Increased temporary accommodation costs	1,398
Housing	Increased rental/housing benefit income from temporary accommodation	(514)
Housing	Reduced contributions to reserves	(80)
All	Additional income from fees and charges increases	(9)
All	Reduced gas and electricity costs	(64)
Sports, Leisure, Cultural	Additional income from Leisure Centre contract	(69)
Sports, Leisure, Cultural	Increased cost of performances – Playhouse	98
Sports, Leisure, Cultural	Increased ticket sales - Playhouse	(117)
Sports, Leisure, Cultural	Uplift to recharge of costs to Bourne Hall library	(63)
Precepting & Levying Bodies	Increased precepts	12
All	Sundry variations	10
Base Position 2026/27		7,118

4.4 Given the significant adverse position on Homelessness reported to Audit & Scrutiny in November, there has been a significant increase to the budgets for temporary accommodation, to address the situation. The 2025/26 nightly-paid accommodation budget had been set to fund an average of 70 households, and this has now been increased to a level to fund 100 households.

4.5 The reduction in Homelessness Prevention Grant (HPG) has not resulted in a reduction in funding for homelessness from central government. The funding has been moved from the specific HPG grant into the generic Revenue Support Grant (RSG) funding. This move can be seen under the funding section of the Draft Budget Book 2026/27 which shows government funding of £1.687 million for 2026/27, a significant increase on previous years.

5 Risk Assessment

Legal or other duties

5.1 Equality Impact Assessment

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5.1.1 Minimising homelessness will have a positive impact on inequalities.

5.2 Crime & Disorder

5.2.1 None arising from the contents of this report.

5.3 Safeguarding

5.3.1 None arising from the contents of this report.

5.4 Dependencies

5.4.1 Other Policy Committees are also being presented with their budgets for approval in the January committee cycle.

5.5 Other

5.5.1 In preparing the revenue budget estimates officers have identified the following main risks facing the Committee in delivering services within the budget. These budgets will require careful management during the year.

Service	Risk	Budget Estimate 2026/27	Risk Management
Homelessness	High: Increase in numbers of presentations. Should the number of household presentations not reduce, the current budget may be insufficient resulting in an adverse variance.	£3.6m	Continuing with preventative initiatives and alternative temporary accommodation options, as set out in the Homelessness Reduction Plan Regular budget monitoring reports to Committee in line with Financial Regulations.
Community Services (Route Call, Meals at Home, Community Alarm)	Medium: Vulnerable client group with limited opportunity to increase tariffs.	£0.53m	Monitoring service delivery options within government guidelines.

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Wellbeing Centre	High: Vulnerable client group with limited opportunity to increase tariffs.	£0.48m	Recent antisocial behaviour near the centre has seen a fall in letters and residents using the centre. Further falls could result in under-recovery of income.
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6 Financial Implications

- 6.1 The draft Budget Book 2026/27 is highly detailed, therefore please can any questions or queries be sent to relevant officers in advance of the Committee meeting wherever possible.
- 6.2 **Section 151 Officer's comments:** These areas present significant financial pressures, particularly homelessness, which carries a high risk of overspend if demand does not reduce. It is essential that the Committee remains vigilant and proactive in managing these risks.

7 Legal Implications

- 7.1 The Council will fulfil its statutory obligations to produce a balanced budget and to comply with its policy on equalities.
- 7.2 Although there are no direct legal implications arising from this report, decisions taken about the budget will impact the services which can be delivered. In the event of any impact, there will need to be a equalities impact assessment in relevant cases.
- 7.3 **Legal Officer's comments:** None save as stated above

8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- Effective Council.
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** None arising directly from the contents of this report.
- 8.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.

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- 8.5 **Partnerships:** Many services are provided by the Council without the direct involvement of other agencies. There is, however, an increasing role for partnership working with others to achieve mutually agreed objectives. The benefits and risks need to be assessed in each specific case to ensure that value for money is secured and the Council's priorities are delivered in the most efficient and effective manner.
- 8.6 **Local Government Reorganisation Implications:** While the current Medium Term Financial Strategy has been prepared on a three year basis, the assumptions underpinning 2027/28 and beyond will require close monitoring, as they are likely to change while Surrey implements LGR which will be in place by 1 April 2027. The figures presented here does help to form an important reference point for East Surrey unitary authority.
- 8.7 The council will ensure that its planning assumptions are regularly reviewed and that emerging risks are clearly understood to support a smooth transition to the new unitary authority.
- 8.8 However it's important to note that Local Government Reorganisation continues to present a strategic risk for the Council and necessary arrangements are put in place to address the emerging financial and other risks.

9 Background papers

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

Previous reports:

- [2026/27 Strategic Financial Planning report to Strategy & Resources – 15 July 2025.](#)
- [2026/27 Budget Targets, Community & Wellbeing Committee, 19 November 2025.](#)

Other papers:

- Draft 2026/27 Budget Book.