

## BUDGET REPORT 2026/27

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

### Summary

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

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

### Recommendation(s)

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

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

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

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

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

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- 1.10.1 Affordability prudential indicators;**
- 1.10.2 The actual and estimated Capital Financing Requirement;**
- 1.10.3 The estimated levels of borrowing and investment;**
- 1.10.4 The authorised and operational limits for external debt;**
- 1.10.5 The liability benchmark;**
- 1.10.6 The treasury management prudential indicators.**

- 1.11 That the Council receives the budget risk assessment at Appendix 11 and notes the conclusion of the Chief Finance Officer in Appendix 12 that these budget proposals are robust and sustainable as concluded in this report.**
- 1.12 That the Council receives the Chief Finance Officer Statement on the Reserves as attached at Appendix 12.**
- 1.13 Council approves the annual indexation of Councillors Basic and Special Responsibility Allowances in line with the 'cost of living' percentage increase in staff salaries for the 2026-27 financial year.**
- 1.14 Approve the recommended changes to how Council Tax is levied on Empty properties, as set out in Appendix 13, with effect from 1 April 2026.**
- 1.15 Approve the recommended changes to how Council Tax is levied on Second Homes in the Borough, as set out in Appendix 13, with effect from 1 April 2027.**

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### 2 Executive Summary

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

### 3 Background

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

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

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### 4 Local Government Financial Settlement

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

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

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

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### 5 Current Budgets, 2025/26

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

### 6 Council Tax

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

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

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

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

## 7 Business Rates Retention

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

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

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

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

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

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

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

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

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- 7.9 The funding position on retained business rates income for 2026/27 and the prior year remains provisional, pending submission of statutory collection fund returns to MHCLG at the end of January.
- 7.10 Any changes in the overall level of funding will be included in the Final Budget Book and offset by a contribution to or from the Collection Fund Equalisation Reserve.

### 8 Collection Fund Surplus / Deficit

- 8.1 In accordance with the Local Authorities (Funds) (England) Regulations 1992, the borough council as the billing authority is required to estimate in January each financial year the surplus or deficit on its collection fund for that year in respect of council tax and business rates. Any estimate surplus or deficit is apportioned between the Councils.
- 8.2 In simple terms, this means that, for both Council Tax and Business Rates, the Council is required forecast the year end position for 2025/26 and reflect the surplus / deficit in the 2026/27 budget. The Council is reporting a net deficit of £549,000 which will be managed by increase in business rates income and collection fund equalisation reserve. See Appendices 5 & 7.
- 8.3 The Council holds the Collection Fund Equalisation Reserve to mitigate the impact of changes in Council Tax and Business Rates income. This reserve essentially helps the Council to mitigate timing differences across financial years, as well as any reductions in income relative to budget

### 9 Expenditure & Funding Budget Overview

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

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

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

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

## 10 Medium Term Financial Strategy

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

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

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

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

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

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

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### 11 Funding From Commercial Properties

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

### 12 Revenue Reserves

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

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

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

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

### 13 Capital Programme & Capital Reserves

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

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

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

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

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

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

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

**Summary Indicative 5-Year Capital Programme**

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

**Financing of Indicative Capital Programme**

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

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

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#### 14 Robustness of the Estimates

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

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### 15 Risk Assessment

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

#### Legal or other duties

- 15.4 Equality Impact Assessment
  - 15.4.1 None for the purposes of this report.
- 15.5 Crime & Disorder
  - 15.5.1 None for the purposes of this report.
- 15.6 Safeguarding
  - 15.6.1 None for the purposes of this report.
- 15.7 Dependencies
  - 15.7.1 None for the purposes of this report.
- 15.8 Other
  - 15.8.1 None for the purposes of this report.

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### 16 Financial Implications

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

### 17 Legal Implications

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

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

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

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

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

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

### 18 Policies, Plans & Partnerships

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

- Effective Council

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

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

## 19 Background papers

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

### Previous reports:

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

### Other papers:

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

## 20 List of Appendices

<b>Appendix 1</b>	<b>Medium-Term Financial Plan 2026-2029</b>
<b>Appendix 2</b>	<b>Policy Committee Budgets 2026/27</b>
<b>Appendix 3</b>	<b>Main Changes to Service Budgets for 2026/27</b>
<b>Appendix 4</b>	<b>Council Tax Calculation 2026/27</b>
<b>Appendix 5</b>	<b>Council Tax Collection Fund</b>
<b>Appendix 6</b>	<b>Surrey District Council Tax levels 2025/26</b>
<b>Appendix 7</b>	<b>Business Rate Collection Fund</b>
<b>Appendix 8</b>	<b>Reserves (Revenue and Capital)</b>
<b>Appendix 9</b>	<b>Capital Strategy Statement</b>
<b>Appendix 10</b>	<b>Treasury Management and Investment Strategy, including Prudential Indicators &amp; Authorised Limits</b>
<b>Appendix 11</b>	<b>Risk Assessment</b>
<b>Appendix 12</b>	<b>Chief Finance Officer's Statement on Robustness of Estimates and Adequacy of Reserves</b>
<b>Appendix 13</b>	<b>Council Tax Empty &amp; Second Home Properties Policy</b>
<b>Appendix 14</b>	<b>Changes to discretionary fees and charges</b>