

REVENUE BUDGET MONITORING - QUARTER 1

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
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Wards affected:	(All Wards);
Appendices (attached):	Appendix 1: Temporary Accommodation Update

Summary

This report presents the forecast revenue outturn position for the current financial year 2026/27, as at Quarter 1 (30 June).

Recommendation (s)

The Committee is asked to:

- (1) Receive the revenue budget monitoring report, which sets-out a projected balanced outturn position for 2026/27;**
- (2) Agree that the updated Quarter 2 position will be reported back to Audit and Scrutiny Committee in November.**

1 Reason for Recommendation

- 1.1 To present the 2026/27 forecast revenue outturn position to members, as at Quarter 1.

2 Background

- 2.1 In February 2026, Full Council agreed a net expenditure budget of £11.868m for 2026/27. The budget included a contribution of £763,000 from earmarked reserves. The majority of this sum is a £527,000 use of planned maintenance reserve to support the planned maintenance programme works in year, with a further £170,000 coming from the collection fund equalisation reserve to smooth business rates income.

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3 Forecast Position

3.1 A summary of the forecast outturn position by service area for 2026/27 is shown in the following table:

Forecast Outturn by Service	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
<u>Strategy & Resources Committee</u>			
Democratic & Civic	811	811	0
Corporate Functions	843	843	0
Corp Financial Management	942	692	(250)
Tax Collection & Benefits	1,400	1,400	0
Land Charges	27	27	0
Land & Property	(3,671)	(3,671)	0
Economic Dev. & Prosperity	74	74	0
Employee and Support Services	360	360	0
Building Control Contract	106	106	0
Community Safety	99	99	0
Subtotal Strategy & Resources	992	742	(250)
<u>Environment Committee</u>			
Car Parking	(2,656)	(2,656)	0
Environmental Services	3,531	3,531	0
Contract Management	0	0	0
Environmental Health	774	774	0
Countryside, Parks & Open Spaces	2,580	2,580	0
Subtotal Environment	4,229	4,229	0
<u>Community and Wellbeing Committee</u>			
Housing	4,119	4,369	250
Community Services (Route Call, Meals from Home, Community Alarm)	528	528	0
Support for Voluntary Orgs.	219	219	0
Community Centre	477	477	0
Health & Wellbeing	345	345	0
Sports, Leisure & Cultural	1,178	1,178	0
Precepting & Levying Bodies (NJMC & EWDC)	427	427	0
Subtotal Community & Wellbeing	7,294	7,544	250
<u>Licensing & Planning Policy Committee</u>			
Place Development	1,277	1,277	0
Licensing	18	18	0
Subtotal Licensing & Planning Policy	1,294	1,294	0
Capital Charges	(1,941)	(1,941)	0
Total General Fund	11,868	11,868	0

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- 3.2 The current forecast at quarter one is of a balanced position overall. There is a forecast adverse variance within homelessness, as the pressures in this area continue despite substantial efforts by the service to mitigate and the additional budget agreed for the service by Full Council in February 2026. However, resources available in the corporate contingency budget will cover the overspend in this area.

4 Budget Variances

- 4.1 A lot of work went into the 2026/27 budget setting process to ensure service budgets were as accurate as possible and to address previous areas where adverse positions had arisen. Consequently, the majority of service areas are forecast to be on budget at quarter 1. The table below provides some commentary on some of those areas, and an explanation for any adverse or favourable positions.

Strategy & Resources Committee	Adverse / (Favourable) Variance £'000	Detail
Corporate Financial Management	(250)	During the 2026/27 budget setting process, a contingency was created to cover adverse variances across the council, especially the risk of increased costs in the provision of statutory homelessness costs within the Housing service. There is therefore a £250,000 favourable variance showing against this contingency as it has been earmarked to cover the adverse position as at quarter 1.
Total Strategy & Resources Variance	(250)	

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Environment Committee	Adverse / (Favourable) Variance £'000	Detail
Car Parking	0	The parking income figures are looking positive for the first quarter of 2026/27, as mirrored by the figures in the corporate performance for the same period. For quarter 1 the forecast remains on budget as it is prudent to await further data from the second quarter of the year to see if this trend continues.
Environmental Services, Waste Services	0	In 2025/26 there was an under recovery of income across both domestic and trade waste. The income budgets for both services were reduced as part of the 2026/27 budget setting process, to bring in line with the expected forecast for the new financial year. Consequently, these areas are forecast to meet the revised budgets with no adverse variance this year.
Total Environment Variance	0	

Community & Wellbeing Committee	Adverse / (Favourable) Variance £'000	Detail
Housing/Homelessness	250	Despite the substantial increase in the Council's nightly paid accommodation budget for 2026/27, increased to accommodate an average of 100 households in nightly paid accommodation, demand has dramatically increased in the first quarter as landlords responded to the implementation of the Renters Rights Act in May. In addition, there has been a spike in family/friend evictions and referrals from other agencies. The service continues to focus on prevention activity and move on from temporary

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		accommodation, however, the options are limited due to the lack of new build affordable housing and the small size and high cost of the private rented sector. It important to highlight to the committee that this is a national problem and not unique to EEBC.
Total Community & Wellbeing Variance	250	

5 Employee Costs

- 5.1 At the end of quarter 1, the Council is tracking in line with its year-to-date employee budget of £4.32m.
- 5.2 Employee costs are monitored monthly to ensure any adverse variances are flagged promptly to Heads of Service, thereby enabling prompt mitigating action to be taken.

6 Epsom & Ewell Property Investment Company (EEPIC)

- 6.1 The Council's 2026/27 budget includes £1.38m expected dividend income from Epsom and Ewell Property Investment Company, generated from its two commercial properties.

7 Revenue Reserves

- 7.1 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:

General Fund Revenue Reserves	01 April 2026 Opening Balance	31 March 2027 Forecast Uncommitted Balance
	£'000	£'000
General Fund	1,554	1,554
Corporate Projects Reserve	3,309	1,496
Subtotal - Reserves available for general use	4,863	3,050
Contingencies unavailable for general use	11,213	10,615
Ringfenced funds/grants for specific use	3,878	1,984
Subtotal - Reserves unavailable for general use	15,091	12,600
Total	19,954	15,650

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8 Risk Assessment

Legal or other duties

8.1 Equality Impact Assessment

8.1.1 None arising directly from the contents of this report.

8.2 Crime & Disorder

8.2.1 None arising directly from the contents of this report.

8.3 Safeguarding

8.3.1 None arising directly from the contents of this report.

8.4 Dependencies

8.4.1 None arising directly from the contents of this report.

8.5 Other

8.5.1 Ultimately, all services will be impacted in some way by the Council's overall budget position over the long term.

8.5.2 A full budget risk assessment was presented to Full Council within February's budget report.

9 Financial Implications

9.1 Financial implications are set out in the body of the report.

9.2 Section 24 considerations: None

9.3 **Section 151 Officer's comments:** Q1 forecast indicates a balanced outturn position for 2026/27. There remains uncertainty around a number of financial risks which will require continued monitoring throughout the year.

9.4 The most significant budget pressure continues to be within the Housing service, where demand for temporary accommodation remains high. The provision made within the 2026/27 budget, including the corporate contingency, is currently sufficient to mitigate the forecast pressure identified at Q1. However, the position remains highly sensitive to fluctuations in demand, availability of accommodation and wider housing market conditions.

9.5 However, the Council's financial position remains stable and that appropriate arrangements are in place to manage the forecast risks identified within this report.

10 Legal Implications

10.1 There are no direct legal implications arising from this report.

10.2 **Legal Officer's comments:** None for the purposes of this report.

11 Policies, Plans & Partnerships

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

- Effective Council.

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

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

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

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

11.6 **Local Government Reorganisation Implications:** Local Government Reorganisation (LGR) presents a significant degree of uncertainty and transition risk, which must be actively considered throughout the Council's revenue budget monitoring process. These risks may affect both short-term financial performance and longer-term budget planning.

11.7 As the structure and governance of local authorities continue to evolve, potential changes to funding streams, service delivery responsibilities, and strategic priorities may emerge. These developments could directly influence the assumptions underpinning the revenue budget, requiring ongoing review and adjustment to ensure financial sustainability and responsiveness to change.

12 Background papers

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

Previous reports:

- [Budget Report to Full Council](#) – February 2026.

Other papers:

- None.