Audit and Scrutiny Committee
12 November 2026

REVENUE BUDGET MONITORING - QUARTER 2

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Sue Emmons, Chief Accountant
Wards affected:	(All Wards);
Appendices (attached):	**Appendix 1 –** Housing & Homelessness Service Update **Appendix 2 -** Housing Services Activity Report – 2026-27

Summary

This report presents the forecast revenue outturn position for the current financial year 2026/27, as at quarter 2 (30 September).

Recommendation (s)

The Committee is asked to:

(1) Note the revenue budget monitoring report, which sets-out a projected balanced outturn position for 2026/27;

(2) Note that the updated quarter 3 position will be reported back to Audit and Scrutiny Committee in February.

1 Reason for Recommendation

1.1 To present the 2026/27 forecast revenue outturn position to members, as at quarter 2.

2 Background

2.1 In February 2026, Full Council agreed a net expenditure budget of £11.868 million for 2026/27.

2.2 The budget included a planned contribution of £763,000 from earmarked reserves. Most 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.

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
Strategy & Resources Committee			
Democratic & Civic	811	811	0
Corporate Functions	843	843	0
Corp Financial Management	837	337	(500)
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	**887**	**387**	**(500)**
Environment Committee			
Car Parking	(2,557)	(2,807)	(250)
Environmental Services	3,532	3,582	50
Contract Management	0	0	0
Environmental Health	774	774	0
Countryside, Parks & Open Spaces	2,583	2,583	0
Subtotal Environment	**4,332**	**4,132**	**(200)**
Community and Wellbeing Committee			
Housing	4,119	4,719	600
Community Services (Route Call, Meals from Home, Community Alarm)	528	528	0
Support for Voluntary Orgs.	219	219	0
Community Centre	476	476	0
Health & Wellbeing	345	345	0
Sports, Leisure & Cultural	1,181	1,181	0
Precepting & Levying Bodies (NJMC & EWDC)	427	427	0
Subtotal Community & Wellbeing	**7,296**	**7,896**	**600**
Licensing & Planning Policy Committee			
Place Development	1,277	1,337	60
Licensing	18	58	40
Subtotal Licensing & Planning Policy	**1,294**	**1,394**	**100**
Capital Charges	(1,941)	(1,941)	0
Total General Fund	**11,868**	**11,868**	**0**

4 Budget Variances

4.1 The main variances to budget are shown by Committee in the following tables:

Strategy & Resources Committee	Adverse / (Favourable) Variance £'000	Detail
Corporate Financial Management	(500)	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 £500,000 favourable variance showing against this contingency as it has been earmarked to cover the adverse position as at quarter 2.
Total Strategy & Resources Variance	**(500)**	

Environment Committee	Adverse / (Favourable) Variance £'000	Detail
Car Parking	(250)	Last quarter it was reported that car parking income was looking favourable, but no specific variance was reported until more data became available. Based on income for the first half year, a favourable variance of £250,000 is now estimated. Although income at Hook Road is down following the road closures in the area, income at the Ashley Centre is out-performing budget.

Environmental Services, Cemeteries	50	Income from the cemetery service is difficult to predict due to the complex and unpredictable factors that affect it. Should income levels remain at the same level in the second half of the year, then the year end position is expected to result in an adverse position of £50,000. Officers will continue to monitor the income throughout the year and report back if the situation worsens.
Environmental Services, Waste Services	0	As reported last quarter, as a result of budget changes made for 2026/27, waste services are forecast to meet the revised budgets with no adverse variance this year.
Total Environment Variance	**(200)**	

Community & Wellbeing Committee	**Adverse / (Favourable) Variance £'000**	**Detail**
Housing/Homelessness	600	Increases in homeless applications in the current year are 39% up on the similar period last year. Increases include evictions ahead of the Renters Rights Act and increasingly more family and friends evictions, with no new affordable housing. The service has responded with new roles in prevention and managing hospital discharges, with appointments in place by the end of the summer, which will help to prevent a corresponding increase in the number of households accommodated in expensive nightly paid accommodation. Six new Private Sector Leased properties for large families have been secured and now occupied, which will avoid significant homelessness expenditure.
Total Community & Wellbeing Variance	**600**	

Licensing & Planning Policy Committee	Adverse / (Favourable) Variance £'000	Detail
Place Development	60	The £60,000 adverse forecast within Place Development is the result of unbudgeted expenditure required to defend planning appeals. The quarter 2 forecast presents the current position although this could increase by the end of the year. Due to the unpredictable nature of planning appeals it is not possible to forecast a further variance with any certainty at this stage.
Licensing	40	Income from taxi licensing is forecast to under-recover by £40,000 this year due to the loss of a large taxi firm.
Licensing & Planning Policy Variance	**100**	

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 £8.64 million.

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	1,492
Subtotal - Reserves available for general use	**4,863**	**3,046**
Contingencies unavailable for general use	11,213	10,615
Ringfenced funds/grants for specific use	3,878	2,016
Subtotal - Reserves unavailable for general use	**15,091**	**12,632**
Total	**19,954**	**15,677**

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 arising from the content of this report.

9.3 **Section 151 Officer's comments**: It is concerning that the forecast Housing overspend has increased from £250,000 at quarter 1 to £600,000 at quarter 2, principally due to the rising use and cost of nightly paid temporary accommodation.

9.4 Further detail on the underlying pressures is provided within the appendices. We expect these pressures to have now peaked, with the position expected to improve over the remainder of the financial year.

9.5 Nevertheless urgent mitigating action is required to reduce reliance on this accommodation, with costs and delivery monitored monthly and reported at quarter 3.

9.6 Should these pressures not reduce as anticipated, there is a risk of deterioration in the forecast outturn, which may require additional mitigating action to maintain the Council's overall financial position.

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.
- Revenue Budget Monitoring - Quarter 1 report to Audit & Scrutiny Committee on 29 September 2026.

Other papers:

- None.