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Epsom and Ewell Borough Council claws back millions to balance books before government shakeup

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Epsom and Ewell Borough Council has closed a multi-million pound budget gap as it gets ready to be absorbed into a new unitary authority next year.

Just months ago, Epsom and Ewell Borough Council was forecasting a £5m shortfall over three years, including a £1.9m gap for 2026/27 alone. But a combination of savings, streamlining services and additional government funding has reduced the projected deficit to just over half a million pounds across the same period.

Councillors were told at a Financial Strategy Advisory Group on January 30, the authority has now set a balanced budget for 2026/27. This is a legal requirement before local government reorganisation sees the borough council replaced by the new East Surrey unitary authority. Finance officers said the work ensures the new council will inherit a more stable financial position.

Bridging a £5m gap

Last July, the council warned of a growing funding gap driven by rising costs and pressure on services. Since then, a series of changes have reshaped the picture. These include:

- New efficiency savings across services
- The removal or reduction of some planned spending contributions
- Additional funding through the government’s Fair Funding Review
- Extra income linked to national waste and recycling reforms

Together, these changes have cut the medium-term deficit from £5.063 million to £579,000.

Although the government’s fair funding review has been slammed as a disaster across the rest of Surrey, Epsom and Ewell Borough Council is emerging as victor. According to the report, areas with high homelessness and temporary housing demand for those at risk of homelessness have received a 20 per cent increase in funds. Leading officers to label the boost as “favourable” compared to other councils across the country.

Officers told councillors the financial environment remains challenging, with continued pressure from temporary accommodation costs, agency staffing and inflation, but said the authority now has a clear plan to manage those risks.

Council tax rise still part of the plan

Despite the improved position, councillors have backed plans to increase council tax by 2.98 per cent next year, the maximum allowed without a local referendum. Officers said the increase, worth £6.93 per year for a Band D property, had always been built into long-term financial planning and was necessary to maintain stability.

Freezing council tax would leave a £291,000 hole in the budget that would need to be filled by service cuts.

Why balancing the books now matters

Although Epsom & Ewell will cease to exist as a standalone council after reorganisation, it is still required to pass on a clear and accurate financial position to the successor authority. Council documents state that producing a medium-term financial strategy remains essential so the incoming unitary council understands “future commitments as they stand.”

By closing much of the budget gap now, the borough council reduces the risk of the new authority inheriting an immediate financial crisis.

Ongoing pressures remain

The council warned that financial risks have not disappeared. Rising homelessness costs, inflation in contracts and

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uncertainty over income streams such as business rates continue to pose challenges.

However, councillors were told the authority has identified actions and savings to keep the budget balanced for the coming year. Final approval of the budget will be made by the Full Council on February 10.

Emily Dalton LDRS

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