Committee Report Checklist

Please submit the completed checklists with your report. If final draft report does not include all the information/sign offs required, your item will be delayed until the next meeting cycle.

Stage 1
Report checklist – responsibility of report owner

ITEM	Yes / No	Date
Councillor engagement / input from Chair prior to briefing		
Relevant Group Head review	**Yes**	**03/11/26**
MAT+ review (to have been circulated at least 5 working days before Stage 2)	**Yes**	**27/10/26**
This item is on the Forward Plan for the relevant committee		
	Reviewed by	
Finance comments (circulate to Finance)	**AB**	**23/10/26**
Risk comments (circulate to Lee O'Neil)	**LO**	**20/10/26**
Legal comments (circulate to Legal team)	**LH**	**23/10/26**
HR comments (if applicable)		

For reports with material financial or legal implications the author should engage with the respective teams at the outset and receive input to their reports prior to asking for MO or s151 comments.

Do not forward to stage 2 unless all the above have been completed.

Stage 2
Report checklist – responsibility of report owner

ITEM	Completed by	Date rec'd
Monitoring Officer commentary – at least 5 working days before MAT	**L Heron**	**23/10/26**
S151 Officer commentary – at least 5 working days before MAT	**T.Collier**	**16/10/26**
Commissioner engagement	**Yes**	**20/10/26**
	Delete as applicable:	No issues
		Comments in S. 7
Confirm final report cleared by MAT		

Corporate Policy and Resources Committee

23rd November 2026

Title	General Fund Revenue and Capital Outturn for Qtr.2(M6) 2026/27
Purpose of the report	To inform and assure
Report Author	Altin Bozhani, Deputy Chief Finance Officer
Ward(s) Affected	All Wards
Exempt	Appendix D - Yes
Exemption Reason	Appendix D contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in any lease, contract or other type of negotiation with the tenant or developer, who could then know the position of the Council.
Corporate Priority	Resilience
Recommendations	Committee is asked to acknowledge the: 1. Quarter 2 (M6) 2026/27 Revenue and Capital forecast 2. Projected appropriations to and from General Fund reserves (Earmarked and Ringfenced) the projected balance at 31.03.27 as set out in paragraph 4.3, table 4.
Reason for Recommendation	The Committee needs to be informed regularly of the Council's General Fund revenue and capital budget and consider any action required as appropriate.

1. Executive summary of the report (expand detail in Key Issues section below)

What is the situation	Why we want to do something
This report sets out the Council's revenue and capital Quarter 2 (Month 6) full year forecast position for the 2026/27 financial year. The Business-as-Usual (BAU) Revenue Budget is forecast to underspend by £1.1m against a net budget requirement of £4.8m (paragraph 2.4, Table 1). In contrast, the Non-Business-as-Usual (Non-BAU) budget is forecast to overspend by £7.7m against a net budget requirement of £4.3m in 2026/27. The overspend prior to being offset (£11.7m) relates to: • an anticipated investment asset sale not being achieved in 2025/26, resulting in a higher Minimum Revenue Provision (MRP) charge of £3.3m. • an estimated £6.8m loss of in-year net revenue income from the sale of investment assets and increase in landlord costs of £1.6m The overall forecast £6.6m overspend is almost entirely attributable to the combined impact of unrealised asset disposals, lost investment income and the consequential increase in MRP charges. Excluding these factors, operational services are forecasting a net underspend. Earmarked Reserve balances at 31.03.27 are projected to be £13.9m, £18.7m lower than 2025/26 (Table 4, paragraph 4.3) attributable to net impact of contributions and usage in 2026/27 financial year. The Council's savings programme is on target to exceed by £0.261m the £5.8m in the budget largely through efficiency measures. Part of the savings (£4.0m) has already been delivered, and the remaining savings are on target to deliver during the year. Please see a summary in section 2.8 and Appendix C for full details. The 2026/27 Capital Programme at month 6 forecast outturn is £9.8m, £1.3m (12.1%) under the approved budget. A summary of the Capital Programme is provided in section 7 and full details in Appendix E, F and G.	Ensuring the financial stability of the Council and that of West Surrey Council. To understand the financial position being handed onto West Surrey Council Help the Committee to understand any impacts on the budget for 2026/27. Enabling councillors to be made aware of emerging issues on a timely basis to facilitate corrective action to be taken if required.

This is what we want to do about it	These are the next steps
• Identify measures to continue to review and validate savings and the growth of the approved 2026/27 budget and ensure any variances are reflected in medium term financial planning. • Focus on opportunities to deliver additional 2026/27 in-year savings in order to lessen the extent to which reserves are required to close the Budget gap at the year end	• Use the updated projected use of reserves to feed into updated Reserves Strategy projections and revised 2026/27 Budget figures.

2. Key issues

2.1. This report provides the Committee with the Revenue and Capital Quarter 2 (Month 6) Forecast outturn for 2026/27, based on expenditure incurred up to the end of September 2026.Further, please see Appendix H for a Local Government Finance Glossary.

The detailed service variances are set out in Appendix B, with commercial asset income detailed in Appendix D

General Fund Revenue Budget Qtr. 2 (Month 6) Forecast Outturn – Overview

2.2. The 2026/27 projected outturn is summarised in Table 1 below.

Appendix B gives a more detailed explanation of variances in the table below.

2.3. The report variances are calculated using the revised budget which has gone through realignments since the 2026-27 Council's Approved Budget on 26th February 2026.

Table 1: 2026/27 QTR2 (M6) Forecast Position per Service Area

Line No	Variance by Service Area Summary34	2026/27 Budget Agreed by Council	Carry FWD Budget Adjustments	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)
1	**Business as Usual**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
2	Gross Expenditure	57,094	333	57,427	57,792	365	(842)
3	Less Housing Benefit grant	(14,725)		(14,725)	(14,775)	(50)	(25)
4	Less Specific fees and charges income	(17,488)		(17,488)	(17,982)	(494)	76
5	**Net Expenditure - broken down as below**	**24,882**	**333**	**25,214**	**25,035**	**(178)**	**(791)**
6	Assets Management	1,523		1,523	1,971	448	161
7	Commissioning & Transformation	4,047		4,047	3,856	(192)	(153)
8	Community & Wellbeing	4,511	197	4,708	4,588	(121)	(289)
9	Finance & Corporate Services	5,036		5,036	4,998	(39)	(122)
10	Legal and Elections	2,043		2,043	1,888	(155)	8
11	Neighbourhood Services	3,082		3,082	2,705	(377)	(134)
12	Place, Protection & Prosperity	4,639	135	4,775	5,031	256	(11)
13	**Net Expenditure at Service Level**	**24,882**	**333**	**25,214**	**25,035**	**(178)**	**(542)**
14	External Grants	(5,798)		(5,798)	(6,684)	(886)	102
15	National Non-Domestic Rates	(4,074)		(4,074)	(4,074)	0	0
16	**BAU Net Budget Requirement**	**15,010**	**333**	**15,342**	**14,277**	**(1,064)**	**(440)**
17	Collection Fund Surplus/(deficit)	(801)		(801)	(801)	0	0
18	Income from Council Tax	(9,721)		(9,721)	(9,721)	0	0
19	**BAU Net Position - Over/ (Under) budget**	**4,488**	**333**	**4,820**	**3,755**	**(1,064)**	**(440)**
20	**NON BUSINESS AS USUAL**						
21	**Investment & Regeneration ***	**(42,629)**		**(42,629)**	**(34,766)**	**7,864**	8,157
22	**Corporate Items**						
23	Minimum Revenue Provision *	53,127		53,127	56,386	3,259	(1,764)
24	Loan Interest Payable *	32,919		32,919	30,306	(2,613)	(2,656)
25	Loan Discount *	(34,261)		(34,261)	(34,261)	0	0
26	Interest Earnings *	(2,046)		(2,046)	(2,887)	(841)	(1,337)
27	Contributions to/from Reserves Prior to closing the Budget Gap	(2,801)	(333)	(3,133)	(3,112)	21	(25)
28	**Corporate Items Total**	**46,938**	**(333)**	**46,605**	**46,432**	**(173)**	**(5,781)**
29	**NON BAU Budget Requirement**	**4,308**	**(333)**	**3,976**	**11,666**	**7,691**	**2,376**
30	**OVERALL Net Position - Over/ (Under) budget**	**8,796**	**0**	**8,796**	**15,421**	**6,625**	**1,936**
31	Appropriation from reserves to close the budget gap	(8,796)		(8,796)	(8,796)	0	0
32	**Net Position after use of reserves - Over/ (Under) budget**	**0**	**0**	**0**	**6,625**	**6,625**	**1,936**

The material forecast variances are:

- **BAU Service Budgets, £1.064m net underspend**

  Underspends - £1.768m

- ***Neighbourhood Services*** is projecting an **underspend of £0.377m**, primarily due to increased car park income (£0.206m), a business rates appeal refund for Tothill Street multi-storey car park (£0.080m), vacant posts partially offset by agency costs (£0.069m), and lower vehicle maintenance expenditure (£0.032m). These savings are partially offset by other net adverse variances of £0.010m.
- **Commissioning & Transformation** is projecting an **underspend of £0.192m**, mainly attributable to salary savings arising from vacant posts that have not been recruited to.
- ***Legal and Elections*****,** is projecting an **underspend of £0.155m**, mainly attributable to salary savings arising from vacant posts that have not been recruited to.
- **Community & Wellbeing** is forecasting an **underspend of £0.121m**, driven mainly by savings from the Temporary Accommodation Efficiencies Project, staffing vacancies, additional grant income, and increased leisure contract income. These are partially offset by pressures from the Rent Assure Scheme, additional temporary accommodation support staffing, reduced grant funding, and ongoing costs relating to Sunbury Leisure Centre and homelessness prevention initiatives.
- ***Finance and Corporate Resources****,* is forecasting an **underspend of £0.039m** primarily attributable to vacant posts partially offset by agency costs.
- ***External Grants*** are forecast to be **£0.886m above budget**, primarily due to the Adjustment Support Grant net of the reduction in Revenue Support Grant (RSG) (£0.760m), together with the Crisis & Resilience Grant (£0.126m). The final Local Government Finance Settlement was received after the Council's 2026/27 budget had been approved.

Offset by overspends - £0.704m

- **Assets Management** is forecasting an **overspend of £0.448m**, primarily due to the estimated loss of recharge income following the winding up of KGE (£0.130m) and increased holding costs on development properties. In particular, the delayed sale of Thameside House, which was assumed in the 2026/27 budget to have been completed in 2025/26, has resulted in unbudgeted business rates, security, and other property holding costs.
- **Place, Protection & Prosperity** is forecasting an overspend of £0.256m, mainly due to staffing pressures in Planning Development (£0.150m), driven by agency staff costs to meet HMO and other statutory obligations, and Building Control (£0.109m), reflecting additional resourcing required for the Business Safety Levy, Building Safety Regulator action plan and LGR-related demand. Partially offset by a £0.003m underspend in other areas**.**

- **Non BAU Budgets, £7.691m net overspend**

  Corporate Items, net underspend of £0.173m

  - **Interest payable underspent by £2.613m,** primarily due to the early redemption of higher-interest PWLB loans using capital receipts generated through the Asset Rationalisation Programme.
  - **Loan Interest Earnings underspend by £0.841m,** attributable to more favourable market rates and increased lending to other local authorities
  - **Offset by £3.259m overspend in Minimum Revenue Provision (MRP):** primarily due to an anticipated investment asset disposal not being completed in 2025/26. This has resulted in an additional £5.0m MRP charge compared with the assumption made when the budget was set. The impact was partially mitigated by a £1.741m reduction in MRP following a revalidation of the Capital Financing Requirement (CFR), which identified schemes that should have been financed from revenue in prior years.
  - ***Contributions to/from Reserves Prior to closing the Budget Gap***, net contribution to revenue of £0.021m higher, primarily attributable to use of earmarked reserves to offset planned revenue budget pressures.

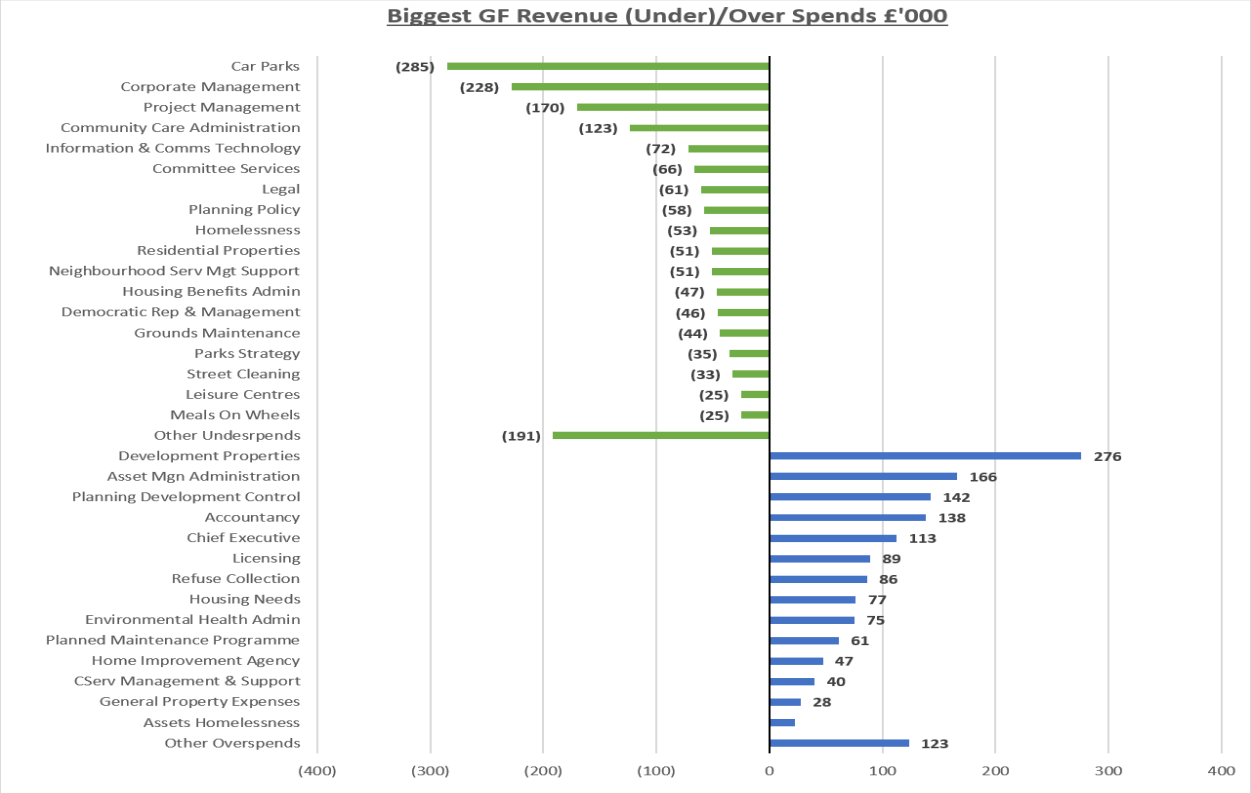
  Investment & Regeneration, overspend of £7.864m

  - **The overspend** is primarily attributable to a shortfall in Investment Property rental income **(£6.310m)** following the sale of several properties, together with increased Premises Costs **(£0.689m)** and Supplies & Services expenditure **(£0.865m)** arising from higher landlord costs, terminated occupancy leases and business rates liabilities. Please see table 3 in section 3 for a summary.

2.4. Appendix A shows Variances by **Committee Area.**

2.5. Chart 1 in the following page shows the individual service budget variances that contribute to the overall service budget favourable variance of £0.178m

Chart 1: Biggest General Fund Direct Revenue Direct Service (Under)/Overspends



2.6. Details of budget variance and quarterly movements are shown in Appendix B.

2.7. After taking into account the impact of these changes the projected net overspend is £6.6 (see Table1 above), essentially accounted for by the overspend in Investment & Regeneration (£7.864m) and MRP impact from 2025/26 outturn (£3.3m). This will be funded from reserves.

2.8. The approved budget for 2026/27 included £5.752m in savings. Finance completed a validation of savings achievement in September 2026 with the results shown in Table 2 below.

Table 2: Savings validation

Group-Achieved/Forecasted	2026/27 Budgeted for £'000	2026-27 Full year forecast/ Actual £'000	Over/ (Under) Achieved £'000
Assets	783	783	0
Community & Wellbeing	1,784	2,045	261
Finance & Corporate Services	705	705	0
Investment & Regeneration property	2,120	2,120	0
Neighbourhood Services	205	205	0
Place, Protection & Prosperity	156	156	0
Grand Total	**5,752**	5,852	261
In year Savings - Part of the above			
Assets - Forecast	400	400	0
Community & Wellbeing - Forecast	600	761	161
Total in Year	**1,000**	**1,161**	**161**

2.9. The table above includes in year savings of £1m which are on target to deliver £0.161m above the reduced budget:

- Assets Maintenance Budget £0.4m.
- Temporary Accommodation review £0.8m.

2.10. The General Fund forecast shown in Table 1 includes the savings achieved, as set out in Table 2. Appendix C provides further details and shows the savings status project by project for each directorate and savings found.

2.11. The updated earmarked reserves are lower because of use to cover the budget gap. If the asset rationalisation does not achieve the forecast on capital receipts the reserve balance it is not adequate to cover budget risks in future years. Therefore, it requires close monitoring to ensure that it aligns with the Medium-Term Financial Strategy (MTFS) and to protect the level of reserves passed across to West Surrey Council in 2027/28. Limiting the draw down of reserves was the key rationale for building in £5.8m savings in the 2026/27 Budget. This is a key risk which will continue to be monitored carefully. Section 4 below shows the reserve movement.

2.12. Looking ahead, the Council will continue to maintain strict financial discipline to:

- managing the investment property portfolio,
- to put West Surrey in the strongest financial position possible.

3. Commercial/Investment Assets

Table 3 - Commercial/Investment Assets

Investment & Regeneration				
Assets	**2026/27 Budget Agreed by Council**	**2026/27 Qtr 2 Forecast**	**QTR 2 Full Year Forecast Variance - Over/ (Under)**	**Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)**
	£'000	**£'000**	**£'000**	**£'000**
Rental Income	(47,395)	(41,005)	6,390	6,794
Other Income	0	(79)	(79)	(27)
less: Landlord costs	4,766	6,319	1,553	1,390
Net Rental Income receivable	**(42,629)**	**(34,766)**	**7,864**	**8,157**

3.1. Table 3 above outlines the income and costs relating to investment properties, with forecast net rental income (after landlord costs) of £34.8m. This is £7.9m below the level assumed in the 2026/27 revenue budget and represents an £8.2m adverse movement compared with the Quarter 1 forecast.

3.2. The budget variance and adverse movement since Quarter 1 are primarily attributable to lower rental income following the in-year sale of income-generating assets and higher-than-budgeted landlord costs. Detailed breakdowns are provided in Appendix D: Commercial/Investment Assets Analysis.

3.3. The rental income forecast reflects the loss of income arising from the sale of eight investment assets during the second half of the financial year.

3.4. The landlord cost pressure is primarily attributable to the impact of asset sales and the fact that the 2026/27 budget assumed the disposal of an asset by the end of 2025/26. As the sale was delayed, landlord costs that were not included within the budget are now being incurred. This pressure is partially offset by rental income from the asset that was similarly not included within the original budget assumptions.

4. Projected Movement in Reserves

4.1. Table 4 sets out the earmarked reserve balances at the end of 2025/26 and the projected balances as at 31 March 2027. Capital receipts are not earmarked reserves but are included in the overall reserve balances shown in Table 6 below.

4.2. As shown in Table 4, £18.7m of earmarked reserves will be used in 2026/27, leaving a net balance of £13.9m as at 31 March 2027.

4.3. The in-year reserve position is expected to fluctuate in line with service expenditure forecasts, with the most significant impact arising from slippage in asset sales.

Table 4: Actual General Fund reserve balances at 31 March 2026 and projected balances at 31 March 2027

Earmarked reserves	Reserve Balance as at 31/03/2026	Net In Year Use (Increase)/ Decrease 2026/27	Projected Balances at 31/03/2027
	£'000	£'000	£'000
Revenue Grants Unapplied	(5,877)	514	(5,363)
Service Resilience Reserve	(19,232)	18,173	(1,059)
Contributions from Developers	(7,356)	28	(7,328)
Total Earmarked Reserves at 31 March	**(32,618)**	**18,716**	**(13,902)**

The in-year reserve use reconciles to Table 1 and the full breakdown is shown by the table below

Table 5: In Year Reserve Use Breakdown

2026-27 Reserve Use Forecast		
In year	**£'000**	**Reserve Source**
Service Resilience		
In Service Areas	182	Service Resilience Reserve
Below Line	2,570	Service Resilience Reserve
Service Resilience -Sub total In Year	**2,752**	**Service Resilience Reserve**
Budgeted to Close the Gap	8,796	Service Resilience Reserve
Close Budget gap	6,625	Service Resilience Reserve
Total Service Resilience	**18,173**	
Contributions from Developers	28	Contributions from Developers
Revenue Grants Unapplied	514	Revenue Grants Unapplied
Grand Total	**18,716**	**Service Resilience Reserve**

4.4. The MRP charge requires the use of £3.3m of in-year reserves, representing 17% of the total requirement. This reflects the net impact of slippage of the Summit Centre capital receipt into 2026/27.

5. Flexible Use of Capital Receipts and Overall Usable Reserve balance

5.1. Table 6 below shows the overall reserve balances, including the movement in capital receipts. The closing reserve balance as at 31/03/26 is £38.4m and the forecast at 31/03/2027 is £18.8m. The forecast assumes that all capital receipts generated during 2026/27 will be applied to capital financing and debt reduction.

Table 6 Overall Usable Revenue and Capital Reserve balance as of 31/03/2027

Usable Reserves	Reserve Balances at 31/03/26	In year Additions	In year use	Reserve Balances at 31/03/27
	£'000	£'000	£'000	£'000
Earmarked Reserves	(32,618)		18,716	(13,902)
General Fund Reserves	(3,508)		0	(3,508)
Total General Fund Reserves	**(36,126)**	**0**	**18,716**	**(17,410)**
Usable Capital Receipts	0	0		0
Capital Projects		2,684	2,684	0
Debt Reduction		379,115	379,115	0
Usable Capital Receipts Total	**0**	**381,799**	**381,799**	**0**
Unapplied Capital Grants	(2,266)	(1,327)	2,236	(1,357)
Capital Receipts and Grant Total	**(2,266)**	**380,472**	**384,035**	**(1,357)**
Total usable Reserves	**(38,392)**	**380,472**	**402,751**	**(18,767)**

Table 6 builds upon Table 4 by incorporating capital receipts to show the Council's overall usable reserve position.

5.2. The Capital Projects line in Table 6 above covers use of capital receipts as a means to fund one-off and ongoing project costs which enable the process of transformation and the resulting benefit realisation. In applying this funding, several measures have been applied to ensure that the qualifying funding criteria are met. These include a robust approval process that is applied whenever the use of capital receipts is considered and to ensure that this funding source is only applied to qualifying expenditure.

5.3. A full breakdown of capital receipts allocated per project is shown in Appendix F.

6. Improvement and Recovery Programme (IRP) – Funded by base budget

6.1. As required by the Secretary of State's Statutory Direction issued in May 2025, the Council has established an IRP. This plan was intended to provide the organisation with a clear direction for its improvement journey and a single framework for ensuring that all the Directions were addressed.

6.2. The original plan was approved by Council on 23 October 2025, and the supporting report formed the initial progress report to Commissioners with a commitment to provide a further update six months later.

6.3. Authority was delegated to the Corporate Policy and Resources Committee (CPRC) to approve any changes to the IRP as part of regular reporting arrangements. A revised version of the Improvement and Recovery Plan (IRP)

was agreed by CPRC on 17 February 2026 to reflect the transition from recovery into sustained improvement and the focus on ensuring a successful transition to the new West Surrey Council.

6.4. Table 7 below shows the planned and actual spend in 2026/27.

6.5. IRP Budget list shown in Table 7 has been implemented in the finance ledger, Centros, and monitored along the revenue and capital (with Corporate Policy and Resources Committee receiving quarterly reports).

Table 7: IRP Breakdown within implementation Time Frame

Area	Requirement	Supplier	Desired output	Budget Holder	Funding Source	25/26 Actual £'000	26/27 Forecast £'000	26/27 Actual YTD September 2026 £'000
	Governance Support to MO	South East Employers	**Governance support for IRP (80% IRP)**	TERRY COLLIER	Base Revenue Budget	8	0	0
Governance Total						**8**	**0**	**0**
Programme Management	**Programme management bridging support**	Newtrality	**Ongoing governance**	TERRY COLLIER	Base Revenue Budget	28	109	102
		South East Employers	**Stand up governance arrangements, review IRP (80% IRP)**	TERRY COLLIER	Base Revenue Budget	55	5	5
Programme Total						**83**	**114**	**107**
Grand Total						**91**	**114**	**107**

7. Capital Budget QTR.2 (M6) 2026/27 Forecast – Overview

7.1. The 2026/27 M6 Capital Programme forecasts total capital expenditure of £9.8m for the year (Table 8, following page). This is £1.4m lower than the Quarter 1 (M2) forecast, primarily due to £1.2m of expenditure on various projects being reprofiled into 2027/28, and £0.143m reduction in the programme value following the completion of several projects. Capital expenditure incurred to date is £2.1m, representing 21.45% of the revised forecast programme. The relatively low level of spend reflects the fact that a number of projects commenced later than originally anticipated and are expected to progress during the remainder of the financial year.

7.2. A summary of this position is shown in the table below and set out in more detail in Appendix E

Table 8 Summary of 2026-27 Capital Budget QTR.2 (M6) Monitoring

Directorates	2026/27 Approved Budget	Actual to date	2026/27 Full year Forecast	Variance to Budget	Slipped to future years (where applicable)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000	
Communities	8,168	1,153	7,378	(790)	1,001	(892)	Spelthorne Leisure Centre Phase 2 additional costs. Approximately 50% of the remaining works have been rephased into 2027/28. The favourable movement since Quarter 1 (M2) is due to a reduced forecast for the Sunbury Leisure Centre Decarbonisation Project, which has now been completed an slippage of Sunbury Leisure Centre Mechanical and Electrical Plant to 2027/28.
Environment & Sustainability Total	1,127	388	1,029	(98)	0	(98)	The favourable variance to budget and movement since Quarter 1 (M2) are due to the Electric Vans for the Joint Enforcement Team and the Ground Maintenance replacement electric van being completed at a lower cost than originally budgeted.
Assets	556	5	100	(456)	200	(456)	The favourable budget variance and movement since Quarter 1 (M2) are due to Sandhills Meadow Bridge (£0.200m) not being expected to be completed during this financial year and the Elmsleigh Centre Lifts Replacement project (£0.256m) no longer proceeding as the centre is expected to be sold.
Corporate Policy & Resources	1,299	557	1,299	0	0	0	Expenditure is expected to be incurred later in the year as the projects are not yet fully underway.
General Fund Total	**11,150**	**2,103**	**9,806**	**(1,344)**	**1,201**	**(1,446)**	

7.3. Detailed capital project spend monitoring and funding source are provided in Appendices E/F/. Appendix G shows the MTFS Capital Budget allocations.

8. Options appraisal and proposal

8.1. This report is “to acknowledge” only. The Month 6 2026/27 General Fund Forecast will inform the 2026/27 planned mitigations to reduce expenditure and improve cashable efficiency savings. Officers will work to identify further offsetting revenue savings to seek to reduce the extent of the draw down of reserves. Any 2026/27 forecast overspend not mitigated by additional savings/income will be offset by funding from reserves.

9. Governance and risk considerations

9.1. The revenue budget for 2026/27 has been set against a backdrop of ongoing economic uncertainty, including inflationary pressures, labour and contract cost volatility, and continued demand growth for key statutory services. There remains a risk that adverse economic conditions could place additional pressure on service budgets, either through reduced income, increased demand-led expenditure or higher than anticipated cost inflation. Should these

pressures materialise, the Council may need to draw on reserves to maintain financial balance, potentially resulting in greater reserve usage than currently assumed in the medium-term projections.

9.2. There is an increasing risk arising from staff turnover, coupled with growing workload pressures associated with the Improvement Recovery Plan and Local Government Reorganisation. To mitigate this risk and maintain service delivery, interim resources are being recruited to provide additional capacity and resilience.

9.3. Savings and budget mitigations incorporated into the 2026/27 budget may be subject to delivery risk, particularly where they rely on behavioural change, service transformation or external dependencies. Delays in implementation or under-delivery would reduce the effectiveness of planned controls and could result in a higher call on reserves than currently anticipated.

9.4. The Council's reserves projections assume the delivery of planned capital receipts within the forecast period. There is a risk that receipts may be delayed or under-achieved due to market conditions, changes in asset values, or slippage in delivery timetables. Any shortfall or deferral in receipts would reduce the cash resources available to support the revenue spend and capital programme. The main use of capital receipts for the next three years will be covering Capital Financing Requirements needs, mainly future years' Minimum Revenue Provision. As the case was in 2025/26 the slipping of the Summit Centre sale to 2026/27, and general, slippage in the asset disposal plan has a real impact on the following year's budget, and the Council's ability to comply with the Statutory Direction to reduce debt.

10. Legal comments

10.1. Section 28 of the Local Government Act 2003 requires the Council to monitor their income and expenditure against the approved budget throughout the financial year and to take such remedial action as it considers necessary to deal with any projected overspends or variances.

10.2. This report provides a high-level summary of the Council's financial performance for the year, setting out the overall revenue and capital position for Q2 2026/27 (month 6) and highlighting key variances from budget.

10.3. Consideration of this report enables the members to satisfy themselves that appropriate financial controls and monitoring arrangements are in place and that the Council's statutory and fiduciary duties have been complied with.

Corporate implications

11. Commissioners' comments

11.1. Commissioners are content that the Council is on track to deliver its savings targets for 2026/27 and that the overall budget, other than the MRP overspend, is also on target.

12. S151 Officer comments

12.1. As the report sets out, it is important the Committee is provided with timely information on delivery to date against both Revenue and Capital Budgets to enable corrective action to be agreed on a timely basis. At Period 6, after allowing for the known £3.3m MRP budget pressure and £7.9m loss of rental income arising from asset disposals, all other variances result in a net underspend of £4.6m, leaving an overall forecast position of net overspend of

£6.6m. The majority of this relates to our investment assets. This is a very significant figure. It is important to bear in mind the additional pressure, compared to the original Budget assumptions, that this overspend places on the reserves and the reduction in balances available to pass across to West Surrey. The Capital monitoring is highlighting a risk of significant slippage into 2027/28.

13. Monitoring Officer comments

13.1. This report forms part of the Council's ongoing financial monitoring and supports proper administration of its financial affairs as required by section 151 of the Local Government Act 1972. This also demonstrates improved governance and effective oversight within the context of the Best Value Directions.

14. Procurement comments

14.1. There are no procurement implications arising directly from this report.

15. Equality and Diversity

15.1. The report's proposals do not directly impact equality and diversity issues but in any spending decision the Council undertakes there should be due regard to equality, diversity and inclusion issues. If there are impacts an equality impact assessment should be undertaken and mitigation measures identified and put in place.

16. Sustainability/Climate Change Implications

16.1. The implications of this report have little to no impact on the Council's position on sustainability and climate change actions. The Council continues to strive towards its climate change targets.

17. Other considerations/LGR considerations

17.1. The outturn position on reserves provides the starting point for refreshing the projected reserves anticipated to be passed across to West Surrey in April 2027.

18. Timetable for implementation

Contact: *Altin Bozhani, Deputy Chief Finance Officer, a.bozhani@spelthorne.gov.uk*

Please submit any material questions to the Committee Chair and Officer Contact by two days in advance of the meeting.

Background papers: (These are unpublished papers upon which you have relied in preparing this report). If none state, there are none.

Appendices:

Appendix A - Summary of Qtr.2 (M6) General Fund Outturn Forecast Revenue Budget 2026/27- Committee Structure
Appendix B - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Variance analysis by Service Area
Appendix C - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Savings validation

Appendix D - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Investment Assets Analysis
Appendix E - Qtr.2 (M6) General Fund Capital 2026/27 Outturn Budget Monitoring
Appendix F - Qtr.2 (M6) General Fund Capital 2026/27 Outturn Budget Monitoring Detailed funding source per project
Appendix G - Qtr.2 (M6) General Fund Capital 2026/27-2029/30 Budget
Appendix H- Local Government Finance Glossary

Appendix A - Summary of Qtr.2 (M6) General Fund Outturn Forecast Revenue Budget 2026/27- Committee

Variance by Committee Structure	2026/27 Budget Agreed by Council	Carry FWD Budget Adjustments	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)
Business as Usual	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	57,094	333	57,427	57,792	365	(842)
Less Housing Benefit grant	(14,725)		(14,725)	(14,775)	(50)	(25)
Less Specific fees and charges income	(17,488)		(17,488)	(17,982)	(494)	76
Net Expenditure - broken down as below	**24,882**	**333**	**25,214**	**25,035**	**(178)**	**(791)**
Corporate Policy & Resources	11,130		11,130	10,765	(365)	(358)
Community Wellbeing & Housing	5,020	197	5,217	5,197	(20)	(230)
Business Infrastructure & Growth	2,157		2,157	2,662	505	170
Environment & Sustainability	6,574	135	6,710	6,412	(298)	(123)
Net Expenditure at Service Level	**24,882**	**333**	**25,214**	**25,035**	**(178)**	**(542)**
External Grants	(5,798)		(5,798)	(6,684)	(886)	102
National Non-Domestic Rates	(4,074)		(4,074)	(4,074)	0	0
BAU Net Budget Requirement	**15,010**	**333**	**15,342**	**14,277**	**(1,064)**	**(440)**
Collection Fund Surplus/(deficit)	(801)		(801)	(801)	0	0
Income from Council Tax	(9,721)		(9,721)	(9,721)	0	0
BAU Net Position - Over/ (Under) budget	**4,488**	**333**	**4,820**	**3,755**	**(1,064)**	**(440)**
NON BUSINESS AS USUAL						
Investment & Regeneration	(42,629)		(42,629)	(34,766)	7,864	8,157
Corporate Items						
Minimum Revenue Provision	53,127		53,127	56,386	3,259	(1,764)
Loan Interest Payable	32,919		32,919	30,306	(2,613)	(2,656)
Loan Discount	(34,261)		(34,261)	(34,261)	0	0
Interest Earnings	(2,046)		(2,046)	(2,887)	(841)	(1,337)
Contributions to/from Reserves Prior to closing the Budget Gap	(2,801)	(333)	(3,133)	(3,112)	21	(25)
Corporate Items Total	**46,938**	**(333)**	**46,605**	**46,432**	**(173)**	**(5,781)**
NON BAU Budget Requirement	**4,308**	**(333)**	**3,976**	**11,666**	**7,691**	**2,376**
OVERALL Net Position - Over/ (Under) budget	**8,796**	**0**	**8,796**	**15,421**	**6,625**	**1,936**
Appropriation from reserves to close the budget gap	(8,796)		(8,796)	(8,796)	0	0
Net Position after use of reserves - Over/ (Under) budget	**0**	**0**	**0**	**6,625**	**6,625**	**1,936**

Appendix B - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Variance analysis by Service Area

Assets Service

The key variations within the Assets Service are set out below.

SERVICE AREA SUMMARY	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)	Variance/Movement Narrative
Assets	**£'000**	**£'000**	**£'000**	**£'000**	
Asset Mgn Administration	317	483	166	157	The budget pressure and adverse movement since Quarter 1 are primarily attributable to the loss of recharge income from **KGE (£0.133m)** following its planned winding up in November 2026, together with additional **legal advice costs (£0.033m)** associated with transferring residential tenancies to the Council's General Fund upon KGE's closure. The loss will be offset by a reduction in costs in the Residential property expenditure.
Development Properties	119	395	276	(8)	The budget overspend is primarily attributable to **Premises Costs(£178k)** because of Business Rates, assuming 50% mitigation; **Security Costs (£100k)** Building Security present 24/7, for the full year; **Offset by £2.5k** increased in Income. The Development Assets are vacant and attract standard void costs i.e. insurance and Business Rates. Rates mitigation initiatives are in place to reduce rates payable where possible. The sites being vacant are also subject to antisocial behaviour and unauthorised entry. The Council has a responsibility for the safety of the premises and therefore where there are repeated incidents security systems are installed to protect the sites and any unwanted visitors from harm.
Facilities Management	683	667	(16)	(42)	The budget underspend and favourable movement since Quarter 1 are **primarily attributable to lower running costs.**
General Property Expenses	(132)	(104)	28	32	The budget pressure and adverse movement since Quarter 1 are primarily attributable to business rates on the vacant **Staines Library (£0.019m)** and **legal fees (£0.014m)** relating to ongoing legal action concerning Lucan Cottage, Abbey Drive, Laleham. These pressures are partially offset by other favourable variances (£0.005m).
Parks Properties Project	5	(11)	(16)	(6)	The favourable budget variance and improvement since Quarter 1 are primarily attributable to additional income received from the occasional use of Council parks by various businesses.
Planned Maintenance Programme	916	977	61	47	The forecast overspend and adverse movement since Quarter 1 is primarily due to staffing costs.
Residential Properties	0	(51)	(51)	(19)	The favourable variance is **primarily attributable to** rents income.
Staines Town Centre Management	(385)	(385)	0	0	
Grand Total	**1,523**	**1,971**	**448**	**161**	

Appendix B - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Variance analysis by Service Area

Commissioning & Transformation Service

The key variations within the Commissioning & Transformation Service are set out below.

SERVICE AREA SUMMARY	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)	Variance/Movement Narrative
Commissioning & Transformation	£'000	£'000	£'000	£'000	
CServ Management & Support	1,363	1,403	40	1	The budget overspend is primarily attributable to: **Transaction Charges (£49k)** because of increasing number of card payments made by customers and **Postage Services (£20k)** from across other services offset by **lower Staffing Cost (£29k)** because of a vacancy .
Emergency Planning	76	78	2	2	
Energy Initiatives	11	3	(7)	(7)	
HR	489	503	14	5	The budget overspend is primarily attributable to: Staffing (£0.007m) and running costs(£0.007m).
Information & Comms Technology	1,213	1,141	(72)	(22)	The budget underspend is primarily attributable to **staffing savings (£0.057m)**, mainly arising from a vacant post, together with lower **software costs (£0.015m)**. The favourable movement since Quarter 1 is primarily attributable to a reduction in forecast software costs.
Payroll	85	98	14	2	The budget overspend is primarily attributable to Staffing costs.
Project Management	785	614	(170)	(122)	The budget underspend and favourable movement since Quarter 1 are primarily attributable to **staffing savings** resulting from one post holder leaving at the end of August 2026 and two further post holders expected to leave at the end of November 2026, with no planned replacement.
Water Courses & Land Drainage	27	15	(12)	(12)	The budget underspend and favourable movement since Quarter 1 are primarily **attributable to lower running costs.**
Grand Total	**4,047**	**3,856**	**(192)**	**(153)**	

Appendix B - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Variance analysis by Service Area

Community & Wellbeing Service

The key variations within the Community & Wellbeing Service are set out below.

SERVICE AREA SUMMARY	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)	Variance/Movement Narrative
Community & Wellbeing	**£'000**	**£'000**	**£'000**	**£'000**	
Arts Development	32	32	0	0	
Community Care Administration	488	365	(123)	(2)	The budget underspend is primarily attributable to staffing savings arising from Disability Facilities Grant funding contributing towards the salaries of **two members of staff (£0.088m)**, **Winter Warmers funding (£0.033m)** and other minor **favourable variances (£0.002m)**.
Assets Homelessness	(49)	(27)	22	(91)	The budget overspend is primarily attributable to **staffing costs (£0.047m)** associated with the proposed consultation regarding Metropolitan Thames Valley Housing TUPE-transferred staff moving onto Spelthorne Borough Council terms and conditions, together with increased utility costs (£0.009m). These pressures are partially offset by **additional rental income (£0.025m)** and **other favourable variances (£0.009m)**.
Community Centres	563	582	19	(9)	**increased running costs, particularly cleaning and utilities.**
Community Development	20	20	0	0	
General Grants	170	170	0	0	
Home Improvement Agency	(42)	5	47	0	The budget overspend is primarily attributable to the loss of recharge income previously used to fund **staffing costs** following a budget realignment.
Homelessness	1,136	1,083	(53)	(66)	The budget underspend and favourable movement since Quarter 1 are attributable t**o revised temporary accommodation demand assumptions** following a review of actual expenditure and household numbers. The forecast is now based on three months of actual placements (47 households), projected over the remaining year using average lengths of stay and prior year expenditure patterns. Whilst the forthcoming Renters' Rights changes may increase future demand pressures, current forecasts indicate that expenditure will remain within the approved budget.
Housing Benefits Admin	535	489	(47)	0	The budget underspend is primarily attributable to staffing savings arising **from three vacant posts (£0.067m)**, partially offset **by agency costs (£0.020m)** incurred to cover one of those posts. There are currently no plans to recruit to the vacant positions.
Housing Benefits Payments	113	117	4	(25)	The favourable movement since Quarter 1 is primarily attributable to a **revised estimate of rent allowance payment**s during the remainder of the year.
Housing Needs	2,024	2,100	77	(64)	The budget overspend is primarily attributable to **staffing pressures** arising from permanent staffing costs and additional resources supporting the reduction of temporary accommodation placements and delivery of the 2026/27 savings target. Two new posts added forecasted for Novemeber26 to March 27. The pressure has reduced significantly since Quarter 1 due to vacant posts remaining unfilled and delays in recruitment.
Leisure Administration	418	409	(8)	0	
Leisure Centres	(636)	(661)	(25)	1	Budget underspend is primarily attributable to **lower insurance premium.**
Meals On Wheels	57	32	(25)	(31)	The budget underspend and favourable movement since Quarter 1 are attributable to **expenditure previously charged to revenue** now being capitalised where appropriate.
Museum	(5)	(7)	(2)	0	
Opal High Needs	113	117	4	(4)	
Refugee Schemes	(323)	(328)	(5)	2	
Resource Centre	13	14	1	0	
Social Prescribing	102	102	0	0	
Sports and Active Lifestyle	13	12	(1)	0	
Step-Down Accommodation	(0)	(1)	(0)	1	
Sunbury Golf Club	(50)	(56)	(6)	0	
Youth Projects	19	20	1	0	
Grand Total	**4,708**	**4,588**	**(121)**	**(289)**	

Appendix B - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Variance analysis by Service Area

Finance & Corporate Services

The key variations within the Finance & Corporate Service are set out below.

SERVICE AREA SUMMARY	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)	Variance/Movement Narrative
Finance & Corporate Services	**£'000**	**£'000**	**£'000**	**£'000**	
Accountancy	1,303	1,441	138	(55)	The budget overspend is **primarily attributable to staffing costs**, including interim resources supporting essential operational activities, the Improvement and Recovery Plan and Local Government Reorganisation (LGR). The transformation-related costs are expected to be funded from capital receipts, as part of the outturn process in line with the approved flexible use of capital receipts policy, which will reduce the forecast pressure. The favourable movement since Quarter 1 reflects a reduction in consultant days.
Chief Executive	262	374	113	23	The budget overspend and adverse movement since Quarter 1 a**re primarily attributable to staffing costs**.
Corporate Management	1,233	1,005	(228)	(71)	The budget underspend is primarily attributable to **staffing savings (£0.142m)** arising from vacant posts, together with c**apital receipts funding Local Government Reorganisation work (£0.187m)**. These favourable variances are partially offset by legal advice costs associated with the winding up of **Knowle Green Estate(KGE) (£0.036m)**, consultancy support for **Local Government Reorganisation (£0.045m)** and **Collection Fund reconciliation work (£0.020m).** The favourable movement since Quarter 1 is mainly attributable to the application of additional capital receipts.
Corporate Publicity	428	435	7	2	
Corporate Savings	0	0	0	0	
Democratic Rep & Management	455	409	(46)	(10)	The budget underspend and favourable movement since Quarter 1 are primarily attributable to **lower expenditure on Members' Basic Allowances.**
Deputy Chief Executives	351	344	(7)	(2)	
Insurance	395	394	(0)	0	
MaT Secretariat & Support	118	121	3	3	
Unapportionable CentralO/Heads	494	476	(18)	(11)	This budget provides for **staffing costs** that cannot be directly allocated to individual service areas. The budget underspend and favourable movement since Quarter 1 are primarily attributable to **lower than anticipated expenditure** in these areas.
Grand Total	**5,036**	**4,998**	**(39)**	**(122)**	

Appendix B - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Variance analysis by Service Area

Legal and Elections

The key variations within the Legal and Elections Service are set out below.

SERVICE AREA SUMMARY	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)	Variance/Movement Narrative
Legal and Elections	**£'000**	**£'000**	**£'000**	**£'000**	
Audit	300	298	(2)	(2)	
Committee Services	319	253	(66)	2	The budget underspend is primarily attributable to savings from **two vacant posts** covering Committee Services, Member Support, reporting functions and the collation and publication of reports, including support for MAT+. Remaining staff are operating at full capacity.
Corporate Governance	362	345	(18)	(19)	The budget underspend and favourable movement since Quarter 1 **are primarily attributable to lower procurement costs**, as external procurement support previously provided by NHS Commercial Solutions ended earlier than anticipated.
Elections	36	20	(16)	15	The budget underspend is primarily attributable to **savings against the temporary staffing budget**. The adverse movement since Quarter 1 reflects the inclusion of West Surrey Shadow Authority election costs.
Electoral Registration	287	295	8	(4)	
Legal	739	678	(61)	16	The budget underspend is primarily attributable to **savings arising from vacant posts**. The adverse movement since Quarter 1 reflects increased forecast staffing expenditure.
Grand Total	**2,043**	**1,888**	**(155)**	**8**	

Appendix B - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Variance analysis by Service Area

Neighbourhood Services

The key variations within the Neighbourhood Services are set out below.

SERVICE AREA SUMMARY	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)	Variance/Movement Narrative
Neighbourhood Services	**£'000**	**£'000**	**£'000**	**£'000**	
Spelthorne Accessible Transport	174	174	(0)	(4)	
Abandoned Vehicles	4	4	0	0	
Allotments	(24)	(24)	0	0	
Bus Station	24	24	0	2	
Car Parks	(495)	(781)	(285)	(182)	The budget underspend is primarily attributable to **lower business rates (£0.144m)** and **increased car parking income (£0.148m)** arising from higher demand. These favourable variances are partially offset by **other budget pressures (£0.007m).**
Cemeteries	(433)	(431)	2	0	
Community Safety	342	331	(11)	(4)	
Depot	123	125	3	1	
Environmental Enhancements	4	2	(2)	0	
Grounds Maintenance	1,736	1,693	(44)	50	The budget underspend is primarily attributable to **staffing savings (£0.020m)** arising from vacant posts and **additional external funding income (£0.040m)**. These favourable variances are partially offset by **higher running costs (£0.016m)**. The adverse movement since Quarter 1 reflects **the filling of vacant posts**.
Neighbourhood Serv Mgt Support	1,490	1,439	(51)	4	The budget underspend is primarily attributable to additional revenue **income from reimbursements (£0.040m)**, together with higher **income from bus shelters and other sources (£0.011m)**.
Parks Strategy	(12)	(47)	(35)	(36)	The **budget underspend and favourable movement** since Quarter 1 are primarily attributable to increased income **from lease and letting arrangements**.
Public Conveniences	0	0	0	0	
Public Halls	(24)	(21)	3	0	
Refuse Collection	1,030	1,116	86	64	The budget overspend is primarily attributable to **reduced income forecasts (£0.112m)** resulting from lower textile prices and therefore reduced recycling income, together with **other minor pressures (£0.004m)**. These are partially offset by **staffing savings (£0.030m)**. The adverse movement since Quarter 1 is mainly due to the **reduction in forecast income, as explained above.**
Staines Market	(59)	(61)	(3)	0	
Street Cleaning	824	791	(33)	(22)	The budget underspend and favourable movement since Quarter 1 are primarily attributable to **lower forecast transport costs**.
Waste Recycling	(1,623)	(1,630)	(7)	(7)	
Grand Total	**3,082**	**2,705**	**(377)**	**(134)**	

Appendix B - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Variance analysis by Service Area

Place, Protection & Prosperity

The key variations within the Place, Protection & Prosperity Services are set out below.

SERVICE AREA SUMMARY	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)	Variance/Movement Narrative
Place, Protection & Prosperity	£'000	£'000	£'000	£'000	
Building Control	120	129	9	(80)	The budget overspend is primarily attributable to **staffing pressures (£0.042m)** arising from the recruitment of additional post to support implementation of the Building Safety Levy, respond to the recent Building Safety Regulator audit and action plan, and meet increased demand associated with Local Government Reorganisation (LGR). A further pressure relates to the procurement of a **new Exacom software module (£0.019m)** required to administer the Building Safety Levy from 1 October 2026, together **with other budget pressures (£0.023m).** These pressures are partially offset by **additional income of £0.076m**, generated through winning back work from external contractors and increased operational capacity. Income is expected to increase further following the insolvency of an approved private building inspector company, which is anticipated to have a positive long-term impact on demand for the Council's building control services.
Economic Development	286	273	(13)	(7)	The budget underspend and favourable movement since Quarter 1 are attributable **to lower than anticipated Business Rates** charges relating to Visit Staines.
Environmental Health Admin	1,873	1,948	75	57	The budget overspend is primarily attributable to **staffing costs (£0.089m)** arising from increased service demand, **legal costs (£0.036m)** associated with a higher volume of cases, and **other pressures (£0.011m).** These pressures are partially offset by **additional Government grant funding (£0.061m)** received to help address demand-led service pressures. The adverse movement since Quarter 1 is primarily attributable to increased staffing costs.
Environmental Protection Act	147	145	(2)	47	The budget underspend is primarily attributable to **the identification of lower-cost alternatives** to the existing air quality monitoring station, which has been taken out of operation. The adverse movement since Quarter 1 is primarily due to **expenditure on Geoenvironmental software**.
Food Safety	1	1	0	0	
Incubator	23	17	(5)	(6)	
Jobs and Skills Hub	170	182	12	(4)	The budget overspend is primarily attributable to the accrual of **historical electricity costs (£0.069m)** relating to non-billing dating back to August 2024. This pressure is partially offset by a **£0.028m rebate** arising from the backdated Laser energy contract, resulting in an **adjusted full-year forecast of £0.030m**, which is £0.012m higher than budget..

Appendix B - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Variance analysis by Service Area

Place, Protection & Prosperity-Continued

SERVICE AREA SUMMARY	2026/27 Revised Budget	2026/27 Qtr 2 Forecast	QTR 2 Full Year Forecast Variance - Over/ (Under)	Variance Movement Since Qtr 1(M2) - Increase/ (Decrease)	Variance/Movement Narrative
Place, Protection & Prosperity-Continued	£'000	£'000	£'000	£'000	
Land Charges	(3)	(9)	(6)	(28)	The budget underspend and favourable movement since Quarter 1 are primarily attributable **to higher Land Charges income**. Income comprises fees collected on behalf of both Spelthorne Borough Council (SBC) and Surrey County Council (SCC), which are subsequently remitted monthly in arrears. Income levels are inherently demand-led and dependent on the volume of commercial and residential property transactions. As search activity has remained strong, the income forecast has been increased accordingly, resulting in the favourable budget variance and quarterly movement.
Licensing	38	127	89	50	The budget overspend and adverse movement since Quarter 1 are primarily attributable to a shortfall in **HMO licence income (£0.065m)** resulting from fewer applications being received following an increase in fees and the introduction of a borough-wide Article 4 Direction. Spelthorne remains the only Surrey borough operating an Article 4 Direction. A further pressure relates to **staffing costs (£0.022m)**, reflecting the net impact of agency staff employed to cover vacant posts, together with **other minor pressures (£0.002m)**.
Planning Development Control	1,025	1,167	142	(41)	The budget overspend is primarily attributable to agency staffing costs incurred to cover a number of key roles and ensure the Council continues to meet its statutory responsibilities in relation to HMOs and other regulatory functions. The favourable movement since Quarter 1 is primarily due to a **reduction in the staffing cost forecast** following a reassessment of service demand and resource requirements.
Planning Policy	1,120	1,062	(58)	(10)	The budget underspend is primarily attributable to **net impact of New Planning System Grant Funding**.
Public Health	14	15	1	1	
Rodent & Pest Control	17	29	12	12	
Section 106	0	0	0	0	
Shared Prosperity Fund	0	0	0	0	
Spelthorne Business Awards	0	(9)	(9)	(7)	
Taxi Licensing	(54)	(47)	7	4	
Grand Total	**4,775**	**5,031**	**256**	**(11)**	

Appendix C - Qtr.2 (M6) General Fund Revenue 2026/27 Outturn Budget Monitoring- Savings validation

Service	Savings Description	Type	Full year Forecast/ Actual £'000	Status
Eclipse Leisure Centre	Insurance saving from premium 2627	Cashable Savings	100	Achieved
Supported Housing Team	White and Harper House	Budget Saving	219	Achieved
Community & Wellbeing	Reduction in Resilience Services contract costs	Mixed	71	Achieved
Eclipse & Sunbury Mgt Fee	Uplift in fee from contract and CPI increase from Sept.	Cashable Savings	637	Achieved
Longford Housing	Lease finished in Aug25	Cashable Savings	257	Achieved
Corporate Saving	Pension - Employer Contributions	Cashable Savings	550	Achieved
Investment & Regeneration property	Net Rental income increase driven by reduced landlord costs.	Cashable Savings	2,120	Achieved
Subtotal- Achieved			**3,954**	**Achieved**
Planned Maintenance	Planned Maintenance reduction 2627	Cashable Savings	400	Forecast
Temporary Accommodation	Rough Sleeper B&B Exp	Cashable Savings	102	Forecast
Temporary Accommodation	Loss of Rough Sleeper B&B Income	Cashable Savings	(42)	Forecast
Temporary Accommodation	B&B General Exp	Cashable Savings	1,080	Forecast
Temporary Accommodation	Loss of B&B General Income	Cashable Savings	(379)	Forecast
Subtotal- In Year			**1,161**	**Forecast**
Environment & Sustainability	Env Enhancements	Mixed	98	Forecast
Parks	Staffing Budget Efficiencies	Vacancies	107	Forecast
ICT	Staffing Budget Efficiencies	Vacancies	94	Forecast
Customer Services	Staffing Budget Efficiencies	Vacancies	56	Forecast
Assets	Mixed	Mixed	383	Forecast
Planning Dev Consultants	Budget efficiencies	Mixed	100	Forecast
Finance & Corporate Services	Mixed	Mixed	61	Forecast
Total			**6,013**	

Appendix E - Qtr.2 (M6) General Fund Capital 2026/27 Outturn Budget Monitoring

Portfolio / Project Manager	Cost Centre	Project	2026/27 Approved Budget	Actual Spend To Date	Managers Projected Outturn at Qtr.2 September 2026 (M6)	2026/27 Projected Outturn Variance Over/ (Under)	Slipped to future years (where applicable)	Forecast Movement from Qtr.1(M2) Increase/ (Decrease)	Comments
			£'000	£'000	£'000	£'000	£'000	£'000	
			a)	b)	d)	e=d-a	d=-e		
Community Wellbeing & Housing		**DFG Annual Programme**							
Karen Sinclair	40203	Disabled Facilities Grants and Top UP Mandatory (DFG)-2026-27	1,327	503	1,399	72		(29)	Forecast inline with last year outturn, which is higher than the government grant we received (£1.327m). The pressure could have partly been mitigated had the means tested policy change been implemented. An updated report, setting out options for closing the funding gap, will go to September's Community, Wellbeing and Housing Committee.
Karen Sinclair	40204	Disabled Facilities Discretionary	60	85	60	0	0	5	Recharge as per last year.
		Cost of Disabled Facilities Grants	**1,387**	**588**	**1,459**	**72**	**0**	**(24)**	
Karen Sinclair	41020	Football pitch upgrades	69	0	45	(24)	24	(24)	Slippage to next year. Pitch improvements progressing in dialogue with Parks Manager: Bishop Duppas, Shepperton Rec. and Kenyngton Manor Rec. Seeking quotes for replacement of high fence at Shepperton Rec. resurfacing artificial pitch at Ashford Rec
Karen Sinclair	41203	Tennis Court upgrades	190	0	168	(23)	23	(23)	The project has been delayed following discussions with the Lawn Tennis Association, which identified the use of a consultant as an alternative to appointing an external Project Manager. Consequently, project delivery has slipped, with the related expenditure now expected in 2027/28.
		Housing Investment Programme							
Stephen Mortimer-Cleevely	42074	Acquisitions for Temporary & Resettlement Accommodation	4,276	394	4,276	0	0	0	Priority is to spend LAHF (£425k), agreed with MHCLG, 2 properties found , likely completing date still unknown. It is likely the LAHF allocation will not be spent in full and balance be returned to MHCLG. Commuted Sum (£3.850m) on target for spending by the end of the current year , within 2 years of 5 year deadline, approximately 9-10 properties.
		Cost of LAHF	**4,276**	**394**	**4,276**	**0**	**0**	**0**	
Coralie Holman	41033	Sunbury Leisure Centre Mechanical and Electrical Plant	1,000	36	46	(954)	954	(954)	The project was delayed due to the Decarb project over running. Limited tenders were received in June and were more than double the budget agreed in Dec 2024. Tenders and scope have been reviewed, with conclusions that a revised project budget of c. £2-£2.2m is needed. An update report is being taken to CPRC in Nov 26 with a request for additional budget and to re-procure the contract. Works are now expected to start in late 2026 or early 2027 and continue into 2027/28, with project costs forecast to be incurred broadly equally across the two financial years.
Coralie Holman	43604	Sunbury Leisure Centre Decarbonisation Project	652	238	249	(402)		(402)	Project has completed with a total cost of c£0.961m for all three years.
		Cost of Decarbonisation Project	**1,652**	**273**	**295**	**(1,357)**	**954**	**(1,357)**	

Appendix E - Qtr.2 (M6) General Fund Capital 2026/27 Outturn Budget Monitoring-Continued

Capital - Continued Portfolio / Project Manager	Cost Centre	Project	2026/27 Approved Budget	Actual Spend To Date	Managers Projected Outturn at Qtr.2 September 2026 (M6)	2026/27 Projected Outturn Variance Over/ (Under)	Slipped to future years (where applicable)	Forecast Movement from Qtr.1(M2) Increase/ (Decrease)	
			£'000	£'000	£'000	£'000	£'000	£'000	
			a)	b)	d)	e=d-a			
		Other Investment Programme							
Coralie Holman	41029	Spelthorne Leisure Centre Phase 2	559	493	1,095	536		536	Forecast overspend, the final account remains under negotiation with the contractor, with a dispute ongoing regarding Extension of Time claims and associated loss and expense claims. At this stage, there is no change to the forecast position pending resolution of the outstanding matters.
Coralie Holman	41034	ELC Balustrade/Ext. Walkways	36	42	41	6		0	Total project cost increased to £55,534 due to additional core drilling required to fix balustrade to the ground. 15k were spent in 2025-26 and £41k in 2026-27.
Coralie Holman	41024	SpelthorneLeisureCentRefurb	0	(637)	0			0	Retention of £646k being held pending resolution of the ventilation and attenuation claims against Wilmott Dixon - retention relates to the original construction contract and if we didn't have pending claims would have been paid back c. Sept 2025 - this is for Eclipse
		Cost of Other	**595**	**(102)**	**1,136**	**541**	**0**	**536**	
		Community Wellbeing & Housing Total	**8,168**	**1,153**	**7,378**	**(790)**	**1,001**	**(892)**	
Environment & Sustainability									
		Neighbourhood Services							
Jackie Taylor	41308	PCN/Permits/Season Tickets system	50	15	50	0		0	This is the PCN management system, the new programme is currently in test mode and it is expected to be fully implemented in October 26
Jackie Taylor	41509	Electric Vans for Joint Enforcement Team	176	129	136	(41)		(41)	Project complete variance to be released.
Jackie Taylor	41515	Replacement of Electric Van for Ground Maintenance	105	50	50	(55)		(55)	Underspend will be used to offset the £5k overspend on the Replacement of Recovery & Service Vehicle project and release the underspend.
Jackie Taylor	41516	Replacement of Recovery & Service Vehicle	34	38	39	5		5	Please see above comment.
Jackie Taylor	41518	HVO/Diesel Tanks Replacement for Depot & Nursery	90	76	90	0		0	Diesel tanks to be installed mid to late October and invoices will then be paid. As per the commitment of £88k roughly on budget.
Jackie Taylor	41620	Wheelie Bins - Annual Programme	22	7	22	0		0	All committed for spend during 2026
Jackie Taylor	41635	Garden Waste Bins Purchases	60	0	41	(19)		(19)	£28k of bins due to be ordered, currently with procurement and legal for contracts. Total year spend approx. £41k for 2026.
Jackie Taylor	41517	4 Sweeper Vehicles HVO/Diesel	80	0	66	(14)		(14)	These are the new sweepers that are due to be changed over via the contract terms in December 2026, the cost of £66k will be paid when the sweepers are delivered.
Jackie Taylor	42017	Play Area in Memorial Gardens	300	0	300	0		0	This is now going to planning committee in November, if approved procurement will commence in December with installation expected March 2027. Assumption is that the full £300k will be used for this project. If not approved slippage into next financial year.
Jackie Taylor	41602	Replacement of Market Stalls	60	0	60	0		0	Design has been accepted for new market stalls, procurement is complete and stalls will be ordered to the value of £60k w/c 28/9 with delivery expected October 2026
Jackie Taylor	41611	Staines Park- Play Equip Upgrd	0	168	175	175		175	This is covered by CIL and budget needs to be created to cover spend. the CIL budget is £175k
Sandy Muirhead	41627	Solar PV installation	150	0	0	(150)		(150)	Project identified as part of transitional corporate plan but not progressing due to loss of two members of staff. Project could be reviewed and move forward if requested under West Surrey
Sandy Muirhead	43507	Eclipse Car Park EV Charges In	0	(96)	0	0		0	Eclipse Car Park chargers to be completed within car park during year
		Neighbourhood Services Total	**1,127**	**388**	**1,029**	**(98)**	**0**	**(98)**	

Appendix E - Qtr.2 (M6) General Fund Capital 2026/27 Outturn Budget Monitoring-Continued

Capital - Continued									
Portfolio / Project Manager	Cost Centre	Project	2026/27 Approved Budget	Actual Spend To Date	Managers Projected Outturn at Qtr.2 September 2026 (M6)	2026/27 Projected Outturn Variance Over/ (Under)			Comments
			£'000	£'000	£'000	£'000			
			a)	b)	d)	e=d-a			
		Environment & Sustainability Total	**1,127**	**388**	**1,029**	**(98)**	**0**	**(98)**	
Business Infrastructure - Growth		**Assets**							
Coralie Holman	41032	Elmsleigh Centre Lifts Replacement	256	0	0	(256)		(256)	Project will not be implemented as the centre will be sold.
Coralie Holman	42076	Sandhills Meadow Bridge Contribution	200	0	0	(200)	200	(200)	The project has been delayed due to Environment Agency issues relating to the bridge replacement works. A revised programme has not yet been confirmed, and the works are not currently expected to commence within the 2026/27 financial year. As a result, expenditure is forecast to slip into a later year.
Coralie Holman	42004	Demolishing of Kingston Road	100	5	100	0	0	0	Demolition is anticipated to commence in early/mid December following planning committee approval to demolish, with works completed pre Christmas 2026.
		Business Infrastructure Total	**556**	**5**	**100**	**(456)**	**200**	**(456)**	
		Assets Total	**556**	**5**	**100**	**(456)**	**200**	**(456)**	

Appendix E - Qtr.2 (M6) General Fund Capital 2026/27 Outturn Budget Monitoring-Continued

Capital - Continued									
Portfolio / Project Manager	Cost Centre	Description	2026/27 Approved Budget	Outturn 2025-26	Managers Projected Outturn at December 2025 (QTR3)	Outturn vs Qtr3	Slipped to future years (where applicable)		
			£'000	£'000	£'000	£'000	£'000		
			a)	b)	d)	e=d-a	d=-e		
Commissioning and Transformation									
Alistair Corkish	43610	General Hardware - Annual Programme	176	0	176	0	0	0	Nearly all of this is set aside for LGR related costs. Contract costs of up to £150k approved by CPRC on 12th October 2026. A forecast of 176K is prudent but it could be substantially less as per the CPRC approved budget.
Terry Collier	41404	Implementing the Improvement and Recovery Plan (IRP)	566	0	566	0	0	0	Actual costs to be finalised at year end.
Terry Collier	41406	LGR Transition costs	557	557	557	0		0	Already paid in full.
		Commissioning and Transformation	**1,299**	**557**	**1,299**	**0**	**0**	**0**	
		Corporate Policy & Resources Total	**1,299**	**557**	**1,299**	**0**	**0**	**0**	
GRAND TOTAL		TOTAL	11,150	2,103	9,806	(1,344)	1,201	(1,446)	

	2026/27 Approved Budget	Managers Projected Outturn at Qtr.2 September 2026 (M6)
	£'000	£'000
Funding		
Grants received from Central Government		
DFG - Grants + Top Up	(1,327)	(1,327)
Local Authority Housing Fund Grant	(425)	(425)
Other Grants	(484)	(484)
Subtotal	**(2,236)**	**(2,236)**
Other Financing		
Capital Receipts- year end	(2,684)	(2,684)
CIL	(688)	(688)
Developer contributions	(3,851)	(3,851)
Earmarked Reserves	(348)	(348)
Total Committed Financing	**(9,806)**	**(9,806)**
Slippage to next year	(1,201)	0
Underspends	(143)	0
Grand Total	**(11,150)**	**(9,806)**

Appendix F - Qtr.2 (M6) General Fund Capital 2026/27 Outturn Budget Monitoring Detailed funding source per project

Spelthorne Capital Programme 2025/26	2026-27 Approved Budget Estimate 2026/27	Managers Projected Outturn at May 2026 Qtr.2 (M6)	Capital grants	Capital Receipts	Developer contributions	CIL	Earmarked Reserves	Direct Revenue Financing	Total Financing	Total in-year unfinanced capital expenditure
	£'000	£000s	£000s	£'000	£'000	£'000	£'000	£'000	£'000	£000s
Community Wellbeing & Housing										
Disabled Facilities Mandatory	1,327	1,399	(1,327)	0	0	0	(72)	0	(1,399)	0
Disabled Facilities Discretionary	60	60	0	(60)	0	0	0	0	(60)	0
Acquisitions for Temporary & Resettlement Accommodation	4,276	4,276	(425)	0	(3,851)		0	0	(4,276)	0
Sunbury Leisure Centre Decarbonisation Project	652	249	(249)	0	0	0	0	0	(249)	0
Spelthorne Leisure Centre Phase 2	559	1,095	0	(1,095)	0	0	0	0	(1,095)	0
Eclipse Leisure Centre Balustrade/External Walkways	36	41	0	(41)	0	0	0	0	(41)	0
Tennis Court upgrades	190	168	0	0	0	(168)	0	0	(168)	0
Football pitch upgrades	69	45	0	0	0	(45)	0	0	(45)	0
Sunbury Leisure Centre Mechanical and Electrical Plant	1,000	46	(46)	0	0	0	0	0	(46)	0
Environment & Sustainability										
Wheelie Bins - Annual Programme	22	22	(22)	0	0	0	0	0	(22)	0
Garden Waste Bins Purchases	60	41	(41)	0	0	0	0	0	(41)	0
Replacement of Market Stalls	60	60	(60)	0	0	0	0	0	(60)	0
Electric Vans for Joint Enforcement Team	176	136	0	(136)	0	0	0	0	(136)	0
Replacement of Electric Van for Ground Maintenance	105	50	0	(50)	0	0	0	0	(50)	0
Replacement of Recovery & Service Vehicle	34	39	0	(39)	0	0	0	0	(39)	0
4 Sweeper Vehicles HVO/Diesel	80	66	(66)						(66)	0
HVO/Diesel Tanks Replacement for Depot & Nursery	90	90	0	(90)	0	0	0	0	(90)	0
PCN/Permits/Season Tickets system	50	50	0	(50)	0	0	0	0	(50)	0
Solar PV installation for Lammas Pavilion, Depot & Whitehouse Hostel	150	0	0	0	0	0	0	0	0	0
Play Area in Memorial Gardens, Staines	300	300	0	0	0	(300)	0	0	(300)	0
Staines Park- Play Equip Upgrd	0	175				(175)			(175)	0
Business, Infrastructure and Growth										
Kingston Road site Demolition	100	100	0	0	0	0	(100)	0	(100)	0
Elmsleigh Centre Lifts Replacement	256	0	0	0	0	0		0	0	0
Sandhills Meadow Bridge Contribution	200	0	0	0	0	0		0	0	0
Corporate Policy and Resources										
General Hardware - Annual Programme	176	176	0	0	0	0	(176)	0	(176)	0
Implementing the Improvement and Recovery Plan (IRP)	566	566	0	(566)	0	0	0	0	(566)	0
Case Management System upgrade to Cloud based		0		0	0	0	0	0	0	0
LGR Transition costs	557	557		(557)					(557)	0
Total	**11,150**	**9,806**	**(2,236)**	**(2,684)**	**(3,851)**	**(688)**	**(348)**	**0**	**(9,806)**	**0**

Appendix G - Qtr.2 (M6) General Fund Capital 2026/27-2029/30 Budget

Spelthorne Capital Programme 2026/27 to 2029/30	2026/27	2027/28	2028/29	2029/30	Budget Holder	Committee
	£'000	£'000	£'000	£'000		
4 replacement Electric Vans for the Joint Enforcement Team (JET)	176	0	0	0	Jackie Taylor	Environment & Sustainability
4 Sweeper Vehicle HVO/Diesel	80	80	80	0	Jackie Taylor	Environment & Sustainability
Acquisitions for Temporary & Resettlement Accommodation	4,276	0	0	0	Stephen Mortimer-Cleevely	Corporate Policy and Resources
Disabled Facilities Discretionary	60	60	60	60	Niky Rentall	Community Wellbeing & Housing
Disabled Facilities Mandatory	1,327	1,327	1,327	1,100	Niky Rentall	Community Wellbeing & Housing
Elmsleigh Shopping Centre lifts replacement	256	0	0	0	Mark Stanton	Corporate Policy and Resources
Football pitch upgrades	69	0	0	0	Kamal Mahmood	Corporate Policy and Resources
Garden Waste Bins	60	60	60	0	Jackie Taylor	Environment & Sustainability
General IT Hardware	176	0	0	0	Alistair Corkish	Corporate Policy and Resources
HVO/Diesel tanks for Depot & Nursery	90	0	0	0	Jackie Taylor	Environment & Sustainability
Implementing the Improvement and Recovery Plan (IRP)	566	0	0	0	Terry Collier	Corporate Policy and Resources
Kingston Road site Demolition	100	0	0	0	Bruce Strong	Corporate Policy and Resources
LGR Transition costs	557	0	0	0	Terry Collier	Corporate Policy and Resources
PCN/Permits/Season Tickets system	50	0	0	0	Jackie Taylor	Environment & Sustainability
Play Area in Memorial Gardens, Staines	300	0	0	0	Jackie Taylor	Environment & Sustainability
Replacement of Electric Van for Ground Maintenance (3 Vans)	105	0	0	0	Jackie Taylor	Environment & Sustainability
Replacement of Market Stalls	60	0	0	0	Jackie Taylor	Environment & Sustainability
Sandhills Meadow Bridge Contribution	200	0	0	0	Coralie Holman	Corporate Policy and Resources
Spelthorne Leisure Centre Phase 2	559	0	0	0	Coralie Holman	Corporate Policy and Resources
Sunbury Leisure Centre Decarbonisation Project	652	0	0	0	Coralie Holman	Corporate Policy and Resources
Sunbury Leisure Centre Mechanical and Electrical Plant	1,000	0	0	0	Coralie Holman	Corporate Policy and Resources
Tennis Court upgrades	190	0	0	0	Kamal Mahmood	Environment & Sustainability
Wheelie Bins Annual Programme	22	0	0	0	Jackie Taylor	Environment & Sustainability
Carbon reduction initiatives	0	1,561	1,406	0	Sandy Muirhead	Community Wellbeing & Housing
Network Infrastructure - SAN, back up targets and servers replacement	0	350	0	0	Alistair Corkish	Corporate Policy and Resources
River Thames Scheme	0	0	0	1,300	Sandy Muirhead	Corporate Policy and Resources
Solar PV installation for Lammas Pavilion, Depot & Whitehouse Hostel	150	70	0	0	Tim Snook	Corporate Policy and Resources
ELC Balustrade/Ext. Walkways	36	0	0	0	Coralie Holman	Corporate Policy and Resources
Replacement of Recovery and Se	34	0	0	0	Jackie Taylor	Environment & Sustainability
Grand Total	**11,150**	**3,508**	**2,933**	**2,460**		