

To:
All members of the
Corporate Policy and Resources
Committee

Please reply to:
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Date: 10 February 2026

Supplementary Agenda

Corporate Policy and Resources Committee - Tuesday, 17 February 2026

Dear Councillor

I enclose the following items which were marked 'to follow' on the agenda for the Corporate Policy and Resources Committee meeting to be held on Tuesday, 17 February 2026:

- | | | |
|------------|---|----------------|
| 9. | Q3 Revenue Monitoring Report | 3 - 30 |
| | Committee is asked to consider and acknowledge the forecast Revenue Outturn that reflects the latest forecast of budget holders. | |
|
 | | |
| 10. | Q3 Capital Monitoring Report | 31 - 46 |
| | Committee is asked to review and approve the Quarter 3 2025/26 Capital Programme Budget Monitoring Report for 2026/27 for the Council, showing a £0.238m overspend to be covered by earmarked reserves. | |

Yours sincerely

Karen Wyeth
Corporate Governance

To the members of the Corporate Policy and Resources Committee

Spelthorne Borough Council, Council Offices, Knowle Green

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Councillors:

J.R. Sexton (Chair)
C. Bateson (Vice-Chair)
M.M. Attewell
J.R. Boughtflower
M. Buck

J. Button
D.C. Clarke
S.M. Doran
M. Gibson
M.J. Lee

S.C. Mooney
L. E. Nichols
J.A. Turner
H.R.D. Williams

Substitute Members: Councillors: M. Bing Dong, S.N. Beatty, H.S. Boparai,
R.V. Geach, K. Howkins, S.A. Dunn and K.E. Rutherford

Corporate Policy & Resources Committee

Date of meeting – 17 February 2025



Title	Q3 Revenue Monitoring Report as at 31 December 2025
Purpose of the report	To acknowledge
Report Author	Altin Bozhani, Deputy Chief Finance Officer (Interim)
Ward(s) Affected	All Wards
Exempt	<p>Report – no Appendix J – yes.</p> <p>Investment Analysis 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 contract or other type of negotiation with a prospective purchaser who could then know the position of the Council.</p>
Corporate Priority	Resilience
Recommendation	<p>Committee is asked to:</p> <ul style="list-style-type: none"> Consider the forecast Revenue outturn that reflects the latest forecast of budget holders.
Reason for Recommendation	The Committee needs to be informed of the Council's General Fund revenue budget position and consider any action required as appropriate.

1 Executive summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> • This report sets out the Council's estimated outturn based on financial information at the end of the third quarter (Q3) of the 2025/26 financial year with projected trends in income and expenditure. • As at 31st December 2025, the Quarter 3 revenue position showed a budget pressure of £13.7m; an improvement compared to Quarter 2 of £0.9m, before use of reserves to breakeven (Appendix A1) against a net Budget Forecast Requirement of £23.9m for 2025/26. • The bulk of the overspend (£15.8m) relates to MRP, Loan interest and Loan discount and reserve allocations. For more detail, please see Table 1 in paragraph 2.4. • If the projected overspend of £13.7m is covered from available reserves the projected closing balance for those available reserves would be £21.7m (paragraph 6.1, Table 5) at the end of 2025/26 	<ul style="list-style-type: none"> • Ensuring the financial stability of the Council • Seek to help the Council to set a balanced 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
<ul style="list-style-type: none"> • Continuing monitoring of the Budget. • Measures to continue to review vacant posts, ensure any variances are reflected in medium term financial planning. • Focus on opportunities to deliver additional in-year savings in order to lessen the extent to which reserves are required to close the Budget gap at the year end 	<ul style="list-style-type: none"> • Reassessment of 2025/26 budget assumptions to feed into 2026/27 Budget • Reprioritisation of the savings programme • Use the updated projected use of reserves to feed into updated Reserves Strategy and draft 2026/27 Budget figures.

2 Key issues

- 2.1 This report provides the Committee with a forecast of the 2025/26 General Fund Revenue Budget outturn, based on expenditure incurred up to the end of December 2025. It reflects the adoption of a compliant MRP policy and the discount from debt re-financing approved by Full Council on 17 November 2025. Please see Appendix C for Local Government Finance Glossary.
- 2.2 As at 31 December 2025, the Council's Quarter 3 revenue position showed a budget overspend of £13.7m, prior to the use of reserves to breakeven. This represents a forecast improvement of £0.9m compared to Quarter 2, please see Appendix A1 for full details.

2.3 The material forecast outturn variances are:

- **Service Budgets, £1.102m underspend**

Underspends - £3.482m

- ✓ *Commissioning and Transformation*, underspend of £1.902m mainly due cost efficiencies across various areas and the use of flexible capital receipts to cover transformation costs.
- ✓ *Finance and Corporate Resources*, underspend of £0.068m is after charging £0.450m of Commissioners costs netted off by Improvement Recovery Programme Costs being funded by capital receipts.
- ✓ *Legal and Elections*, underspend of £0.201m driven mainly by staffing.
- ✓ *Neighbourhood Services (group of services)*, underspend of £0.940m mainly due to Packaging Extended Producer Responsibility grant allocation of £0.593m higher than expected and other areas (£347k).
- ✓ *Place, Protection & Prosperity*, underspend of £0.372m driven by staffing, other expenditure, and income.

Offset by Overspends - £2.380m

- ✓ *Assets Management*, overspend of £0.328m mainly due to unbudgeted void costs associated with holding Thameside House. However, the Council has accepted an offer to dispose of this asset.
- ✓ *Community & Wellbeing*, overspend of £2.052m. Housing Benefit Payments (£0.919m) because of net disbalance on payments out to claimants and grant reimbursement from central government; the rest due to Homelessness costs driven by increased demand.

- **Non-Service Budget (below Net Service Budget in the Budget summary), £14.799m overspend**

- ✓ *Minimum Revenue Position (MRP)*, overspend of £46.394m due to implementation of an MRP policy that is compliant with statutory guidance
- ✓ *Loan Interest costs*, overspend of £1.774m, increased interest costs after re-financing loans.
- ✓ *Net impact of reserve contributions and Housing Scheme Write off* £1.915m.

Offset by:

- ✓ *Loan discount*, net credit of £34.261m arising from amortising loan re-financing discount equally over 10 years, in accordance with accounting regulations.
- ✓ *Investment & Regeneration*, underspend of £0.954m mainly due to reduction in landlord costs (£2.507m) offset by lower rental income forecast of (£1.553m).
- ✓ *Interest earnings*, increased forecast of £0.068m because of more favourable lending rates.

- 2.4 After taking into account the impact of these changes the projected net overspend is £13.696m (see Table 2 below). This will be funded from reserves as part of the Council's approved financial planning strategy. However, officers will seek to continue to maximise in-year savings in order to reduce that impact on reserves.

The Majority of the overall variance of £13.7m relative to the original 2025-26 Budget are set out in the Table 1 below.

Table 1 Budget areas contributing to the biggest overspends

	£'000
Minimum Revenue Provision	46,394
Loan Discount	(34,261)
Loan Interest	1,774
Prior year exp on Housing Scheme Write-Off transacted in 2024/25 rather than 2025/26	(8,710)
Reserves set aside for Housing Scheme Write Off not required and £1.915m relating to other reserve movements	10,625
Net Total	15,821
Other Variances	(2,125)
Overall Variance	13,696

- 2.5 The use of reserves maintains a balanced position but reduces future financial flexibility, requiring close monitoring of reserve adequacy and the capital financing model through the Medium-Term Financial Strategy (MTFS), Reserves Strategy projections and the Detailed Budget for 2026/26.
- 2.6 Looking ahead, the Council will continue to maintain strict financial discipline to, limit reliance on the use of reserves, managing the investment property portfolio, and delivering the asset rationalisation programme to restore long-term financial resilience.

3 General Fund Revenue 2025/26 – Projected Outturn

Table 2 – Variance by Service Area

Variance by Service Area Summary	2025/26 Budget	Qtr3 Forecast	Qtr3
	Original	Outturn	Variance Over/ (Under)
	£'000	£'000	£'000
Gross Expenditure	64,955	59,497	(5,457)
Less Housing Benefit grant	(16,618)	(15,699)	919
Less Specific fees and charges income	(21,556)	(18,120)	3,436
Net Expenditure - broken down as below	26,781	25,678	(1,102)
Assets Mgt.	2,086	2,413	328
Commissioning & Transformation	5,742	3,840	(1,902)
Community & Wellbeing	3,994	6,046	2,052
Finance & Corporate Services	5,269	5,201	(68)
Legal and Elections	1,974	1,773	(201)
Neighbourhood Services	3,806	2,866	(940)
Place, Protection & Prosperity	3,911	3,539	(372)
Net Expenditure at Service Level	26,781	25,678	(1,102)
Investment & Regeneration (see Table 3 below)	(45,581)	(46,536)	(954)
Minimum Revenue Provision *	13,025	59,418	46,394
Loan Interest*	25,425	27,198	1,774
Loan Discount *	0	(34,261)	(34,261)
Prior yr on yr exp on Housing Schemes write-off *	8,710	0	(8,710)
Interest Earnings	(2,112)	(2,180)	(68)
Contributions to/(from) Reserves*	(9,110)	1,515	10,625
Budget Requirement	17,137	30,832	13,696
External Grants	(2,053)	(2,053)	0
National Non-Domestic Rates	(4,910)	(4,910)	0
Net Budget Requirement	10,173	23,869	13,696
Collection Fund Surplus/(deficit)	(877)	(877)	0
Income from Council Tax	(9,296)	(9,296)	0
Net Position - Over/ (Under) budget	0	13,696	13,696

- 3.1 The overall net budget requirement has risen from £17.1m to £30.8m, largely due to the technical adjustments described above. The corresponding movement is fully mitigated through an additional contribution from reserves of £13.7m, ensuring the overall net position remains balanced.

Commissioners' Expenses

- 3.2 In May 2025, the Secretary of State for Housing, Communities and Local Government issued Directions under sections 15(5) and 15(6) of the Local Government Act 1999 ("the Act") in relation to the Council. These Directions followed concerns about the Council's performance, prompting the appointment of Commissioners with expertise in leadership, decision-making, governance, finance, regeneration, property management, procurement, and commercial investments.
- 3.3 The Directions stipulate that the Council is responsible for covering the Commissioners' reasonable expenses and such fees as the Secretary of State determines. Appointment letters can be seen [here](#).
- 3.4 In setting these fees, the Secretary of State has been mindful of the need to ensure value for money for local taxpayers. In light of the scale and complexity of the intervention, the Secretary of State has set the daily fees at £1,200 for the Lead Commissioner and £1,100 for the other three Commissioners which is consistent with other interventions. Commissioners are able to claim up to 150 days pa but are currently estimated to be working less than this.
- 3.5 The current projected costs to the Council for the financial year 2025/26 is estimated as £450k for the year. Commissioners' expenses are published on the Council's [website](#).

4 Commercial/Investment Assets

Table 3 - Commercial Assets

Investment & Regeneration	Budget	Forecast	Q3
Assets	Revised	Outturn	Variance Over/ (Under)
	£'000	£'000	£'000
Rental Income	(44,400)	(42,555)	1,846
Regeneration Property Income	(4,023)	(4,316)	(293)
less: Landlord costs	7,224	4,716	(2,507)
Net Rental Income receivable	(41,199)	(42,154)	(954)
Sinking Funds - contributions to	1,003	1,003	0
Set Asides for specific revenue purposes	670	670	0
Net Costs before reserve usage	(39,527)	(40,482)	(954)
Sinking Funds - release from reserve	(6,054)	(6,054)	0
Net Costs	(45,581)	(46,536)	(954)

- 4.1 Table 3 above outlines the income and costs relating to investment properties, with an estimated a net (before landlord costs) rental income of £40.5m and £46.5m after including the budgeted use of reserves. This is £0.954m more than assumed in the revenue budget with lower landlord cost than anticipated. This variance is primarily due to lower-than-expected landlord costs (see Table 3)

offset by lower rental income because of vacancies, delays in lease renewals, and rent-free periods offered as incentives. Detailed breakdowns of monthly movements are provided in Appendix A1 and asset breakdown in Appendix J - Investment Assets Analysis.

- 4.2 In addition, the Asset team has reviewed and subsequently deferred the planned £1.6 million refurbishment expenditure on Roundwood Avenue, Stockley Park, which had been assumed in the revenue budget.
- 4.3 The revenue budget assumed a net £5.384 million contribution from the sinking fund which was established to provide for future costs and variances to net income to support service provision including meeting future risks.

5 2025/26 Salary Monitoring and Corporate Savings

- 5.1 The 2025/26 budget originally included a target of £0.5m which was then subsequently increased to a £1m vacancy saving. As of 31st December 2025, savings of £1m have been realised (Appendix B), primarily through the deletion of various posts. Based on current trends, the Council has achieved the full-year vacancy savings target and is likely to exceed £1m should the vacancies review continue throughout the remainder of the year. £208k is due to non-staffing efficiency and has been achieved,
- 5.2 As part of the 2025/26 budget approved by Council in February 2025, several corporate savings measures were agreed to ensure a balanced budget.
- 5.3 The savings realised by the end of Quarter 3 amount to £1.2m, as detailed in Table 4 below. These savings will deliver a sustained financial benefit into 2026/27. Current projections indicate that the total savings will exceed the projected £1.2m by year-end. Any additional efficiencies identified during the remainder of the year will be monitored, recorded, and incorporated into future Budget revisions as appropriate.

Table 4 – 2025/26 Corporate Savings	Revised Budget	Savings Banked as at December	Expected by 31 March 2026
	£000	£000	£000
Vacancy-related deleted posts	1,000	1,034	>1,034*
Other Cashable Savings	208	170	>170
Total	1,208	1,204	>1,200

*>: greater than

6 Projected Movement in Earmarked Reserves

- 6.1 The level of earmarked reserves projected for discretionary or committed use by the Council is expected to decrease from £40.9 million as of 31 March 2025 to £19.1m million by 31 March 2026. The projected balances are detailed in Table 5 overleaf.

Table 5 – Movement in Earmarked Reserves

Movement in earmarked Reserves Summary	£'000	£'000
Useable Earmarked Reserves and Available unapplied Revenue Grants set aside at 1st April 2025 (adjusted)		40,862
2025/26 Approved Usage	(5,452)	
Qtr3 Projected Outturn at 31st December 2025	(13,696)	
Projected use of reserve - 2025/26		(19,141)
Projected Earmarked Reserves at 31st March 2026		21,721

7 Options appraisal and proposal

- 7.1 The current financial projection for 2025/26 at Quarter 3 requires continuing the existing mitigations to reduce expenditure and improve cashable efficiency savings. Officers will work to identify further offsetting savings to seek to reduce the extent of the draw down of reserves. The forecast overspend will be transferred and funded from reserves.

8 Risk implications

- 8.1 While vacancy savings can offer financial benefits, they also pose a risk to the Council's ability to deliver its full range of services. In particular, unfilled roles in specialist or technical areas may lead to critical gaps in expertise and the potential loss of recognised knowledge, which can adversely affect decision-making and service continuity. This challenge, of recruiting and retaining the right people is one being experienced across local authorities in Surrey.
- 8.2 The Council faces ongoing financial and operational risks despite a broadly balanced forecast for 2025/26. The substantial increase in the Minimum Revenue Provision (MRP) introduces a recurring budgetary pressure that will constrain future financial flexibility, while reliance on reserves to balance the in-year position is only sustainable in the short term. Please see Appendix D for a detailed explanation of what is MRP.
- 8.3 The Council is under considerable pressure on core services because of rising demands. That pressure could lead to risk of offered savings being at risk of being able to be delivered.
- 8.4 Reduced income from investment assets and continuing market uncertainty adds further risk to the medium-term outlook. These risks collectively heighten the Council's exposure to financial instability if mitigations are not delivered as planned. Ongoing monitoring through the Governance Assurance Register, alongside actions in the Improvement and Recovery Plan, will remain critical to ensuring the Council's long-term financial sustainability and its ability to deliver core services effectively.
- 8.5 Reserves can only be spent once, the Council commenced the year with available reserves balances on the Balance Sheet of £56.2m, the greater the level of overspend in 2025/26 the greater the draw down of reserves in 2025/26

and the lower the reserves balances available to support the Medium Term Financial Strategy of smoothing transitional impacts in 2026/27 and beyond. The risk is that the reserves position becomes increasingly tight for future years.

9 Financial implications

- 9.1 The financial implications are as set out and addressed in the body of this report. The report reinforces the importance of identifying in year additional savings, particularly those which are ongoing and can contribute towards closing the Budget gap for future years.

10 Legal comments

- 10.1 Under the provisions of the Local Government Act 2003 the Council has a statutory duty to review and monitor its budget throughout the year, make allowances for the uncertainties and risks, and take action if deemed necessary.
- 10.2 Section 151 of the Local Government Act 1972 imposes a duty on the Council to make arrangements for the proper administration of its financial affairs.
- 10.3 This report enables the Committee to understand the financial position and supports in the discharge of the statutory duties.
- 10.4 Periodic budgetary monitoring is within the remit of Corporate Policy and Resources Committee (parr 3(b) of the Constitution).

Corporate implications

11 S151 Officer comments.

- 11.1 The reduction from a projected £14.5m overspend (before use of reserves) in Quarter 2 to a £13.7m overspend (before use of reserves) in Quarter 3 represents a positive improvement. It reflects effective in-year financial management, using flexible capital receipts to offset revenue costs, and reductions in MRP and loan interest payable. However, some volatility especially in areas like Investment and Regeneration warrants ongoing scrutiny to ensure the Council remains within budget through the remainder of the financial year. Equally it is important to understand the extent to that the variances are ongoing in nature and will impact on the draft 2026/27 Budget.
- 11.2 The overspend is mainly due to MRP and capital financing adjustments, which were not anticipated at the time the Budget was set. This is a very significant increase and represents a major drain on the Council's remaining reserves balances. This change was to comply with statutory guidance and address the Statutory Direction. In this context it is important that the Council intensifies its efforts to seek to identify and deliver any additional revenue savings. Equally it makes it particularly important that the Assets rationalisation programme is progressed in 2026 and beyond. Continued close monitoring in Quarter 4 will be essential to ensure emerging pressures, particularly around borrowing costs and investment income, are effectively contained within the overall financial framework.

12 Monitoring Officer comments.

- 12.1 The Monitoring Officer confirms that the relevant legal implications have been taken into account.

13 Procurement comments

13.1 None

14 Equality and Diversity

14.1 Equality, diversity, and inclusion (EDI) are central to everything that we do and are woven throughout our Strategic Plans.

15 Sustainability/Climate Change Implications

15.1 There are no climate change implications arising directly from this report. However, prudent financial management contributes indirectly by enabling future investment in sustainability initiatives.

16 Other considerations

16.1 Regular monitoring and reporting of the revenue budgets enable decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control within the Council. The projections are made against the latest approved budget and based on data received from Budget Managers.

17 Timetable for implementation.

17.1 Not applicable.

18 Contact

18.1 Altin Bozhani, Deputy Chief Finance Officer (Interim)
altin.bozhani@spelthorne.gov.uk.

19 Background papers:

19.1 Detailed Revenue Budget for 2025-26. Council, 27 February 2025

20 Appendices:

- Appendix A - Appendix A - Q3 Budget Monitoring Committee Structure
- Appendix A1 - Quarterly Variance Movement Analysing
- Appendix B - Corporate Savings 2025-26
- Appendix C - Local Government Finance Glossary
- Appendix D - What is the Minimum Revenue Provision
- Appendix J - Investment Assets Analysis (Pre MRP Adjustments)

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	Yes	02/02/26
Commissioner engagement (if report focused on issues of concern to Commissioners such as Finance, Assets etc)	Yes	09/02/26
Relevant Group Head review	Yes	20/01/26
MAT+ review (to have been circulated at least 5 working days before Stage 2)	Yes	27/01/26
This item is on the Forward Plan for the relevant committee		
	Reviewed by	
Finance comments (circulate to Finance)	AB	30/01/26
Risk comments	LO	29/01/26
Legal comments	LH	29/01/26
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
Monitoring Officer commentary – at least 5 working days before MAT	L Heron	29/01/26
S151 Officer commentary – at least 5 working days before MAT	T.Collier	18/01/26
Confirm final report cleared by MAT	Yes	20/01/26

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Appendix A - Q3 Budget Monitoring Committee Structure

Variance by Committee Structure	Budget	Forecast	Q3
	Revised	Outturn	Variance Over/ (Under)
	£'000	£'000	£'000
Gross Expenditure	64,955	59,498	(5,457)
Less Housing Benefit grant	(16,618)	(15,699)	919
Less Specific fees and charges income	(21,556)	(18,120)	3,436
Net Expenditure - broken down as below	26,781	25,679	(1,102)
Corporate Policy & Resources	11,098	10,749	(350)
Community Wellbeing & Housing	2,510	6,296	3,786
Business Infrastructure & Growth	6,217	2,908	(3,309)
Environment & Sustainability	6,956	5,726	(1,230)
Net Expenditure at Service Level	26,781	25,679	(1,103)
Investment & Regeneration (see Table 3 below)	(45,581)	(46,536)	(954)
Minimum Revenue Provision	13,025	59,418	46,394
Loan Interest	25,425	27,198	1,774
Loan Discount	0	(34,261)	(34,261)
Debt Interest Payable (Non-Investment)	8,710	0	(8,710)
Interest Earnings	(2,112)	(2,180)	(68)
Contributions to/from Reserves	(9,110)	1,515	10,625
Budget Requirement	17,137	30,833	13,696
External Grants	(2,053)	(2,053)	0
National Non-Domestic Rates	(4,910)	(4,910)	0
Net Budget Requirement	10,173	23,869	13,696
Collection Fund Surplus/(deficit)	(877)	(877)	0
Income from Council Tax	(9,296)	(9,296)	0
Net Position - Over/ (Under) budget	0	13,696	13,696
Reserve Contribution		(13,696)	(13,696)
Net Position after use of reserves - Over/ (Under) budget		0	0

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Appendix A1 - Quarterly Variance Movement Analysing

Budget Areas - By Group Head	Qtr. 3 Original Budget	Qtr. 3 Variance	Qtr. 2 Variance	Q3 vs Q2 Variance Movement Increase/ (Decrease)	Comment
	£'000	£'000	£'000	£'000	
Gross Expenditure	64,955	(5,457)	(5,609)	152	Please see Service lines below
Less Housing Benefit grant	(16,618)	919	893	26	Please see Service lines below
Less Specific fees and charges income	(21,556)	3,436	3,920	(484)	
Net Expenditure - broken down as below	26,781	(1,102)	(796)	(306)	
Assets Mgt.					The quarterly movement is primarily driven by a reduction in consultant costs in asset admin due to less support required than previously anticipated. In addition, the latest forecast reflects the finding that the business rates account for one of our development properties is in credit, reducing the overall forecast compared with the prior quarter, as well as a rent increase following a rent review, has also increased our forecasted income.
	2,086	328	569	(241)	
Commissioning & Transformation	5,742	(1,902)	(1,913)	11	Mainly due to staffing budget and admin costs.
Community & Wellbeing					Housing Benefits Payments (£254k)- £284k forecast adverse movement based on full year 2024-25 and Year To Date actuals for rent rebates (not full recovered) , offset by £30k reduction in forecast for discretionary housing payments due to reduced need to top up; Refugee Schemes (£73k)- Additional invoices received to cover the repairs to properties at Longford Village before passing back to the landlord. Offset by Other (£17k) due to budget reductions in a number of areas because of budget realignment.
	3,994	2,052	1,743	310	
Finance & Corporate Services					The overall improvement is because of mainly due to capital receipt expected which covers Improvement Recovery Programme transactional work costs.
	5,269	(68)	255	(323)	
Legal and Elections					Counter Fraud Service contract costs are expected to be higher by £21k and £7K remainder relates to higher internal audit services contract costs. The rest (£14k) is linked to cost of two by elections .
	1,974	(201)	(242)	42	
Neighbourhood Services					Mainly due to Car Parks , revised down Car Parking Fees & charges income as per the latest actuals trend.
	3,806	(940)	(952)	12	
Place, Protection & Prosperity					The main reasons behind the quarterly movement are : Building control (£51k) - Proposal to use Elmbridge BC services largely curtailed; Planning Development Control (£41k) - Consultant Fees & Legal and Court costs are forecast down on budget; this is subject to the volume of developer appeals being less than expected; ; Other £18k
	3,911	(372)	(256)	(116)	
Net Expenditure at Service Level	26,781	(1,102)	(796)	(307)	
Investment & Regeneration (see Table 3 below)	(45,581)	(954)	717	(1,672)	Due to landlord cost reductions because: Business rates appeal at Stockley park was approved, we got refunded back to November 2022 (£0.904m), the rest lower than anticipated costs on a number of areas.
Minimum Revenue Provision	13,025	46,394	44,619	1,774	Due to inclusion of Knowle Green Estate loan (£0.412m) and leases priorly excluded (£0.515m) and the rest (£0.847m)review of MRP calculations because of reclassification of a number of properties..
Loan Interest Payments	25,425	1,774	4,057	(2,283)	Revised forecast as per the latest information.
Loan Discount	0	(34,261)	(34,261)	0	
off	8,710	(8,710)	(8,710)	0	
Interest Earnings	(2,112)	(68)	(293)	225	Interest income decrease because of fluctuations in market lending rates.
Contributions to/from Reserves	(9,110)	10,625	9,221	1,404	Movement due to offsetting the housing write off scheme and other reserve forecast reductions .
Budget Requirement	17,137	13,696	14,554	(858)	
External Grants	(2,053)	0	0	0	
National Non-Domestic Rates	(4,910)	0	0	0	
Net Budget Requirement	10,173	13,696	14,554	(858)	
Collection Fund Surplus/(deficit)	(877)	0	0	0	
Income from Council Tax	(9,296)	0	0	0	
Net Position - Over/ (Under) budget	0	13,696	14,554	(858)	

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			Amount £
Service	Deleted Posts		
Planning Dev Control	Planning Development Restructure	Vacancy Saving	3,400
Economic Development*	Assistant Economic Development Officer	Vacancy Saving	43,100
Economic Development*	Economic Development Officer	Vacancy Saving	51,000
Corporate Publicity	Community Engagement Officer (Part-time)	Vacancy Saving	23,000
Legal Services	Senior Solicitor	Vacancy Saving	61,100
Refuse Collection	Refuse Collection Driver	Vacancy Saving	35,900
Refuse Collection	Refuse Collection Operative	Vacancy Saving	31,000
Refuse Collection	Refuse Collection Operative	Vacancy Saving	31,000
Grounds Maintenance	Grounds Maintenance Operative	Vacancy Saving	31,700
Grounds Maintenance	Park Patrol Operative	Vacancy Saving	31,400
Grounds Maintenance	Grounds Maintenance Operative	Vacancy Saving	31,600
Housing Benefit	Assessment Officer	Vacancy Saving	19,900
Housing Benefit	Assessment Officer	Vacancy Saving	33,200
Housing Benefit	Systems Administrator	Vacancy Saving	20,000
Housing Needs	Fraud Investigator	Vacancy Saving	8,300
Community Care Admin	Senior Occupational Therapist	Vacancy Saving	65,000
Community Care Admin	Support Worker	Vacancy Saving	35,100
Social Proscribing	Social Proscribing Link Officer	Vacancy Saving	44,300
Social Proscribing	Senior Borough Discharge Officer	Vacancy Saving	55,200
Social Proscribing	Borough Discharge Support Officer	Vacancy Saving	49,800
Social Proscribing	Hoarding & Decluttering Development Officer	Vacancy Saving	48,900
ICT Services	Corporate Document Management Officer	Vacancy Saving	60,300
Customer Services	Senior CS & Revenues Officer	Vacancy Saving	44,500
Customer Services	Customer Services & Revenue Officer	Vacancy Saving	38,400
Asset Management	Investment Asset Manager	Vacancy Saving	85,100
Spelride	Support Worker/ Driver	Vacancy Saving	15,500
Street Cleansing	Street Sweeper	Vacancy Saving	31,000
Neighbourhood Services	Neighbourhood Services Team Leader	Vacancy Saving	62,500
Electoral Services	Electoral Services Assistant	Vacancy Saving	15,400
Committee Services	Committee Services Support Officer	Vacancy Saving	46,200
			1,152,800
Economic Development*	Post x 2 funded by reserve	Vacancy Saving	- 94,100
Total Vacancy Savings			1,058,700
Service	Other Corporate Savings		Amount £
Leisure	Postage Savings 4507	Cashable Savings	1,200
Leisure	Other Expenses 4979	Cashable Savings	5,000
Leisure	Operational Equipment 4001	Cashable Savings	1,000
Leisure	Other Expenses 4979	Cashable Savings	2,100
Leisure	Museum Budget 4894	Cashable Savings	4,000
Leisure	Skate Park Maintenance 2032	Cashable Savings	2,100
Leisure	Operational Equipment 4001	Cashable Savings	2,500
Leisure	Performers Fees 4441	Cashable Savings	1,100
Leisure	Playscheme Vouchers 4961	Cashable Savings	2,500
Leisure	Other Expenses 4979	Cashable Savings	2,500
Emergency Planning	Reduction in Resilience Services contract costs	Cashable Savings	20,000
Fordbridge DC	Duplicate budget for 25/26 - should have been removed as is also included within OPAL - 4108 (High Needs Group Food)	Cashable Savings	400
Fordbridge DC	Duplicate budget for 25/26 - should have been removed as is also included within OPAL - 4429 (High Needs Group Activities)	Cashable Savings	1,800
Greeno DC	Duplicate budget for 25/26 - should have been removed as is also included within OPAL - 4108 (High Needs Group Food)	Cashable Savings	500
Greeno DC	Duplicate budget for 25/26 - should have been removed as is also included within OPAL - 4429 (High Needs Group Activities)	Cashable Savings	1,800
Greeno DC	Duplicate budget for 25/26 - should have been removed as is also included within OPAL - 4954 (High Needs Misc)	Cashable Savings	200
Neighbourhood Services	Reduction in Playground Improvement/ Repairs Budget	Cashable Savings	20,000
Neighbourhood Services	Allotment Rents - removal of budget	Cashable Savings	2,000
Neighbourhood Services	Bus Station- Hard Surfaces - removal of budget	Cashable Savings	2,400
Neighbourhood Services	Depot Grounds Maint. - removal of budget	Cashable Savings	1,600
Neighbourhood Services	Grounds Maint. - Internal Print - removal of budget	Cashable Savings	1,000
Neighbourhood Services	Neighbourhood Service Management Uniforms - removal of budget	Cashable Savings	500
Neighbourhood Services	Neighbourhood Service Management Internal print - reduction of budget	Cashable Savings	12,500

Service	Deleted Posts	Amount £
Neighbourhood Services	Neighbourhood Service Management Books & Publications - removal of budget Cashable Savings	1,700
Neighbourhood Services	Neighbourhood Service Management Books & Publications Post envelopes - reduction of budget Cashable Savings	3,400
Neighbourhood Services	Refuse Collection - operational equip. purchase- removal of budget Cashable Savings	2,400
Planning Policy	Planning Policy Restructure - Increase in use of CIL admin and reserves to fund staffing structure. Cashable Savings	44,500
Environmental Health	Evotix contract for H&S ended; RIAMs & Uniform contracts total £17k+ potential uplift due to HMOs of £6.6K for Uniform. Cashable Savings	1,300
Corporate Publicity	Website contract with Goss ended and new website about to go live so net saving of £6,600 per year based on contract with the new supplier Cashable Savings	6,600
Committee Services	Level Zero Expansion Connector for Modern.Gov contract ended with Goss- savings of £588 per year Cashable Savings	600
Total Other Corporate Savings		149,200
Total Corporate Savings		1,207,900

Local Government Finance Glossary

Local Authority Treasury Management Terms

Terms	Descriptions
Bond	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets.
Borrowing	Usually refers to the stock of outstanding loans owed, and bonds issued.
CFR	Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
CIPFA	The Chartered Institute of Public Finance and Accountancy (CIPFA) is a UK-based international accountancy membership and standard-setting body. The only such body globally dedicated to public financial management.
Collective investment scheme	Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Cost of carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
Counterparty	The other party to a loan, investment, or other contract.
Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
Covered bond	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
Diversified income fund	A collective investment scheme that invests in a range of bonds, equity, and property in order to minimise price risk, and also focuses on investments that pay income.
Dividend	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
DMADF	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.

Terms	Descriptions
MHCLG	Ministry of Housing, Communities & Local Government - The Ministry of Housing, Communities and Local Government is central to the mission-driven government, from fixing the foundations of an affordable home to handing power back to communities and rebuilding local governments.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Equity	An investment which usually confers ownership and voting rights
Floating rate note (FRN)	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA
FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two.
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
Income Return	Return on investment from dividends, interest and rent but excluding capital gains and losses.
GILT	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
LIBID	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
LOBO	Lender's Option Borrower's option
MMF	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity.
MPC	The Monetary Policy Committee (MPC) decides what monetary policy action the Bank of England will take to keep inflation low and stable.
MRP	Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision ("MRP") , although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision ("the MHCLG Guidance") most recently issued in April 2024.
OBR	The Office for Budget Responsibility was created to provide independent and authoritative analysis of the UK's public finances. It is one of a growing number of official independent fiscal watchdogs around the world.
PMI	Purchasing Managers' Index (PMI) - A composite PMI is the weighted average of manufacturing and service sector PMIs for a given geography or economy, produced by IHS Markit. Weights are derived from official data relating to each sector's contribution to GDP (value added).
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Price Risk Indicator	Price risk is the risk of a decline in the value of a security or an investment portfolio excluding a downturn in the market, due to multiple factors. Investors can employ

Terms	Descriptions
	a number of tools and techniques to hedge price risk, ranging from relatively conservative decisions (e.g., buying put options) to more aggressive strategies (e.g., short selling).
PWLB	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
Quantitative easing (QE)	Process by which central banks directly increase the quantity of money in the economy to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.
SME	SME finance is the funding of small and medium-sized enterprises and represents a major function of the general business finance market – in which capital for different types of firms are supplied, acquired, and costed or priced.
SONIA	Sterling overnight interest average – a benchmark interest rate for overnight deposits.
Short-dated	Usually means less than one year.
TMSS	Approved Council's Treasury Management Strategy Statement
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.
VRP	The Council is required to pay off an element of the accumulated general fund capital spend each year (the Capital Financing Requirement (CFR) through a revenue charge (the minimum revenue provision - MRP), and it is also allowed to undertake additional voluntary payments (Voluntary Revenue Provision - VRP).

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What is the Minimum Revenue Provision (MRP)?

Minimum Revenue Provision (MRP) is a financial rule or statutory accounting requirement that applies to all local authorities in the England.

When a council borrows money to fund major projects, like building a community centre, or leisure centre, it doesn't repay the full amount immediately. Instead, it spreads the cost over many years, similar to how a mortgage works.

The **MRP** is the **minimum amount** a council must set aside each year to repay those loans.

In simple terms:

It's a **mandatory annual repayment plan** for councils' borrowing.

Example:

Suppose a council borrows **£10 million** to build a new leisure centre.

The loan is to be repaid over **25 years**.

Each year, the council must set aside a portion of its budget the **Minimum Revenue Provision** to gradually pay off that debt.

This ensures councils don't just keep borrowing without repaying what they owe.

Why is MRP important?

1. **Promotes financial responsibility**
It prevents councils from overspending and stops them from leaving large debts for future generations.
2. **Supports better budget planning**
Setting money aside each year helps councils manage their budgets more accurately and avoid financial shocks later on.
3. **Encourages fairness and transparency**
It ensures that today's residents, who benefit from new facilities like leisure centres, help pay for them — instead of passing the full cost on to future taxpayers.
4. **Protects creditworthiness**
By demonstrating responsible repayment, councils maintain trust with lenders (i.e. the Government) and auditors, much like how individuals maintain a good credit score.

In summary:

MRP = the council's annual loan repayment rule.

It ensures councils stay financially responsible and fairly repaying what they borrow gradually rather than leaving the debt to future generations.

What is the Minimum Revenue Provision (MRP)?

Minimum Revenue Provision (MRP) is a charge that local councils in the UK must make to their accounts each year to set aside money for paying off the principal on debt used to finance capital expenditure. It ensures that borrowing for assets is paid off over the life of the asset, preventing a situation where a fully depreciated asset still has outstanding debt. Local authorities are required by law to make a "prudent" provision based on government guidance.

How it works

- **Capital expenditure:**

This includes long-term assets like buildings, vehicles, and machinery.

- **Capital Financing Requirement (CFR):**

The amount of capital expenditure which has not yet been financed by capital receipts, capital grants or contributions from revenue income.

When capital expenditure is incurred the CFR increases. When resources are set aside to finance capital expenditure the CFR increases.

When the CFR increases in a year statute requires councils to set aside a MRP.

- **Prudent provision:**

The authority must determine a prudent amount to charge to its revenue account each year.

- **Debt repayment:**

The MRP charge allows the council to gradually pay down the debt associated with the capital spending.

- **Matching debt to asset life:**

The goal is to match the repayment period to the life of the asset, which prevents having an old asset with an outstanding loan.

- **Methods for calculating MRP:**

- **Asset life method**: The most common method, where the charge is calculated based on the life of the asset being financed.
- **Capital Financing Requirement (CFR) method**: A simpler method where a fixed percentage of the CFR is charged, often 4%.
- **Depreciation method**: The provision is set equal to the depreciation charge in the accounts for that asset.

Regulatory requirements

- **Statutory duty:**

Local authorities have a statutory duty to set a prudent MRP amount.

- **Government guidance:**

They must follow guidance issued by the Secretary of State to ensure their approach is prudent and consistent.

- **Flexibility:**

While the overall duty is mandatory, councils have flexibility in how they calculate the specific amount, provided it is prudent.

- **Overpayment:**
A council can choose to pay more than the minimum required MRP and should disclose any overpayment.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Corporate Policy & Resources Committee

Date of meeting – 17 February 2026



Title	Quarter 3 (31 December 2025) Capital Monitoring Report
Purpose of the report	To make a decision and a recommendation to Council
Report Author	Altin Bozhani, Deputy Chief Finance Officer (Interim)
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendations	Committee is asked to: 1. Review and approve the Quarter 3 2025/26 Capital Programme budget monitoring report for 2026/27 for the Council, showing a £0.238m overspend to be covered by earmarked reserves; and
Reason for Recommendation	Capital expenditure carries significant risks and uncertainties, as large and complex projects are often susceptible to cost variations, delays, and changes in scope or specification. It is therefore important that progress against budget is monitored and emerging issues identified on a timely basis.

1 Executive summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> The Council is projecting a gross Capital expenditure outturn for the year of £9.1m, £3.0m of this is funded from Government grant, or 33% of total. Please see Table 3 (paragraph 3.2) for summary of funding and Appendices A and B for full details. Report also reflects £0.995m of Sports England grant carried forwards from 2024/25 There is no projection for borrowing to be required to finance any of the expenditure in 2025/26. 	<ul style="list-style-type: none"> To ensure that Committee is alerted on a timely basis to any emerging issues relating to capital projects Ensuring the financial stability of the Council To aid the cashflow and the Council's treasury management activities.

This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> Regular monitoring and reporting of Capital Programme and funding enable timely decision-making, which can generate long term revenue benefits and improve the Council's financial control. 	<ul style="list-style-type: none"> Reassessment of 2025/26 and future Capital Programme assumptions Council to approve requested supplementary estimate of £0.096m.

2 Key issues

- 2.1 This report provides a summary of Capital Programme expenditure as at the end of December 2025. Detailed supporting information is included in Appendices A/B and **Tables 1 and 2**.
- 2.2 Any material changes to project scope, or any forecast increase in project costs exceeding the approved budget, must receive prior approval from the Corporate Policy and Resources Committee (CPRC) before any further funds are released.
- 2.3 The quarter 3 forecast shows that the capital programme will be short of using the allocated budget by £0.142m, which will be transferred to be used in 2026/27.

Table 1 Qtr3 Capital Budget Forecast

Committee	Budget 2025/26 £000	Actuals YTD 2025/26 £000	Managers Projected Outturn at 31 MARCH 2026 £000	Budget vs Forecast Variance Over/(Under) £000	COMMENTS
Corporate Policy and Resources	1,430	326	1,288	(142)	Variance due to General Hardware - Annual Programme. Actual year to date spend as % of forecast is low. Please see Appendix B for details.
Community, Welbeing and Housing (Disabled Facilities Grant Annual Programme)	6,455	3,930	6,803	348	Actual year to date spend as % of forecast is low. The budget holder has confirmed the project's full allocation will be spent by 31.03.2026. Please see Appendices A/BB for details.
Business Infrastructure - Growth	322	103	322	0	Actual year to date spend as % of forecast is low. The budget holder has confirmed the project's full allocation will be spent by 31.03.2026. Please see Appendices A/B for details.
Environment & Sustainability	700	199	732	32	Actual year to date spend as % of forecast is low. The budget holder has confirmed the project's full allocation will be spent by 31.03.2026. Please see Appendices A/B for details.
TOTAL	8,907	4,557	9,145	238	
Reserve balances still to be applied at year end			(380)	(380)	
GRAND TOTAL	8,907	4,557	8,765	(142)	

2.4 The main movements in the Programme between Q3 and Q2 relate to:

- Increase in existing projects forecast by £1,022k.
- Projects shifted to future years £1,100k
- Projects completed, £91k.

Full breakdown is shown in Table 2 below.

2.5 Full Council, at its meeting on 27 February 2025, approved a four-year Capital Programme for 2025/26 to 2028/29 with a total value of £18.5 million, of which £7.5 million was estimated to be spent in 2025/26.

2.6 The report sets out managers' projected outturn estimates at 31 December 2025 for the completion of ongoing projects (Appendix A). The overall movements and the projections are summarised in Table 2, overleaf.

Table 2 - Capital programme Forecast movement since Quarter 2

Capital programme Forecast movement since Quarter 2	Increase/ (Decrease)	Balance	Comment
	£'000	£'000	
Q2 Revised Capital Programme Gross Expenditure 2025/26		9,314	
Q3 Movements – (para 2.8)			
<u>Variations/Growth items</u>			
<u>Existing projects movement</u>			
Eclipse Car Park EV Charges Installation	96		
Cost of Disabled Facilities Grants	21		Increase reflects latest demand.
Local Authority Housing Fund (LAHF) - Families arriving via resettlement schemes	(700)		Two properties are still to be purchased , likely in 2026-27. Hence forecast shifted to 2026-27.
Sunbury Leisure Centre Decarbonisation Project	995		Understated forecast in QTR2.
Spelthorne Leisure Centre Phase 2	69		Forecast review, please see Appendix B
Car Park Management System update in Elmsleigh Surface Car Park & MSCP	(38)		Forecast review, please see Appendix B
Elmsleigh Centre Lifts Replacement	(130)		Forecast review, please see Appendix B
General Hardware - Annual Programme	(142)		Forecast review, please see Appendix B
Members' tablets replacement	(4)		Forecast review, please see Appendix B
Council website upgrade	(4)		Forecast review, please see Appendix B
Implementing the Improvement and Recovery Plan (IRP)	816		Understated forecast in QTR2.
Case Management System upgrade to Cloud based	24		Forecast review, please see Appendix B
Sandhills Meadow Bridge Contribution	20		
Sub Total	1,022		
<u>Projects shifted to future years</u>			
Sunbury Leisure Centre Mechanical and Electrical Plant (MEP)	(1,000)		Project completion shifted to 2026-27,
Demolishing of Kingston Road	(100)		Project delayed due to the Decarb project issues – will be progressed following completion of this, 2026-27.
Sub Total	(1,100)		
<u>Projects completed</u>			
Spelthorne Leisure Centre Development Phase 1	(20)		Project has been completed as such closed
Production of strategy to inform about disposal or redevelopment options	(50)		Project has been completed as such closed
Replacement of Access Points	(21)		Project has been completed as such closed
Sub Total	(91)		
Total gross expenditure changes		(169)	
Q3 Projected Capital Programme 2025/26		9,145	
Movement in Gross Expenditure Increase/(Decrease)		(169)	
Movement offset by reduction in earmarked reserve contribution	169		
		169	
Underlying increase to be funded internally from borrowing/receipts		0	

Explanations of movements between Q3 and Q2 Monitoring

Local Authority Housing Fund (LAHF) - Families Arriving via Resettlement Schemes, increase of £700k

- 2.7 The Local Authority Housing Fund Acquisitions Scheme for Families is aimed at increasing the availability of suitable housing for families in need addressing the need for Temporary Accommodation (TA). Under this scheme, the Council required additional resources approved by the committee on 24 March 2025 for the purchase of four properties (Three TA and one resettlement for an Afghan

family) at a total cost of £1.2 million. The gross expenditure of £1.9m was approved as a Supplementary Estimate at December 2025 Council. Funding will be supported through the Local Authority Housing Fund (LAHF) Grant, which will contribute 40% (£480k) of the total cost. The remaining £720k will be financed by the Council through CIL. This targeted investment will enhance the Council's housing portfolio, support families requiring stable accommodation, and contribute to meeting local housing demand by easing the pressure on the Council's Revenue Temporary Accommodation Budget. Two housing units to date have been purchased with the support of the grant and further we will be purchased. We are due to return feedback as such to MHCLG which enables us to give a slightly extended delivery timetable for the last two properties: We will be sourcing and carrying out due diligence on the properties. Completion may fall past April 2026.

Developer Funded Housing Scheme

- 2.8 A separate project for the purchasing of further four properties, will start in 2026/27 with an allocation of £3.850m funded by developer contributions. The Council is seeking to use this to acquire Temporary Accommodation to help address homelessness pressures and ease the pressure on the homelessness budget.

Sunbury Mechanical Electric and Plant (MEP)/ Decarbonisation increase of £995k

- 2.9 The Quarter 2 forecast was understated, and this has led to the movement.
- 2.10 In March 2023, as part of the Spring Budget, the Government announced a £60m Swimming Pool Support Fund (SPSF) to assist publicly owned leisure centres and swimming pools. Building on wider environmental improvements already implemented at Sunbury Leisure Centre, Spelthorne Borough Council engaged a specialist consultancy to prepare a bid aimed at significantly reducing the Centre's carbon footprint.
- 2.11 As a result of this bid, in March 2024 Spelthorne Borough Council secured £995k in grant funding from the UK Government and Sport England to support the decarbonisation of Sunbury Leisure Centre.
- 2.12 There is an outturn forecast of £1,141k associated with the Sunbury Leisure Centre Decarbonisation Project in relation to project timelines. The forecast is £146k above the allocated Sport England grants (£995k) for consultants costs which will be funded from earmarked reserves.
- 2.13 The forecast includes:
- PV Panel install project cost £334k, £242k already paid.
 - Boiler replacement £640k.
- 2.14 The assets/project team are confident that the March 2026 deadline will be achieved. The boilers are being replaced with more efficient boilers and photo-voltaic cells are being installed on the roof.

- 2.15 While the project is primarily being funded by Sport England, an additional £146k in consultant costs were required to carry out a review of the original design and specification, ensuring that the proposed solutions were robust, efficient, and delivered best value.

Implementing the Improvement and Recovery Plan (IRP) increase £816k

- 1.1 This was included in the Quarter 2 forecast as the expenditure was not approved until December 2025 Council.
- 1.2 The forecast (£816k) is the capital receipts contribution to transformation programme of Improvement and Recovery Plan. It provides funding for several technical posts that cover project work as detailed in the IRP programme report.

General Hardware - Annual Programme decrease of £142k

- 1.3 Projected outturn for 25/26 is £300k. The project will not be completed in this financial year so the balance is requested to be carried forward to 2026/27.
- 1.4 Surrey Local Government Reorganisation (LGR) is likely to throw up some additional expense for equipment whilst the Council deploy the new tenancy.
- 1.5 Appendices A/B provides full detail of projects, finance and respective narrative.

3 Options appraisal and proposal

- 3.1 To note the Capital expenditure projected gross capital expenditure is projected to increase by £1.6m compared to original Programme provision (£7.5m).
- 3.2 Forecasted Outturn spend is funded by various streams as highlighted in Table 3 below. Full funding details are found in Appendix B.

Table 3 – Funding Sources

Funding Sources	Budget	Budget as % of forecast Outturn
	£'000	£'000
Grant Funding	(3,003)	33%
Capital Receipts- year end	(4,184)	46%
CIL	(720)	8%
Earmarked Reserves	(1,238)	14%
Total	(9,145)	100%

- 3.3 The authority will ensure future capital expenditure remains within the current affordability envelope. It should be noted that the no additional borrowing will be required to fund the expenditure.

2 Risk implications

- 2.1 The key risks associated with the Council's Capital Programme relate to rising costs, as the construction industry continues to experience significant

inflationary pressures on both materials and labour. The contracts are being monitored closely to assess the impact of increases and take corrective actions.

- 2.2 The risk of failing to deliver the Capital Programme will be mitigated through regular programme reviews led by a senior officer responsible for improving performance. Risks are mostly due to slippage, but increased costs are a risk as well. Risks specific to individual schemes are identified within the original business case, and any emerging risks to deliverability will be highlighted as part of the ongoing scheme review process.
- 2.3 Where service project leads identify schemes facing difficulties or increased delivery risk, these will be subject to enhanced scrutiny and, where appropriate, escalated to the Management Team (MAT) for consideration and action.

3 Financial implications

- 3.1 This report provides the Quarter 3 Capital Programme Monitoring position to the end of December 2025, outlining the forecast outturn and progress against the approved Capital Programme. The Council has robust systems in place for budget reporting and forecasting, with formal quarterly reports presented to Committee. The financial position is also subject to regular review at both service level and corporately by the Management Team (MAT).
- 3.2 On completion of a project, any underspend within the approved Capital Programme can be reinvested by the Council either to generate additional treasury management income or to support the delivery of further capital schemes.
- 3.3 The Capital Programme is financed from several sources, including capital receipts, grants, and revenue contributions. There is no request to fund any part of the capital programme by use of borrowing.

4 Legal comments

- 4.1 The Council has a statutory duty to make arrangements for proper administration of its financial affairs (the Local Government Act 1972). The Council also has a statutory duty to monitor capital expenditure in order to comply with the provisions of the Local Government Act 2003.
- 4.2 This Committee has a responsibility to keep the budget under review and make recommendations concerning the budget to the Council (part 3 section (b) of the Constitution).
- 4.3 This report provides an update on the Capital Programme and assists in the discharge of the Council's duties.

Corporate implications

5 S151 Officer comments.

- 5.1 The report highlights a net gross projected decrease (since Q2 in expenditure, of £0.169m against a revised Capital Gross Programme budget of £9.145m million and against revised budget an overall £238k net overspend against

revised budget. Table 1 in paragraph 2.5 provides details of variances that contribute to the improvement.

- 5.2 There is no forecast for external borrowing to fund the outturn, and all is covered by a combination of Grants, Capital Receipts, Community Infrastructure Levy and earmarked reserves (please see Table 3 in paragraph 3.2). As this is the third monitoring report of the financial year, the figures are subject to change until year end, and final outturn report will be provided.

6 Monitoring Officer comments

- 6.1 The Monitoring Officer confirms that the relevant legal implications have been taken into account.

7 Procurement comments

- 7.1 Where necessary, actions will be implemented to effectively manage any procurements that are in progress.

8 Equality and Diversity

- 8.1 Equality, diversity, and inclusion (EDI) are central to everything that the Council does and are woven throughout Council's Corporate Plans.

9 Sustainability/Climate Change Implications

- 9.1 There are no climate change implications arising directly from this report. However, prudent financial management contributes indirectly by enabling future investment in sustainability initiatives. Capital bids are welcomed that support the Council's Climate Change Plan and within the existing Capital Programme there are projects that positively contribute to environmental issues. The environmental and climate implications, both positive and negative, are reported for each scheme separately to the relevant Committee.

- 9.2 The Programme also includes projects that focus on environmental initiatives such as energy efficient buildings, sustainable and green infrastructure, energy efficient street lighting, etc.

10 Other considerations

- 10.1 Regular monitoring and reporting of the capital programme enable decisions to be taken in a timely manner, which may produce benefits and will improve financial control within the Council.

11 Timetable for implementation.

- 11.1 Not applicable.

12 Contact

- 12.1 Altin Bozhani, Deputy Chief Finance Officer (Interim) - a.bozhani@spelthorne.gov.uk.

13 Background papers:

- 13.1 Detailed Capital Programme Report for 2025-26 – Council meeting on 27 February 2025.
- 13.2 Corporate Policy and Resources Committee 24/3/25 Local Authority Housing Fund Appendices:

- Appendix A - Detailed Report Q3 2025-26 Capital Monitoring
- Appendix B - Capital Project Details and Funding for 2025-26

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	Yes	02/02/26
Commissioner engagement (if report focused on issues of concern to Commissioners such as Finance, Assets etc)	Yes	09/02/26
Relevant Group Head review	Yes	09/02/26
MAT+ review (to have been circulated at least 5 working days before Stage 2)		
This item is on the Forward Plan for the relevant committee		
	Reviewed by	
Finance comments (circulate to Finance)	AB	29/1/26
Risk comments (circulate to Lee O'Neil)	LO	05/02/26
Legal comments (circulate to Legal team)	LH	12/02/26
HR comments (if applicable)	N/A	N/A

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
Monitoring Officer commentary – at least 5 working days before MAT	L Heron	10/02/26
S151 Officer commentary – at least 5 working days before MAT	T Collier	29/01/26
Confirm final report cleared by MAT	Y	29/01/26

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Portfolio / Project Manager	Cost Centre	Description	Revised Budget 2025/26 £'000	Actuals YTD 2025/26 £'000	Revised Budget vs Actuals Variance £'000	Managers Projected Outturn at 31 MARCH 2026 £'000	Budget vs Forecast Variance Over/(Under) £'000	Actual as% of Forecast %	Comments
Community Wellbeing & Housing									
DFG Annual Programme									
Karen Sinclair	40203	Disabled Facilities Grants and Top UP Mandatory (DFG)-2026-27	1,253	1,162	91	1,455	202	80%	The underlying gross expenditure on the programme is now forecast to exceed the in year DG grant allocation and top up by £202k. That is primarily due to higher levels of demand and activity. This additional spend is largely offset by use of prior year DFG balances which are £269k.
Karen Sinclair	40203	County Council Grant Top Up(DFG)	65	65	-	65	-		
Karen Sinclair	40203	Other Funding Sources (DFG)	95	95	-	95	-		
Karen Sinclair	40204	Disabled Facilities Discretionary	60	14	46	60	-	23%	Funded by capital receipts
Cost of Disabled Facilities Grants			1,473	1,336	137	1,675	202	80%	
Housing Investment Programme									
Stephen Mortimer-Cleevely	42074	Acquisitions for Temporary & Resettlement Accommodation	1,200	779	421	1,200	-	65%	The projection is to purchase 4 properties under this scheme. To date, 2 properties have been acquired. There will be further spent of £500k for two 2-bed properties which will be covered in 40% by the grant . The budget holder has confirmed the project's full allocation will be spent by 31.03.2026
Cost of LAHF			1,200	779	421	1,200	-		
Coralie Holman	43604	Sunbury Leisure Centre Decarbonisation Project	995	379	616	1,141	146	33%	This project is fully funded by Sport England and it is expected to be completed by March 2026 according to conditions of the grant. However, there is additional cost £146k that can not be covered by the grant. The budget holder has confirmed the project's full allocation will be spent by 31.03.2026
Cost of Decarbonisation Project			995	379	616	1,141	146		
Other Investment Programme									
Coralie Holman	41029	Spelthorne Leisure Centre Phase 2	2,641	1,436	1,205	2,641	-	54%	The increased spend is in relation to additional items where the Council held responsibility under the construction contract i.e. ground works and removal of asbestos which was discovered once the demolishing works had been completed. The works to the car park are delayed completion may slip into 26/27, The budget holder has confirmed the project's full allocation will be spent by 31.03.2026.
Coralie Holman	41023	Eclipse Leisure Centre Balustrade/External Walkways	50	-	-	50	-	0%	This is in year Members request in relation to install external walkway handrails and planting at Eclipse Leisure Centre. The budget holder has confirmed the project's full allocation will be spent by 31.03.2026.

Portfolio / Project Manager	Cost Centre	Description	Revised Budget 2025/26 £'000	Actuals YTD 2025/26 £'000	Revised Budget vs Actuals Variance £'000	Managers Projected Outturn at 31 MARCH 2026 £'000	Budget vs Forecast Variance Over/(Under) £'000	Actual as% of Forecast %	Comments
Coralie Holman	TBC	Eclipse Car Park EV Charges Installation	96	-	96	96	-	0%	This is in year capital growth bid that will be funded from Green Initiative Fund. The budget holder has confirmed the project's full allocation will be spent by 31.03.2026.
		Cost of Other	2,787	1,436	1,301	2,787	-	52%	
		Community Wellbeing & Housing Total	6,455	3,930	2,475	6,803	348	58%	
Environment & Sustainability		Neighbourhood Services							
Jackie Taylor	41302	Car Park Management System update in Elmsleigh Surface Car Park & MSCP	122	154	(32)	154	32	100%	The car parks management system has been installed and with cost of £154k.
Jackie Taylor	41308	PCN/Permits/Season Tickets system	50	-	50	50	-	0%	This tender is currently under evaluation and awaiting sign of from legal. The budget holder has confirmed the project's full allocation will be spent by 31.03.2026.
Jackie Taylor	41509	Electric Vans for Joint Enforcement Team	180	-	180	180	-	0%	Currently undergoing procurement process and replacement of current vehicles fleet will be delivered and paid by the end of this financial year.
Jackie Taylor	41515	Replacement of Electric Van for Ground Maintenance	105	-	105	105	-	0%	Currently undergoing procurement process and it will be delivered and paid by the end of this financial year.
Jackie Taylor	41516	Replacement of Recovery & Service Vehicle	38	-	38	38	-	0%	Currently undergoing procurement process and it will be delivered and paid by the end of this financial year.
Jackie Taylor	41518	HVO/Diesel Tanks Replacement for Depot & Nursery	90	-	90	90	-	0%	Currently undergoing procurement process, this project will be delivered early 26/27. The budget holder has confirmed the project's full allocation will be spent by 31.03.2026.
Jackie Taylor	41620	Wheelie Bins - Annual Programme	55	30	25	55	-	55%	Wheelie bins are purchased during the year to replenish stocks.
Jackie Taylor	41635	Garden Waste Bins Purchases	60	15	45	60	-	25%	Garden waste bins are purchased as needed to ensure we maintain a sufficient stock for new customers. The budget holder has confirmed the project's full allocation will be spent by 31.03.2026.
		Neighbourhood Services Total	700	199	501	732	32	27%	
		Environment & Sustainability Total	700	199	501	732	32	27%	
Business Infrastructure - Growth		Assets							
Coralie Holman	41032	Elmsleigh Centre Lifts Replacement	122	103	19	122	-	84%	Quarter 2 forecast understated.
Coralie Holman	42076	Sandhills Meadow Bridge Contribution	200	-	200	200	-	0%	The Council has a contractual liability towards footing of the bridge in Shepperton. No spend to date
		Assets Total	322	103	219	322	-	32%	
		Business Infrastructure Total	322	103	219	322	-	32%	

Portfolio / Project Manager	Cost Centre	Description	Revised Budget 2025/26 £'000	Actuals YTD 2025/26 £'000	Revised Budget vs Actuals Variance £'000	Managers Projected Outturn at 31 MARCH 2026 £'000	Budget vs Forecast Variance Over/(Under) £'000	Actual as% of Forecast %	Comments
Corporate Policy & Resources		Commissioning & Transformation							
Alistair Corkish	43610	General Hardware - Annual Programme	442	262	180	300	(142)	87%	Projected outturn for 25/26 is £300K. The project was never expected to run in parallel with financial year ends so we will need the balance carried over to 26/27. LGR is likely to throw up some additional expense for kit whilst we deploy the new tenancy.
Alistair Corkish	43611	Mobiles	4	4	-	4	-	100%	Projected outturn for 25/26 is £7K. No carry forward needed
Alistair Corkish	43615	Members' tablets replacement	7	7	-	7	-	100%	Projected outturn for 25/26 is £7K. No carry forward needed
Sandy Muirhead	43512	Electronic Data Management System (EDMS) Project	10	-	10	10	-	0%	The project is not yet completed. There may be further additional charges as Capita want to charge for delays (of their making) and a second import. The Council is debating the additional charges with the Capita account manager. Spend to date sitting in other areas.
Sandy Muirhead	TBC	Integration of document viewer in the Customer Portal	20	0	20	20	-	0%	No spend to date.
Sandy Muirhead	43637	Council website upgrade	37	37	(0)	37	-	100%	This project has been completed.
Sandy Muirhead	43638	Capita Application Programme Interfaces (API) Webcapture Integration	70	16	54	70	-	22%	Spend to date low.
Terry Collier	TBC	Implementing the Improvement and Recovery Plan (IRP)	816	0	816	816	-	0%	Spend to date mixed with other areas.
		Commissioning and Transformation	1,406	326	1,080	1,264	(142)	26%	
		Legal & Elections Total							
Linda Heron	TBC	Case Management System upgrade to Cloud based	24	0	24	24	-	0%	This is in year request from Legal to upgrade their case management system (to Iken Cloud Case Management Licence) that currently is not compatible with changes introduced by IT (removal of VDI function). Spend is expected to materialise by 31/03/2026, hence current financial year.
		Legal & Elections Total	24	-	24	24	-	0%	
		Corporate Policy & Resources Total	1,430	326	1,104	1,288	(142)	25%	
TOTAL			8,907	4,557	4,300	9,145	238	50%	
Reserve balances still to be applied at year end (part of table below)							(380)		
GRAND TOTAL			8,907	4,557	4,300	9,145	(142)	50%	The unused balance will be part of 2026-27 budget for General Hardware - Annual Programme
	Line No		Revised Budget £	Actuals YTD £	Managers Projected Outturn at £	Budget vs Forecast Variance £			Comments

Portfolio / Project Manager	Cost Centre	Description	Revised Budget 2025/26 £'000	Actuals YTD 2025/26 £'000	Revised Budget vs Actuals Variance £'000	Managers Projected Outturn at 31 MARCH 2026 £'000	Budget vs Forecast Variance Over/(Under) £'000	Actual as% of Forecast %	Comments
		Funding							
		Grants received from Central Government							
	1	DFG - Grants + Top Up	(1,253)	(1,162)	(1,253)	0			
	2	DFG County Grant Top UP	(65)	(65)	(65)	0			
	3	DFG Other	(95)	(95)	(95)	0			
	4	Local Authority Housing Fund Grant	(480)	(480)	(1,200)	720			
	5	Grants received from Sports England	(995)	(379)	(1,141)	146			Overspend funded by CIL, line 10 The grant of £994,590 was received in 2024/25 and will be used in full. £146k cover consultant costs and will be covered by earmarked reserve, line 12.
	6	Other Grants	(115)	(45)	(115)				
	7	Subtotal	(3,003)	(2,226)	(3,869)	866			
	8	Other Financing				0			
	9	Capital Receipts- year end	(4,184)	(1,590)	(4,184)	0			
	10	CIL	(720)		0	(720)			Funding line 4 The balance will be carried forward to cover 2026-27 spend.
	11	Earmarked DFG Reserve	(269)		(202)	(67)			
	12	Earmarked Reserves	(969)	(741)	(890)	(79)			
	14	Total Committed Financing	(9,145)	(4,557)	(9,145)	0			
	15	General Hardware - Annual Programme				(142)			The balance will be carried forward to cover 2026-27 spend.
		Total Funding	(9,145)	(4,557)	(9,145)	(142)			

Appendix B - Capital Project Details and Funding for 2022/26

Spelthorne Capital Programme 2025/26	Forecast 2025/26	Financing							Total in-year unfinanced capital expenditure
	QTR 3 Spend	Capital grants	Capital Receipts	Developer contributions	CIL	Earmarked Reserves	Direct Revenue Financing	Total Financing	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Disabled Facilities Mandatory	1,615	(1,413)	0	0	0	(202)	0	(1,615)	0
Disabled Facilities Discretionary	60	0	(60)	0	0	0	0	(60)	0
Acquisitions for Temporary & Resettlement Accommodation	1,200	(480)	0		(720)	0	0	(1,200)	0
Sunbury Leisure Centre Decarbonisation Project	1,141	(995)	0	0	0	(146)	0	(1,141)	0
Spelthorne Leisure Centre Phase 2	2,641	0	(2,641)	0	0	0	0	(2,641)	0
Eclipse Leisure Centre Balustrade/External Walkways	50	0	(50)	0	0	0	0	(50)	0
Eclipse Car Park EV Charges Installation	96	0	0	0	0	(96)	0	(96)	0
Wheelie Bins - Annual Programme	55	(55)	0	0	0	0	0	(55)	0
Garden Waste Bins Purchases	60	(60)	0	0	0	0	0	(60)	0
Electric Vans for Joint Enforcement Team	180	0	(180)	0	0	0	0	(180)	0
Replacement of Electric Van for Ground Maintenance	105	0	(105)	0	0	0	0	(105)	0
Replacement of Recovery & Service Vehicle	38	0	(38)	0	0	0	0	(38)	0
HVO/Diesel Tanks Replacement for Depot & Nursery	90	0	(90)	0	0	0	0	(90)	0
Car Park Management System update in Elmsleigh	154	0	(154)	0	0	0	0	(154)	0
Surface Car Park & MSCP	50	0	(50)	0	0	0	0	(50)	0
PCN/Permits/Season Tickets system	122	0	0	0	0	(122)	0	(122)	0
Elmsleigh Centre Lifts Replacement	200	0	0	0	0	(200)	0	(200)	0
Sandhills Meadow Bridge Contribution	10	0	0	0	0	(10)	0	(10)	0
Electronic Data Management System (EDMS) Project	37	0	0	0	0	(37)	0	(37)	0
Council website upgrade	70	0	0	0	0	(70)	0	(70)	0
Capita Application Programme Interfaces (API)	20	0	0	0	0	(20)	0	(20)	0
Webcapture Integration	300	0	0	0	0	(300)	0	(300)	0
Integration of document viewer in the Customer Portal	4	0	0	0	0	(4)	0	(4)	0
General Hardware - Annual Programme	7	0	0	0	0	(7)	0	(7)	0
Mobiles	816	0	(816)	0	0	0	0	(816)	0
Members' tablets replacement	24	0	0	0	0	(24)	0	(24)	0
Implementing the Improvement and Recovery Plan (IRP)									
Case Management System upgrade to Cloud based									
Total	9,145	(3,003)	(4,184)	0	(720)	(1,238)	0	(9,145)	0

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