

## 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**

<b>ITEM</b>	<b>Yes / No</b>	<b>Date</b>
Councillor engagement / input from Chair prior to briefing		
Commissioner engagement (if report focused on issues of concern to Commissioners such as Finance, Assets etc)		<b>29.08.25</b>
Relevant Group Head review		
MAT+ review (to have been circulated <b>at least 5 working days before Stage 2</b> )		
This item is on the Forward Plan for the relevant committee		
	<b>Reviewed by</b>	
Risk comments		
Legal comments	<b>LH</b>	<b>20/08/25</b>
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**

<b>ITEM</b>	<b>Completed by</b>	<b>Date</b>
Monitoring Officer commentary – at least <b>5 working days before MAT</b>	<b>LH</b>	<b>20/08/25</b>
S151 Officer commentary – at least <b>5 working days before MAT</b>	<b>T Collier</b>	<b>11/8/25</b>
Confirm final report cleared by MAT		

# Corporate Policy & Resources Committee

**Date of meeting - 8 September 2025**

<b>Title</b>	Quarter 1 (30 June 2025) Capital Monitoring Report
<b>Purpose of the report</b>	To make a decision and a recommendation to Council
<b>Report Author</b>	Ola Owolabi, Deputy Chief Finance Officer (Interim)
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Community Addressing Housing Need Resilience Environment Services
<b>Recommendations</b>	<b>Committee is asked to:</b> <b>1. Recommend to Full Council that it approves</b> <ul style="list-style-type: none"><li>increases to the approved Capital Programme for 2025/26 of £1.1 million mostly relating to slippage from 2024/25</li><li>The project cancellation of the solar canopy project £1.3 million</li><li>Removal of capital resources that are no longer required of £1.0 million as set out in the report</li><li>a net overspend of £0.3 million.</li><li>A supplementary capital estimate for the Eclipse Leisure Centre Phase 2 of £50k for walkways.</li></ul>
<b>Reason for Recommendation</b>	Local authorities are required to estimate their total capital expenditure for the financial year when setting prudential indicators for capital investment. This process ensures that their asset management and capital investment strategies remain affordable, prudent, and sustainable. 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.

## **1 Executive summary of the report**

<b>What is the situation</b>	<b>Why we want to do something</b>
The Council is projecting a reduced requirement for capital spend of £2.1 million	<ul style="list-style-type: none"><li>Ensuring the financial stability of the Council</li></ul>

relating to project cancellations and net underspends.	<ul style="list-style-type: none"> <li>To aid the cashflow and the Council's treasury management activities.</li> </ul>
<b>This is what we want to do about it</b>	<b>These are the next steps</b>
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Reassessment of 2025/26 and future Capital Programme assumptions</li> <li>Council to approve requested supplementary estimates</li> </ul>

## 2 Key issues

- 2.1 This report summarises the Capital Programme as at the end of June 2025. Detailed information is provided in Appendix A.
- 2.2 Any material changes to the scope or increases in the forecast cost to complete a project above the approved budget must receive prior approval from the Corporate Policy and Resources Committee before any further funds are drawn down.
- 2.3 The main movements in the Programme to date relate to the reprofiling and deferral of budgets into future years. It is expected that additional reductions and/or deferrals will occur in subsequent quarters. These deferrals reduce borrowing costs for the 2025/26 financial year and delay associated Minimum Revenue Provision (MRP) charges into future years.
- 2.4 Full Council on 27 February 2025 approved a four-year capital programme for 2025/26 to 2028/29 of £18.5 million, with £7.5 million estimated to be spent in 2025/26. This 2025/26 budget reflected estimated spend on projects in 2024/25 that did not materialise and will now be spent in 2025/26. In addition, £50k is requested for Balustrade/External Walkways at the Eclipse Leisure Centre that was not included in the original budget. These movements of £1.1million are summarised in Table 1 below.

Table 1	£000	Comments
<b><u>Original Capital Programme for 2025-26 approved by Council</u></b>	<b>7,469</b>	
<b><u>Plus, Slippage from 2024-25:</u></b>		
Car Park Management System	250	This relates to the new parking management system, the service anticipates £192k is likely to be spent, this is subject to change depending on what the suppliers might find when they start to install new cabling.
Car Park Management & Issue System	50	2024/25 budget that will be required in 2025/26

<b>Table 1</b>	<b>£000</b>	<b>Comments</b>
Spelthorne Leisure Centre Development (SLC) Phase 2	500	An uplifted budget of £0.5m (£2.23m less £1.73m) was approved in January 2025 by CPRC. However, the project is still expected to show a further £269k overspend. relating to demolition unforeseen i.e. additional asbestos removal.
Sandhill Meadow Bridge	180	Budget to be carried forward due to slow progress.
Council website upgrade	42	Budget reprofiling/2024/25 slippages
Capita API Web capture integration	70	Budget reprofiling/2024/25 slippages
<b><u>New bid for approval</u></b>		
Eclipse Leisure Centre Balustrade/External Walkways	50	In year request for the Eclipse Leisure Centre External Walkway handrails and planting.
<b>Revised Capital Programme Budget 2025/26</b>	<b>8,611</b>	

- 2.5 The 2025/26 Capital Monitoring Quarter 1 report reflects managers' projected outturn estimates for 31 March 2026, for the completion of ongoing projects within the Capital Programme, as at 30 June 2025. These include project cancellations, resources no longer required and net project overspends, reducing the capital programme by £2.1 million.

<b>Table 2</b>	<b>£000</b>
<b><u>Approved 2025/26 Capital Resources – no longer required:</u></b>	
Solar Canopy for Eclipse - Cancelled	(1,320)
Replacement machinery for parks maintenance	(248)
Car Park Management System underspend	(58)
Lammas Recreation Ground	(200)
Demolishing of Thameside House - cancellation	(600)
Net Projects Overspend	334
<b>Total Net Underspend</b>	<b>(2,092)</b>

- 2.6 Explanations of the resources no longer required are set out below.
- 2.7 **Solar Canopies project (£1,320k)** - Since the project was originally evaluated and approved in principle a subsequent review determined that the projected revenue and payback calculations could not be substantiated and the design for the proposed Solar Canopy installation did not take into account the presence of attenuation tanks located beneath the car park. As a result, the project is no longer viable and has been cancelled.
- 2.8 **Replacement machinery for parks maintenance (£248k)**, is no longer required.

- 2.9 **Parking management system (£58k)** no longer required. At this stage, the system is expected to be installed and delivered within the current financial year at a lower cost than budgeted.
- 2.10 **Lammas Recreation Ground (£200k)** this budget is no longer required
- 2.11 **Demolition of Thameside House of (£600k)** the site is now being considered for disposal without demolition.
- 2.12 **Project overspends of £334k relate to:**
- 2.13 **River Ash Broad Walk £1k**
- 2.14 **Spelthorne Leisure Centre (SLC) Phase 2 £269k**
- 2.15 **Sunbury MEP / Decarbonisation £64k** - In March 2023, as part of the Spring Budget, the Government announced a £60 million 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.
- 2.16 As a result of this bid, in March 2024 Spelthorne Borough Council secured £994,883 in grant funding from the UK Government and Sport England to support the decarbonisation of Sunbury Leisure Centre. The project scope includes:
- Installation of additional Solar Photovoltaic (PV) panels
  - Implementation of Air-to-Water Heat Pumps (ASHP)
  - Removal of ageing boilers
- 2.17 Given the tight project deadline, the contract was awarded promptly to a contractor. Sport England has agreed to accept committed work invoicing for project completion by 30 September 2025, with the deadline now extended to 31 March 2026.
- 2.18 The Council's revised Capital Programme for 2025/26 after slippage of £1,142k from 2024/25, project cancellations and net overspends of £2,092k is now £6,519k (Appendix A). This is set out in the table 3 below.

<b>Table 3</b>	<b>£000</b>
<b>Original Budget 2025/26</b>	<b>7,469</b>
Slippage from 2024/25, per table 1 above	1,142
<b>Capital Programme reflecting 2024/25 slippage</b>	<b>8,611</b>
<u>Less</u>	
2025/26 Resources – no longer required, project cancellations and net overspends (see table 2)	(2,092)
<b>Revised Capital Programme 2025/26</b>	<b>6,519</b>

2.19 In addition, Appendix A provides an aggregate summary breakdown of the projects showing the following:

- Cumulative expenditure to date - £49.0 million
- Cumulative Budget - £55.0 million
- Actual expenditure in the year - £0.6 million
- Revised Budget - £8.6 million
- Projected Outturn - £6.5 million
- Variance between Revised Budget and Projected Outturn - £2.1 million

### **3 Options appraisal and proposal**

3.1 To approve the proposed changes to the Capital Programme and note the projected outturn position as outlined in the report.

#### **3.1.1 Pros:**

- **Clarity and Continuity:** Approving the proposed changes provide clear direction, ensuring that the capital programme remains aligned with ongoing activities and planned investments.
- **Stability:** Acknowledging the projected outturn position can give stakeholders a better understanding of expected outcomes, leading to more predictable financial planning.
- **Efficiency:** If the proposed changes are well-justified, this can avoid delays in the programme's implementation, helping to meet deadlines and milestones.
- **Simplicity:** This approach does not introduce new complexities, such as additional prioritisation or changes based on external factors (e.g., Local Government Reorganisation).

#### **3.1.2 Cons:**

- **Risk of Overspend:** If the proposed changes have not been thoroughly reviewed, there could be a risk of approving unwise expenditure, especially if the budget does not align with actual needs or outcomes.
- **Potential Misalignment with New Priorities:** If there are emerging strategic priorities (e.g., post-LGR goals), this could risk focusing on outdated objectives or inefficient use of capital.
- **Lack of Flexibility:** Once the changes are approved, there may be limited room to adjust quickly if new circumstances arise, such as shifts in government policy or local needs.

3.2 To prioritise future capital expenditure to ensure it remains within the current affordability envelope. It is important to consider the potential impact on the revenue budget of any increase in borrowing that may be required to support new capital project proposals.

### **4 Risk implications**

4.1 The significant risks for the Council Capital Programme relate to rising costs as the construction industry experiences significant inflationary increases in building and labour costs. Whilst interest rates have started to ease there remain challenges around the most cost-efficient way of funding high value long-term projects.

- 4.2 The possibility of failure to deliver the Capital Programme will be mitigated by regular programme review by a senior officer, charged with improving performance. In terms of individual scheme specific risks, these are identified as part of the original business case application and any potential risks to deliverability should be flagged as part of the ongoing scheme review process.
- 4.3 Within the reviews undertaken by the service project lead, schemes which encounter difficulties or additional delivery risk will be subject to additional scrutiny and where necessary escalation to MAT.

## **5 Financial implications**

- 5.1 This is the Quarter 1 Capital Programme Monitoring Report, to the end of June 2025 that provides information on the forecast outturn and progress against the Capital Programme. The Council has systems for reporting and forecasting budgets in place and alongside formal quarterly reporting to Committee. The financial position is regularly reviewed at service level and corporately by the Management Team (MAT).
- 5.2 Once a project is completed, any underspend on the approved Capital Programme enables the Council to invest the monies to gain additional treasury management investment income or to fund additional schemes. Overspends as currently forecast might result in additional financing costs.
- 5.3 The Capital Programme is funded via a number of sources including Council borrowing, capital receipts, grants, and revenue contributions. Where the Council finances capital expenditure by borrowing, 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).

## **6 Legal comments**

- 6.1 The Council has a statutory duty to make arrangements for proper administration of its financial affairs (the Local Government Act 1972).
- 6.2 This Committee has a responsibility to keep the budget under review and make recommendations concerning the budget to the Council.
- 6.3 This report provides an update on the Capital Programme and assists in the discharge of this duty.

## **Corporate implications**

## **7 S151 Officer comments.**

- 7.1 The report highlights a net combined underspend of £2.1 million against revised budget of £8.6 million of which £1.3 million is accounted for by not proceeding with the Solar Canopies project at the Eclipse and Eclipse Leisure Centre, and approved resources that are no more required of £1.0 million. Overall, this will reduce the need for financing of the Capital Programme and ease financing pressures. The report highlights some issues with carry forward processes at the year end, and these will be tightened for 2025-26. This is the first monitoring report of the year so figures will potentially change and will be kept under review with subsequent quarterly monitoring reports.

## **8 Monitoring Officer comments.**

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

## **9 Procurement comments**

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

## **10 Equality and Diversity**

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

## **11 Sustainability/Climate Change Implications**

- 11.1 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.
- 11.2 The Programme also includes projects that focus on environmental initiatives such as energy efficient buildings, sustainable and green infrastructure, energy efficient street lighting, etc.

## **12 Other considerations**

- 12.1 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.

## **13 Timetable for implementation.**

- 13.1 Not applicable.

## **14 Contact**

- 14.1 Ola Owolabi, Deputy Chief Finance Officer (Interim) - [O.Owolabi@spelthorne.gov.uk](mailto:O.Owolabi@spelthorne.gov.uk).

## **15 Background papers:**

- 15.1 Detailed Capital Programme Report for 2025-26 – Council meeting on 27 February 2025.

## **16 Appendices:**

- Appendix A – 2025/26 Detailed Q1 Capital Monitoring report