Corporate Policy and Resources Committee

Date of meeting – 3 February 2026

SPELTHORNE BOROUGH COUNCIL

Title	Corporate Policy and Resources - Budget, Fees and Charges, and Capital Programme for 2026/27
Purpose of the report	To make a decision
Report Author	Altin Bozhani, Deputy Chief Finance Officer (Interim)
Ward(s) Affected	All Wards
Exempt	Report – no
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendations	**Committee is asked to:** 1. Review the draft detailed revenue budget for 2026/27 for Corporate Policy and Resources Committee and agree any amendments. 2. Review the draft detailed Capital Programme budget for 2026/27 for Corporate Policy and Resources Committee. 3. To incorporate into the final Budget proposals to come to this Committee on 17th February the proposed detailed Revenue budget and Capital Programme proposals.
Reason for Recommendation	Councils have a statutory duty to balance their budgets. It is important that we take a medium-term approach in ensuring that we can take action sufficiently early to ensure the Council's Revenue Budget remains financially sustainable.

1 Executive summary of the report

What is the situation	Why we want to do something
• A robust revenue and capital budgets planning process helps organisations to manage their resources with economy, efficiency, and effectiveness.	• To have a robust and sustainable 2026/27 budget that meets the needs of the service and provides a resilient financial position to the Council as a whole. • The 2026/27 Budget planning process commenced in June 2025 and must

	be completed and approved by Council in February 2026.
This is what we want to do about it	**These are the next steps**
• Committee reviews and agrees revenue and capital growth & fees & charges.	• Approval of the Detailed Budget and preparation of the whole budget for Committee

2 Key issues

2.1 This report sets out the Budget, Fees and Charges, and Capital programme proposals for Corporate Policy and Resources. The purpose is to give the Committee an early opportunity to comment and shape the budget before the 2026/27 budget is considered by the Corporate Policy and Resources Committee at its meeting on 17th February 2026 and Council on 26th February 2026.

2.2 The Council's Medium-Term Financial Strategy (MTFS) faces significant cost pressures and adjustments. Pay costs are projected to rise by 4% in 2026/27, with an additional 0.2% retrospective adjustment for 2025/26, followed by estimated annual increases of 2.5% in years two and three of the planning period, placing sustained upward pressure on the staffing budget.

2.3 During the early stages of the budget-setting process, the early identification and assessment of both Revenue and Capital pressures were recognised and closely monitored. Services were reminded that the Council is legally required to set a balanced budget. All proposed revenue pressures must be fully offset by corresponding savings or spend-to-save initiatives. Where unavoidable pressures cannot be absorbed within existing budgets, clear justification and evidence of need must be provided.

2.4 Furthermore, services are advised that all capital growth bids must be realistic and deliverable, particularly for projects expected to extend beyond 1 April 2027, given the implications of the Surrey Local Government Reorganisation (LGR).

2.5 Detailed analyses are attached as Appendices A – G. The Committee has the opportunity to comment on any of the fees and charges, proposed savings, and revenue budget for 2026/27 and Capital Programme proposals.

Budget Principles and approach

2.6 The Council applied the following principles when preparing the annual budget:

- Aligned the budget with the Council's Corporate Plan and strategic priorities.
- Undertaking a medium-term approach being mindful that the last Budget Spelthorne will set will be for 2026/27 and giving consideration towards alignment with the other councils who will make up West Surrey Council.
- Give consideration to revenue and capital requirements.

- Secure necessary savings, cost reductions, and increased income generation.
- Maintain a sustainable financial position and avoid reliance on one-off measures.
- Base all financial estimates on robust data and evidenced assumptions. Make use of benchmarking data and comparison, particularly with West Surrey councils.
- Approve unavoidable service pressure only in exceptional circumstances and on a case-by-case basis, ideally being managed by individual services from compensating savings.
- Ensure all services demonstrate value for money and high productivity.
- The Commissioners' role is to provide advice and challenge to the Authority to ensure it is meeting its obligations under statutory directions; this includes the power to propose amendments to budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty. The approach has been provided as contribution to formulating this budget.

Fees and Charges

2.7 A general uplift of 5% has been applied to discretionary fees and charges as the default position, except where managers have carried out benchmarking and provided a justification for a different rate. Figures have been rounded in accordance with the direction from Corporate Policy and Resources Committee. The year-on-year financial analysis for the Corporate Policy and Resources fees and charges shows an overall reduction in the Corporate Policy and Resources fees and charges budget, which has decreased by 12.9%, from £579,600 in 2025/26 to £505,000 in 2026/27, (please see Appendix D1 for details).

2.8 The biggest reduction is in Building Control, with a decline of 20% in income, amounting to £83,700. Uplift in fees and charges per unit of 5% was applied and forecast projected on current activity trends which showed a decrease from last year's activity figures, leading to the reduction in actual fees forecast. This is largely due to competition from the private sector, and staff recruitment issues reducing the team's capacity to be able to generate income streams achieved in prior financial years.

2.9 Local Land Charges also experienced a decrease in activity of 12.9% (£18,100) on search fees, reflecting current demand downtrend in the property market.

2.10 Smaller increases were noted in Electoral Registration (up 10%, or £100), because of sale of electoral register access rights; and Legal Fees (up 4.8%, or £500), because of premise charges income. These are non-material budgets as such even significant increases will not improve the overall position by much.

2.11 Consideration is also being given to the alignment of fees and charges across West Surrey from 2027/28, in light of the forthcoming Local Government Reorganisation (LGR) and the creation of the new West Surrey Council. The Council is committed to reviewing and aligning its fees and charge's structure to ensure consistency and fairness across the region, and to contribute towards closing the Spelthorne Budget gap. As part of this process, we will work closely with neighbouring authorities to identify opportunities for harmonisation, undertaking benchmarking comparisons, ensuring that services are delivered efficiently while providing value to residents and businesses. This will include assessing current fee levels and structures, with a focus on streamlining and aligning charges to support the smooth transition to the new council and to enhance the overall service delivery across the new administrative boundaries.

2.12 For full details on fees and charges please see Appendix D and D1.

Unavoidable Expenditure Pressure and Savings Bids

2.13 The Corporate Policy and Resources Committee budget includes two areas:

- **Direct Services Budget** with a net reduction since last year of £1.5m.
- **Non-Direct Services Budget** (Investment Properties) with a net income increase of £2.12m.

Further details are provided in the following paragraphs and full details in Appendixes A&B. Below the line items relating to the financing of the Council's overall Budget, such as borrowing, minimum revenue provision, general grants, council tax etc will be addressed in the Budget report coming to the Committee on 17th February.

Direct Services Budget

2.14 The Corporate Policy and Resources Direct Services covers budgets that are spent on different corporate and democratic functions (see Appendix A). The expenditure shows a net reduction of £1.5m, falling from £11.10m in 2025/26 to £9.64 in 2026/27, driven largely by staffing restructures, service rationalisation, and technical adjustments. Please see Appendix A for detailed breakdown and Appendix C/F for higher level.

2.15 The Accountancy budget has seen costs increase by £255k largely due to the unwinding of the Mole Valley (MV) partnership on which Spelthorne staff costs were due to be shared by way of recharge to MV (note the staff recharge budget moving from (-£818k to £0). Reductions in Committee Services, Legal, Electoral Registration and Corporate Publicity, each reflecting post deletions or service efficiencies. These are partly offset by unavoidable pressures including pension cost increases across most services, inflationary uplifts, and targeted growth such as Audit (£103.1k) due to higher external contract costs for the Internal Audit Partnership and Counter Fraud service. Customer Services (£51.0k) driven mainly by increased superannuation and transaction volumes, and Human Resources (£35.6k) reflecting pay awards and system costs. Overall, the service position demonstrates cost containment through staffing reductions and budget realignment, while still accommodating statutory and operational pressures.

Non-Direct Services Budget (Investment Properties Budget)

2.16 The Investment Properties portfolio delivers a further net improvement of £2.12m, increasing net income from £41.20m to £43.32m (please see Table 1 below), although performance varies significantly by asset. Improvement is mostly due to reduced landlord costs because of various efficiencies.

2.17 Major positive movements include:

- The BP Main Site (£1.18m – half year effect)

- BP Southwest Corner (£0.10m- quarter year effect) from the five yearly compounded rent review uplifts, alongside improvements at Thames Tower, Elmsleigh, and World Business Centre 4 as occupancy improves.
- 3 Roundwood Ave, Stockley Park expected to be sold in 2025-26, resulting in net budget sale of £1.95m

2.18 Conversely, income pressures remain where assets are assumed vacant for longer or refurbishment plans are deferred, notably 12 Hammersmith Grove (£0.80m adverse) and Communications House (£0.22m adverse), reflecting revised letting assumptions, lease renegotiations, and increased void costs. Several one-off capital and refurbishment budgets are removed in 2026/27, materially improving the year-on-year position despite ongoing volatility in the commercial property market.

Table 1 Investment Property Net Rent Budget movement

Investment & Regeneration	**2025-26 Investment & Regeneration**	**2026-27**	**Movement**
	Revised		
	Net Rental Income	**Net Rental Income**	**Net Rental Income**
Assets	**£'m**	**£'m**	**£'m**
Rental Income	-48.42	-47.29	1.13
less: Landlord costs	7.22	3.97	-3.25
Net Rental Income receivable	**-41.20**	**-43.32**	**-2.12**

2.19 Appendix B and G provide more details on non-direct services, Investment Property portfolio.

2.20 Overall, based on pension contribution advice from the Surrey Pension Fund actuaries, employer contribution rates for 2026/27 to 2028/29 are expected to decrease from 24.6% to 23.1%. This reduction will generate an estimated overall Council budget saving of approximately £0.5 million. Prior to 2026-27 there were two elements making up the employer pension contribution, with a current service contribution charged as a percentage to individual services and a past service contribution charged as a lump sum to unallocated expenses within the Corporate Policy and Resources Committee. From 2026-27 the Pension Fund is combining these two elements into a single percentage charge which will be reflected against individual service budgets, this has the effect of pushing up individual services superannuation budgets, although the overall pension cost to the Council is actually reducing.

Capital Programme for 2026/27

2.21 There is a decrease in the Committee’s Capital Programme from £1.4m in 2025/26 to £1.1m in 2026/27. In 2025/26, expenditure is spread across several smaller-scale digital and IT initiatives, such as system integrations, website upgrades, and general IT hardware and software (£442k), and an £816k allocation to Implementing the Improvement and Recovery Plan (IRP). The IRP allocation is funded by capital receipts and covers several technical post working on transformation work.

2.22 By contrast, in 2026/27 the Programme shifts away from these projects and focuses on the Surrey Local Government Reorganisation (LGR) transition and improvement and recovery plan. Spelthorne's contribution towards the Surrey LGR transitional costs is £557k, which under the approved Flexible Use of Capital Receipts Policy has been capitalised and will be funded from capital receipts. Similarly, £576k of improvement and recovery plan resourcing costs have been capitalised and will be funded from capital receipts.

2.23 The funding strategy reflects this shift, with 2025/26 primarily supported by earmarked reserves, whereas 2026/27 relies more heavily on capital receipts, whilst ensuring no additional borrowing being undertaken. This demonstrates a transition from reserve-led funding towards a more diversified funding mix to support the expanded and strategically refocused capital programme. Earmarked reserves used are allocated as per the relevant project name it will fund. For the full details of multi-year MTFS capital allocation and respective funding sources please see Appendix E.

2.24 Capital receipts generated from the sale of assets will be used to fund capital projects (see Appendix E) and applied to reduce the debt on Capital Financing Requirement.

3 Options appraisal and proposal

3.1 The Committee has the opportunity to comment on and propose amendments to any of the fees and charges, savings, or growth items.

3.2 In the context of the Council's medium-term financial planning and the continuing pressures on local government funding, it is anticipated that further work will be required to identify opportunities for achieving additional savings in future years.

4 Risk implications

4.1 When considering savings proposals, we need to consider the risk of any adverse impact on service delivery capacity including.

- Service disruption and reduced capacity and potential backlogs in statutory and frontline services.
- Loss of critical knowledge and experience due to departing staff with service expertise, and local knowledge
- Increased pressure on remaining staff due to higher workloads
- Reduced resilience and lack of adequate staff cover.
- Inability to meet statutory and regulatory requirements due to skills gaps and insufficient capacity.
- Higher reliance on agency/interim staff, leading to increased costs, reduced continuity, and potential inconsistency in service delivery or decision-making.
- Delays or failure to deliver key projects and transformation programmes.

- Difficulty attracting skilled candidates within the competitive labour markets, pay constraints, or location challenges.
- Risk that savings are not fully achieved in year, particularly in context of additional resource pressure of local government organisation.

5 Financial implications

5.1 The draft 2026/27 Revenue Budget and Capital Programme for Corporate Policy and Resources Committee have been prepared in line with the Council's Medium-Term Financial Strategy and statutory requirement to set a balanced budget.

5.2 The 2026/27 budget for Corporate Policy and Resources Committee reflects an overall decrease of £1.454m compared to 2025/26, with the net position moving from £11.10m to £9.64m. This is driven by:

- **Service Budget**, a £1.5m reduction in service expenditure, underpinned by staffing restructures, service efficiencies and budget realignments. Please see Appendix F for more details.

5.3 Investment Properties show a £2.12m improvement in net income from investment properties following rent reviews and the removal of one-off capital and refurbishment budgets. Please see Appendix G for more details.

5.4 The increase in the overall Council Budget after taking into account the impact of MRP and refinancing will be largely met from use of earmarked reserves.

6 Legal comments

6.1 The Council has a statutory duty to set a balanced budget each financial year. In preparing budget proposals, each Committee must give regard to and comply with the requirements of all applicable legislation, including (but not limited to) making arrangements for proper administration of financial affairs, securing best value and Public Sector Equality Duty.

6.2 This report will assist the Council to fulfil its statutory obligations to produce a balanced budget.

6.3 The Council has a variety of powers to charge for specific statutory services, and a general power under the Local Government Act 2003 to charge for discretionary services on a cost recovery basis.

6.4 Where spending decisions are taken about the budget that impact the services which can be delivered, an appropriate and proportionate equalities impact assessment must be carried out.

6.5 All capital projects require input and support from Legal Services.

Corporate implications

7 S151 Officer comments.

7.1 The S151 Officer confirms that relevant financial considerations have been taken into account and set out the current draft Revenue and Capital proposals. The report addresses the financial implications. As stated, it is important that the

Budget sets a balanced Budget on a sustainable basis. It will be important to deliver the savings identified to ensure a sustainable financial position.

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 None arising directly from this report.

10 Equality and Diversity

10.1 Equality, diversity, and inclusion (EDI) are central to everything that the Council does and has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.

11 Sustainability/Climate Change Implications

11.1 Not applicable.

12 Other considerations

12.1 Changes to parking fees are implemented by way of an amendment to the current parking order, the process includes the need to carry out a public consultation exercise before reporting back to committee. In setting charges, we are required to have regard to the need to cover the costs of providing the service.

13 Timetable for implementation.

13.1 February 17th Corporate Policy and Resources agree final Detailed Revenue Budget and Capital Programme for recommendation to Council.

13.2 26th February Council sets overall Budget.

14 Contact

14.1 Altin Bozhani, Deputy Chief Finance Officer (Interim) –

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15 Background papers:

15.1 None

16 Appendices:

- Appendix A - CP&R - Draft Net Detailed Direct Services Overall Budget 2026-27
- Confidential Appendix B - CP&R - Draft Net Detailed Non-Direct Services Overall Budget 2026-27
- Appendix C - CP&R - Draft Net Direct Services Expenditure Budget by Type 2026-27
- Appendix D - CP&R - Draft Fees and Charges @ 19.01.26 - Statutory & Discretionary

- Appendix D1 - CP&R - Fees and Charges Projections - Statutory & Discretionary
- Appendix E - CP&RC- Capital Programme 2025.26-2028.29
- Appendix F - CP&R - Net Expenditure Direct Services Budget by Committee 2026-27
- Appendix G - CP&R - Net Expenditure Non-Direct Services Budget by Committee 2026-27

17 Glossary

- **Draft Budget –** The budget it is in proposal phase and has not been approved yet.
- **<u>Net Budget</u>** – Budget includes all spend type, spend /income or combined areas that net each other.
- **<u>Detailed Budget</u>** – reflects the level of breakdown to the more detailed levels, for example group heads, services, spend type etc.