

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
- 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.	- 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
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.	- 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