

CABINET

13TH JANUARY 2026

COUNCILLOR GAYNOR AUSTIN
FINANCE PORTFOLIO HOLDER
REPORT NO. FIN2517

KEY DECISION? NO

BUDGET MANAGEMENT – MONTH 8

SUMMARY AND RECOMMENDATIONS:

This report sets out the forecasted financial position for 2025/26 as at the end of November 2025.

CABINET is recommended to:

- i. Note the Revenue budget forecast as set out in Section 3 of the report;
- ii. Approve the virements as set out in Section 4 of the report;
- iii. Note the Capital budget forecast as set out in Section 5 of the report.

1. INTRODUCTION

- 1.1. The Budget is a major decision for the Council and setting and maintaining a balanced budget is a statutory requirement. This report provides an update on the forecasted outturn position against approved budget for the current financial year 2025/26 based upon service manager information as at the end of November 2025 with additional finance due diligence. The forecast position presented in this report therefore represents the Heads of Service and Service Managers forecast outturn assumptions and explanations.

2. BACKGROUND AND EXECUTIVE SUMMARY

- 2.1. The Council has a statutory obligation to set and maintain a balanced budget. In February 2025 the Council identified a significant challenge to its future financial sustainability (as set out at the February 2025 Budget Council).
- 2.2. The forecast outturn for 2025/26 projects the council is working within its approved budget and will achieve the full £1.8million savings requirement.

3. CURRENT YEAR FINANCIAL PERFORMANCE

Revenue Account

- 3.1. The Original Budget for 2025/26 was approved by Council at their meeting in February 2025. The latest Approved Budget also includes 2024-25 budget carry forwards of £101k as noted in the July 2025 Outturn report, a number of supplementary budget approvals and movements to and from Earmarked reserves. The month 8 forecast outturn and variance on approved budget is presented in the table below.

	2025-26 Original Budget £'000	2025-26 Approved Budget £'000	2025-26 Forecasted Outturn £'000	2025-26 Forecast Variance £'000
Economy, Skills & Regeneration	(4,868)	(5,218)	(5,491)	(273)
Finances & Resources	3,873	4,473	3,993	(480)
Healthy Communities & Active Lives	3,730	4,026	3,997	(28)
Housing & Planning	2,613	2,607	2,762	154
Leader/Communications	25	13	11	(2)
Policy, Performance & Sustainability	578	1,195	1,189	(7)
Pride in Place & Neighbourhood Services	7,929	8,056	7,850	(207)
Subtotal	13,879	15,153	14,310	(843)
Less: Reversal of Accounting Entries	(2,957)	(2,883)	(2,883)	-
Net Service Revenue Expenditure	10,922	12,269	11,427	(843)
<u>Corporate Income & Expenditure</u>				
Minimum Revenue Provision (MRP)	2,133	2,133	2,133	-
Interest Receivable	(1,402)	(1,401)	(2,257)	(855)
Interest Payable	6,490	6,489	7,181	692
Vacancy Savings	(400)	(422)	-	422
Recurrent Savings	(1,784)	-	-	-
Pooled Funds	1,000	-	-	-
NI Compensation Grant	(152)	(152)	(137)	15
Union Yard Holding Hosts Provision	221	-	-	-
Irrecoverable VAT	-	-	97	97
Contract Inflation	362	113	-	(113)
RCCO	-	35	35	-
Movement in Earmarked Reserves	587	(940)	(1,017)	(77)
Movement in General Reserves	(3,421)	(3,567)	(3,567)	-
Net General Fund Revenue Budget	14,556	14,556	13,896	(661)
Funded by:				
Council Tax	(8,039)	(8,039)	(8,039)	-
Business Rates	(5,071)	(5,071)	(5,427)	(356)
Collection Fund	(31)	(31)	(31)	-
New Homes Bonus	(512)	(512)	(512)	-
Extended Producer Responsibility	(615)	(615)	(870)	(255)
Other Grant Income	-	(39)	(39)	-
Funding Guarantee	(118)	(118)	(118)	-
Revenue Support Grant	(170)	(131)	(131)	-
Total Funding	(14,556)	(14,556)	(15,167)	(610)
Core (Surplus)/Deficit	-	-	(1,271)	(1,271)

(-) represent a saving on budget or additional income

3.2. Service budgets project an overall £843k underspend on approved budget in addition to the planned £1.8m savings which were removed from the approved

budget. The £843k underspend has been analysed in the table below to demonstrate the nature of the income and expenditure generating the saving across the service portfolio's.

	Economy, Skills & Regeneration	Finance & Resources	Healthy Comm & Active Lives	Housing & Planning	Leader	Policy, Perform & Sustain	Pride in Place /N'hood Service	Grand Total
EXPENDITURE								
Staff Costs	(131)	(395)	51	(92)	4	(15)	(126)	(704)
Contracted Services	-	-	(112)	(1)	-	-	(38)	(151)
Utilities	(138)	-	(13)	-	-	-	(220)	(371)
Maintenance	(8)	-	20	1	-	-	(2)	11
Other Costs	57	(4)	121	6	(3)	17	(2)	193
IT costs	-	(38)	-	-	-	-	-	(38)
Grant Support	-	0	(2)	-	-	-	-	(1)
INCOME								
Fees & Charges	-	(9)	(105)	202	(4)	(2)	140	221
Property Related Income	(50)	-	4	-	-	-	65	18
Grants & Contributions	(1)	(27)	11	34	-	(3)	(4)	10
Other Income	(1)	(7)	(3)	4	0	(3)	(19)	(30)
Grand Total	(273)	(480)	(29)	154	(2)	(7)	(207)	(843)
Vacancy Savings								422
Total								(420)

(-) represent a saving on budget or an additional income

Delivery of budget savings target

3.3. Full Council on 27th February 2025 approved the 2025/26 revenue and capital budget and the 2025-28 Medium Term Financial Strategy (MTFS). The council set a 2025-26 balanced budget with a planned reserve drawdown of £3.4m and a savings target of £1.8m of net budget reduction in 2025-26. As reported in the July Outturn Report, the latest forecast shows the savings target has been achieved through temporary service budget reductions and pooled fund dispensations being extended by government.

Key Service Variations

3.4. The staff salary budget forecasts an underspend of £704k, inclusive of temporary and interim staff, comfortably overachieving the £422k staff turnover/vacant posts savings target.

3.5. The contracted services £151,000 underspend includes £112,000 forecast underspend due to performance at the Aldershot Pools and Lido following a positive season.

3.6. Utilities are forecast an underspend of £371,000. £181,000 is due to the Crematorium site being out of use during the building works, reducing both energy costs and the Council has been successful in removing the site from

being charged Business Rates for the duration of works. A refund of £176,989 has been achieved and reflected in this forecast. These savings will be one-off, however the new site will deliver energy efficiency savings. In addition, the utility savings include £143,000 of energy savings at Union Yard energy centre which is set off by reduced income within the property related income line.

- 3.7. Other costs is currently forecast to be £193,000 overspent, including £148,000 of Union Yard holding costs pending disposal of the residential part of the site.
- 3.8. Fees and charges are forecast to be £221,000 short of the budget. This is made up of a number of demand-led areas including;
 - Crematorium – £186,000 – partially due to delay in opening site
 - Planning Application Income - £187,000
 - Car Parks Fines - £24,000
- 3.9. The council has managed its cashflow requirement in year to ensure temporary cashflow surpluses are invested on the money markets at the highest available rates resulting in an £855k over achievement of its investment income. The surplus cash has been generated by the council taking the opportunity to borrow to repay maturing debt (borrowing) when the rates were favourable. Despite this strategy, the cost of borrowing has exceeded the interest budget by £692k due to several capital receipts not materialised as planned within the cashflows, such as the Union Yard £14m due in August 2025.
- 3.10. The council has benefited from a reduction in its business rates appeals provision generating an additional £356k retained business rates funding.
- 3.11. Additional £255k of extended producer funding has been received for recycling waste packaging, the February budget included a provisional figure pending confirmation of the conclusion of the scheme negotiations.

4. Virements

- 4.1. The Interim Monitoring Officer was agreed to be extended by Council on 25 September 2025. Costs of the interim arrangements are beyond current staffing budgets within this service. It is therefore proposed to vire £75,000 from the corporately overachieved staff vacancy savings to cover these costs to the end of the 2025/26 financial year.
- 4.2. The Community Governance Review (CGR) consultation is currently underway, following approval to start by Council on 10th July, then approval to move to a second stage consultation by Council on 25th September 2025. To date costs have been maintained within the Local Government Review (LGR) budget of £100,000. However, due to ongoing requirements for costs for both CGR and LGR, it is proposed to utilise £35,000 of the reported General Fund underspend reported above to support these works.

5. Capital

5.1. The original Capital Programme estimate for 2025/26 was approved by Council at their meeting in February 2025 totalling £4.8million.

5.2. Cabinet also considered slippage requests in July 2025 of £3.6million, and supplementary budgets of £365k. Additional project approvals for the Leisure Centre site, Crematorium, Loungers and other externally funded projects resulted in a total revised budget of £13.0m.

5.3. The current anticipated outturn forecast for 2025/26 amounts to a spend of £10.3million – resulting in £2.7m reprofiled to 2026-27.

5.4. Details of forecast project expenditure and funding are detailed in Appendix 1.

5.5. Several of the projects detailed are subject to external requirements or further delegations:

- Union Yard fit out contributions depend on lease negotiations and requirements of potential tenants.
- The Asset Management provision and Service Review provision is subject to separate approvals and asset requirements that arise.
- The Union Yard Right to Light budget is subject to claims submitted and negotiations.

5.6 Key items to note:

- Some delays to S106 projects are reported, this is due to internal capacity, procurement process delays and availability of contractors.

6. Capital Receipts Delivery

6.1. The table below outlines the delivery of capital receipts, detailing the sources, values, and timing of receipts received or anticipated during the reporting period.

	Budgeted Value	Budgeted Disposal Month	Forecast Value	Forecast Disposal Month	Change in Value	Delay in months
	£		£		£	
Devereux House	1,500,000	May-25	1,500,000	May-26	-	12
Hawley Lane	3,600,000	Jul-25	3,600,000	Jan-26	-	6
Optrex Lane	1,500,000	Sep-25	1,600,000	Feb-26	100,000	5
Meads Block 3	2,000,000	Oct-25	2,000,000	Mar-27	-	17
Union Yard - 82 units	15,000,000	Sep-25	14,500,000	TBC	- 500,000	TBC
Farnborough International Loan repayment			0	n/a		n/a

6.2. The forecast Farnborough International Loan early repayment is now not moving forward in March 2026 and has been removed from this list.

7. Alternative Options

- 7.1. The Council has a legal obligation to produce a balanced budget and therefore there is not a 'Do Nothing' option. The Council must achieve its revenue and capital receipt targets, through implementation of the Financial Recovery Plan.
- 7.2. Progress on identifying and implementing measures is being financially monitored, the council does have the option to introduce targeted or broader temporary expenditure control to hold back expenditure and reduce the drawdown on reserves if the financial situation warrants. The Executive Head of Finance will consult at the earliest indication of this option being required.

8. Consultation

- 8.1. No specific consultations have been undertaken outside of the elected member of the council.

9. IMPLICATIONS

Risks and Uncertainties

- 9.1. The cost of borrowing remains a risk to the council at present for the MTFS period. The years planned borrowing has now been put in place for this financial year, with many transactions below the original 5% assumption. External borrowing was minimised throughout 2024/25, however, the value of borrowing the council holds remains high. Cashflow continued to be managed to minimise net interest costs.
- 9.2. Delays to disposals of capital receipts have had an impact on borrowing costs in year. Further delays will now have impact in 2026/27 and future years of the MTFS. Both interest costs and MRP savings reported in the MTFS will not be achievable in the 2026/27 financial year due to ongoing delays.
- 9.3. In addition, the financial performance of the energy centre at Union Yard is impacted by the disposals of residential units at the site and take up of the service by commercial tenants.
- 9.4. Property portfolio rental streams are a sizable contributor to the council's income, supporting the funding of debt costs. Properties remain at risk of vacancies which both prevent income achievement but can incur additional costs of rates, maintenance, and security.
- 9.5. As reported previously, the Crematorium project has created a partial exemption breach in 2025/26. The impact is forecast within reported numbers at £498k of additional VAT cost for capital and £97k of revenue. Officers are being supported by Tax Consultants to challenge this position, however the risk currently remains and a final position will not be known until the end of the financial year.

Legal Implications

- 9.6. Under the Council's Finance Procedure Rules, the Executive Head of Finance is responsible for the proper administration of the Council's financial affairs and advising on the corporate financial position. It is the responsibility of Executive Directors, Heads of Service, Corporate Managers and Service Managers to consult with the Executive Head of Finance and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

Comments approved by Interim Monitoring Officer & Corporate Manager, Legal Services

Financial and Resource Implications

- 9.7. Financial implications are set out within the report.

Equalities Impact Implications

- 9.8. No direct impact.

Other

- 9.9. There are no further implications of this report to consider.

10. CONCLUSIONS

- 10.1. The council set a 2025-26 balanced budget with a planned reserve drawdown of £3.4m and a savings target of £1.8m of net budget reduction in 2025-26. The latest forecast shows the savings target has been achieved.
- 10.2. If the in-year financial situation determines, cost controls can be implemented to slow down the rate of expenditure until the situation is resolved.
- 10.3. Overall, the financial position over the MTFS period continues to be challenging, progress is being made and officers will continue to monitor closely and report updates regularly to councillors.

BACKGROUND DOCUMENTS:

- Budget Management - Outturn 2024/25 – 8th July 2025
- General Fund Budget 2025/26 and Medium Term Financial Strategy 2025/26 to 2028/29 - Council – 27th February 2025

CONTACT DETAILS:

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APPENDIX 1

Scheme	2025/26 Budget	Additional Slippage	Additional Approved Schemes	Total Revised Budget	Expenditure to Date	Forecast Outturn	Variance	Carry Forward Request	Over / (Under) Spend
Union Yard / Meads commercial units lease contributions	850,000	175,000	-521,000	504,000	55,000	55,000	-449,000	449,000	
Union Yard construction				702,468	259,739	702,468	0		
Union Yard Right to light	400,000			400,000	4,332	200,000	-200,000	200,000	
Leisure and Civic Hub (Plot B)			1,795,000	1,795,000	852,168	1,690,682	-104,318	104,318	
Southwood Park (s106 / SANG)	0	285,000		285,000		285,000	0		
Crematorium	366,000	1,636,000	1,612,000	3,614,000	1,090,265	3,614,000	0		
Loungers (Meads)			521,000	521,000	3,310	521,000	0		
Hawley Lane	0			0	17,686	30,686	30,686		30,686
Ashbourne House	0	74,000		74,000		0	-74,000	74,000	
CQ Pinehurst Car Park Demolition / Infrastructure		605,000		605,000	0	0	-605,000	605,000	
CCTV	0			0	27,610	27,610	27,610		27,610
Food Waste	7,000			7,000	7,000	7,000	0		
Wheeled Bins	120,000			120,000	83,440	120,000	0		
Disabled Facilities Grants	1,111,000			1,111,000	372,758	1,111,000	0		
Aldershot Pools Solar panels	0	71,000		71,000		71,000	0		
Asset Management provision	800,000			800,000	13,365	500,000	-300,000	300,000	
ICT Services Capital Schemes	140,800	650,000		790,800	21,000	347,000	-443,800	423,800	-20,000
Meads block 4 contract costs UKSPF			95,400	95,400	86,252	95,400	0		
Ceremonial Asset Construction		13,000		13,000	10,368	10,368	-2,632		-2,632
Various S106 projects	0	115,000	364,900	479,900	86,866	366,682	-113,218	113,218	
Service review capitalised costs provision	1,000,000			1,000,000	0	500,000	-500,000	500,000	
TOTAL	4,794,800	3,624,000	3,867,300	12,988,568	2,991,159	10,254,896	-2,733,672	2,769,336	35,664

Scheme	2025/26 Budget	Additional Slippage	Additional Approved Schemes	Total Revised Budget	Expenditure to Date	Forecast Outturn	Variance	Carry Forward Request	Over / (Under) Spend
Funded by:									
Developer contribution to Wheeled bins	20,000			20,000	20,000	20,000	0		
S106/ SANG Grant (Southwood Park)	0	285,000		285,000	0	285,000	0		
S106 (Play Areas etc)	0	115,000	364,900	479,900	86,866	366,682	-113,218	113,218	
Disabled Facilities Grants	1,111,000			1,111,000	372,758	1,111,000	0		
LUF Grant			1,795,000	1,795,000	852,168	1,690,682	-104,318	104,318	
OPE Grant	0	605,000	0	605,000	0	0	-605,000	605,000	
Community Grant		13,000		13,000	86,252	10,368	-2,632		-2,632
Swimming Pool Fund		71,000		71,000	0	71,000	0		
UKSPF			95,400	95,400	10,368	95,400	0		
Capital Receipts	3,050,000	825,000	-521,000	3,354,000	93,697	1,602,000	-1,752,000	1,732,000	-20,000
Retention Funds				702,468	259,739	702,468	0		
Borrowing	613,800	1,710,000	2,133,000	4,456,800	1,209,311	4,300,296	-156,504	214,800	58,296
Total funding:	4,794,800	3,624,000	3,867,300	12,988,568	2,991,159	10,254,896	-2,733,672	2,769,336	35,664