

**CABINET**

**COUNCILLOR GAYNOR AUSTIN  
FINANCE PORTFOLIO HOLDER  
REPORT NO. FIN2611**

**17<sup>TH</sup> MARCH 2026**

**KEY DECISION? NO**

## **BUDGET MANAGEMENT – MONTH 10**

### **SUMMARY AND RECOMMENDATIONS:**

This report sets out the forecasted financial position for 2025/26 as at the end of January 2026.

CABINET is recommended to:

- i. Note the Revenue budget forecast as set out in Section 3 of the report;
- ii. Approve the write off's 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 January 2026 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 10 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)	(5,238)	(5,592)	(353)
Finances & Resources	3,873	4,544	4,015	(529)
Healthy Communities & Active Lives	3,730	3,915	4,002	87
Housing & Planning	2,613	2,576	2,487	(93)
Leader/Communications	25	30	21	(9)
Policy, Performance & Sustainability	578	1,303	1,171	(131)
Pride in Place & Neighbourhood Services	7,929	8,048	7,674	(374)
<b>Subtotal</b>	<b>13,879</b>	<b>15,178</b>	<b>13,776</b>	<b>(1,402)</b>
Less: Reversal of Accounting Entries	(2,957)	(2,944)	(2,944)	-
<b>Net Service Revenue Expenditure</b>	<b>10,922</b>	<b>12,234</b>	<b>10,831</b>	<b>(1,402)</b>
<u>Corporate Income &amp; Expenditure</u>				
Minimum Revenue Provision (MRP)	2,133	2,133	2,150	17
Interest Receivable	(1,402)	(1,401)	(2,491)	(1,089)
Interest Payable	6,490	6,489	7,181	692
Vacancy Savings	(400)	(500)	-	500
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	102	-	(102)
RCCO	-	35	35	-
Movement in Earmarked Reserves	587	(784)	(835)	(51)
Movement in General Reserves	(3,421)	(3,599)	(3,599)	-
<b>Net General Fund Revenue Budget</b>	<b>14,556</b>	<b>14,557</b>	<b>13,233</b>	<b>(1,323)</b>
<b>Funded by:</b>				
Council Tax	(8,039)	(8,039)	(8,039)	-
Business Rates	(5,071)	(5,071)	(4,567)	504
Collection Fund	(31)	(31)	(35)	(4)
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)	-
<b>Total Funding</b>	<b>(14,556)</b>	<b>(14,556)</b>	<b>(14,311)</b>	<b>245</b>
<b>Core (Surplus)/Deficit</b>	<b>-</b>	<b>-</b>	<b>(1,078)</b>	<b>(1,078)</b>

() represent a saving on budget or additional income

3.2. Service budgets project an overall £1.1m underspend on approved budgets in addition to the planned £1.8m savings which were removed from the approved

budget. The £1.1m 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
<b>EXPENDITURE</b>								
Staff Costs	(149)	(387)	76	(152)	(9)	(91)	(130)	(842)
Contracted Services	0	0	(63)	(1)	0	0	(42)	(106)
Utilities	(145)	0	(7)	0	0	0	(246)	(397)
Maintenance	(1)	0	83	0	0	0	(26)	56
Other Costs	(2)	(43)	135	(8)	6	(4)	(62)	23
IT costs	0	(60)	0	0	0	(0)	0	(60)
Grant Support	0	0	(2)	0	0	0	0	(1)
Transfer payments	0	0	5	0	0	0	0	5
<b>INCOME</b>								
Fees & Charges	10	(10)	(85)	96	(6)	(17)	150	138
Property Related Income	(62)	0	4	0	0	0	65	7
Grants & Contributions	(3)	(25)	1	(25)	0	(10)	(64)	(126)
Other Income	(1)	(5)	(60)	(3)	0	(11)	(19)	(98)
<b>GRAND TOTAL</b>	<b>(353)</b>	<b>(529)</b>	<b>87</b>	<b>(93)</b>	<b>(9)</b>	<b>(131)</b>	<b>(374)</b>	<b>(1,402)</b>
Vacancy savings								500
<b>TOTAL</b>								<b>(902)</b>

### 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 £842k, inclusive of temporary and interim staff, comfortably overachieving the £500k staff turnover/vacant posts savings target.
- 3.5. The contracted services £106,000 underspend includes £55,000 credit forecast due to performance at the Aldershot Pools and Lido following a positive season and circa £30k savings on ground maintenance and street cleaning variations.
- 3.6. Utilities are forecast an underspend of £397,000. £225,000 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. Some of these savings will be one-off, however the new site will deliver energy efficiency savings following the refurbishment. In addition, the utility savings include £179,000 of energy savings at Union Yard energy centre which is set off by reduced income within the property related income line.

- 3.7. Fees and charges are forecast to be £138,000 short of the budget. This is made up of a number of demand-led areas including;
- Crematorium – £167,000 – partially due to delay in opening site and reduced demand whilst main site under refurbishment
  - Planning Application Income - £113,000
  - Car Parks Fines - £19,000
- 3.8. 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 a £1.1m overachievement 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 materialising as planned within the cashflows, such as the Union Yard £14m due in August 2025.
- 3.9. Retained business rates enables the council to retain growth above the government determined baseline funding level set for the council and this was reflected in the financial forecast. The government has rebased the business rates formula and revalued all rateable values. This has enabled previous appeals provisions to be reviewed and reduced by £2.5m of which the council will retain 40% before calculation of levies within the retention mechanism. Total growth in 2025-26 is forecast to be £2.9m, including the £2.5m reduction in provision. Legislation requires this growth to be accounted for in the following financial year and is already accounted for in the 2026-27 budget. However, the council must pay the additional levies due on this growth in the current year resulting in a reduction of retained business rates this year of £0.5m as shown in the forecast.
- 3.10. 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. Write Offs

- 4.1. As per financial procedure rule (E60) write offs are sought for the following:

Type of Debt	Value	Details	Approval required
Business Rates	£14,171.80	Bailiff has investigated, 'debtor absconded'	Cabinet

## 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 £12.5m.
- 5.3. The current anticipated outturn forecast for 2025/26 amounts to a spend of £7.8million – resulting in £3.0m proposed to be reprofiled to 2026-27. Approval for these capital project budget rescheduling will form part of the outturn position once final project positions are known.
- 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.

## 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	Apr-26	-	9
Optrex Lane	1,500,000	Sep-25	1,600,000	Mar-26	100,000	6
Meads Block 3	2,000,000	Oct-25	2,000,000	Apr-27	-	18
Union Yard - 82 units	15,000,000	Sep-25	14,500,000	May-26	-500,000	8
Farnborough International Loan repayment			2,150,000	Feb-26		-4

- 6.2. The forecast Farnborough Internation Loan repayment is a proportion of the outstanding balance that was due in June 2026 but was repaid early in February 2026.

## **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 continues 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 and may impact future years within the MTFS depending on how much timeframes slip.
- 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. There are currently two properties within the council's portfolio with leases to businesses considered to be at risk of administration. Therefore, there are risks to future income at these sites and a potential that outstanding debts will be uncollectable.

- 9.6. 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.
- 9.7. Following the refurbishment at the crematorium, the facilities are now considered as fully mercury abated. Charges for mercury abatement have now ceased to be charged, however clarity is being sought regarding the transition period regarding the charges made to date. A small refund may be payable to customers once dates for the charges are confirmed.

### **Legal Implications**

- 9.8. 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**

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

### **Equalities Impact Implications**

- 9.10. No direct impact.

### **Other**

- 9.11. 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– 8<sup>th</sup> 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	Forecast Outturn	Variance	Carry Forward Request	Over / (Under) Spend	Transfer to Earmarked Reserve
Union Yard / Meads commercial units lease contributions	850,000	175,000	(521,000)	<b>504,000</b>	55,000	<b>(449,000)</b>	449,000		
Union Yard Right to light	400,000			<b>400,000</b>	9,875	<b>(390,125)</b>		(390,125)	
Farnborough Leisure Centre			2,010,000	<b>2,010,000</b>	1,630,040	<b>(379,960)</b>	379,960		
Southwood Park (s106 / SANG)	-	285,000		<b>285,000</b>	12,944	<b>(272,056)</b>	272,056		
Crematorium	366,000	1,636,000	1,612,000	<b>3,614,000</b>	3,614,000	-			
Loungers (Meads)			521,000	<b>521,000</b>	30,000	<b>(491,000)</b>	491,000		
Hawley Lane disposal	-		5,593	<b>5,593</b>	5,593	-			
Ashbourne House	-	74,000		<b>74,000</b>	(18,463)	<b>(92,463)</b>	74,000	(18,463)	
Frimley 3.2 disposal			17,371	<b>17,371</b>	17,371	-			
Aldershot Ski Centre			99,000	<b>99,000</b>	5,000	<b>(94,000)</b>	94,000		
Beaumont House			20,000	<b>20,000</b>	20,000	-			
Civic Quarter Infrastructure		605,000		<b>605,000</b>	-	<b>(605,000)</b>			(605,000)
CCTV	-			-	27,610	<b>27,610</b>		27,610	
Food Waste	7,000			<b>7,000</b>	7,000	-			
Wheeled Bins	120,000			<b>120,000</b>	120,000	-			

Disabled Facilities Grants	1,111,000			<b>1,111,000</b>	1,111,000	-			
Aldershot Pools Solar panels	-	71,000		<b>71,000</b>	71,000	-			
Asset Management provision	800,000		(119,000)	<b>681,000</b>	381,000	<b>(300,000)</b>	300,000		
ICT Services Capital Schemes	140,800	650,000		<b>790,800</b>	166,000	<b>(624,800)</b>	575,550	(49,250)	
Meads block 4 contract costs (UKSPF)			95,400	<b>95,400</b>	95,400	-			
Ceremonial Asset Construction		13,000		<b>13,000</b>	10,368	<b>(2,632)</b>		(2,632)	
Various S106 projects	-	115,000	364,900	<b>479,900</b>	142,132	<b>(337,768)</b>	345,615	7,847	
Service review capitalised costs provision	1,000,000			<b>1,000,000</b>	240,000	<b>(760,000)</b>		(760,000)	
<b>TOTAL</b>	<b>4,794,800</b>	<b>3,624,000</b>	<b>4,105,264</b>	<b>12,524,064</b>	<b>7,752,870</b>	<b>(4,771,194)</b>	<b>2,981,181</b>	<b>(1,185,013)</b>	<b>(605,000)</b>

Scheme	2025/26 Budget	Additional Slippage	Additional Approved Schemes	Total Revised Budget	Forecast Outturn	Variance	Carry Forward Request	Over / (Under) Spend	Transfer to Earmarked Reserve
<b>Funded by:</b>									
Developer contribution to Wheeled bins	20,000			<b>20,000</b>	20,000	-			
S106/ SANG Grant (Southwood Park)		285,000		<b>285,000</b>	285,000	-			
S106 (Play Areas etc)		115,000	364,900	<b>479,900</b>	142,132	<b>(337,768)</b>	345,615	7,847	
Disabled Facilities Grants	1,111,000			<b>1,111,000</b>	1,111,000	-			
LUF Grant			2,010,000	<b>2,010,000</b>	1,630,040	<b>(379,960)</b>	379,960		
OPE Grant		605,000		<b>605,000</b>	-	<b>(605,000)</b>			(605,000)
Community Grant		13,000		<b>13,000</b>	10,368	<b>(2,632)</b>		(2,632)	
Swimming Pool Fund		71,000		<b>71,000</b>	71,000	-			
UKSPF			95,400	<b>95,400</b>	95,400	-			
Capital Receipts	3,050,000	825,000	22,964	<b>3,897,964</b>	763,839	<b>(3,134,125)</b>	1,984,000	(1,150,125)	
CAMEO Levy			553,000	<b>553,000</b>	553,000	-			
Borrowing	613,800	1,710,000	1,059,000	<b>3,382,800</b>	3,071,091	<b>(311,709)</b>	271,606	(40,103)	
<b>Total funding:</b>	<b>4,794,800</b>	<b>3,624,000</b>	<b>4,105,264</b>	<b>12,524,064</b>	<b>7,752,870</b>	<b>(4,771,194)</b>	<b>2,981,181</b>	<b>(1,185,013)</b>	<b>(605,000)</b>