

CABINET

**COUNCILLOR GARETH WILLIAMS
LEADER OF THE COUNCIL**

20TH OCTOBER 2026

REPORT NO. FIN2617

KEY DECISION? NO

BUDGET MANAGEMENT – MONTH 4

SUMMARY AND RECOMMENDATIONS:

This report sets out the forecasted financial position for 2026/27 as at the end of July 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 2026/27 based upon service manager information as at the end of July 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 2026 the Council identified a significant challenge to its future financial sustainability (as set out at the February 2026 Budget Council).
- 2.2. The forecast outturn for 2026/27 projects the council is operating within its approved budget with an overall revenue underspend of £1.2million projected.

3. CURRENT YEAR FINANCIAL PERFORMANCE

Revenue Account

- 3.1. The Original Budget for 2026/27 was approved by Council at their meeting in February 2026. The latest Approved Budget also includes 2025/26 budget carry forwards of £65k as noted in the 2025/26 Outturn report to Cabinet on 4 August, a number of supplementary budget approvals and movements to and from Earmarked reserves. The full month 4 forecast outturn and variance on approved budget is presented in Appendix 1.

- 3.2. The forecast to year end projects an overall £1.2m budget underspend, of which £426k is from services and has been analysed in [Appendix 2](#) to demonstrate the nature of the income and expenditure variances across the service portfolios. Net interest cost on borrowing is forecast to be £758k under budget.

Key Service Variations

- 3.3 The Key Service Variations are as follows:

Variation	£'000	Notes
Business Rates	(508)	Rates on one floor of Ashbourne House delisted by the Valuation office and the Meads Multi Story closed floors and Queens Mead have been appealed. In addition, transitional reliefs have been applied which were not budgeted.
Disabled Facility Grants	(207)	A one-off correction in recovery of staffing costs from prior years.
Staffing	(135)	Mainly due to time lag in recruitment to fill vacant roles, circa £28k due to pay increase agreement at level lower than budgeted assumption. Below the line is a £400k vacancy margin to offset this saving.
Recovery of HB overpayments	(86)	In year recognition of recovery of HB overpayments usually only accounted for at year end.
HB Subsidy Grants	(63)	Additional Subsidy grant received
Valuation Costs	65	Valuation of all assets required as part of accounts closure process due to change in accounting guidance from CIPFA.
Wayleaves	80	Removal of ongoing income budget which is not achievable.
Property Related Income – commercial sites	100	In year adjustments to commercial property leases.
Bereavement Services Income	164	Overestimated Cremation income within, possibly due to increase in direct cremations away from traditional crematorium services.
Homelessness	319	Change in homelessness grant conditions now excludes temporary accommodation. Next year there is a increased cost of circa £700k in the MTFs reported to 4 th August Cabinet.

() represent a saving on budget or additional income

- 3.4 Outside of service variations, a large saving of £758k on interest is projected partially due to disposals, and interest returns on pooled funds. In addition, MRP savings of £427k is projected in year. These disposals are as follows:
- Early repayment of £2.1m loan by Farnborough International
 - Disposal of 168 High Street for £2m
 - Disposal of Optrex Lane for £1.5m
- 3.5 In addition, borrowing required for capital projects in 2025/26 reduced MRP impact in 2026/27.
- 3.6 Changes identified in month 4 from the MTFs position reported on 4 August 2026 to Cabinet is provided in [Appendix 3](#).
- 3.7 Supplementary Estimates within revenue have been approved since the budget was set by Council in February, the estimates for these as at month 4 are as follows:
- Armed Forces Day – £195k
 - Civic Quarter Master Planning - £98k
- 3.8 The updated earmarked reserves position is provided at [Appendix 4](#).

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 – Aldershot commercial site	£10,053.80	Debtor absconded, enforcement agents investigated, unable to trace	Cabinet
Business Rates – Farnborough commercial site	£23,398.86	Debtor absconded, enforcement agents investigated, unable to trace	Cabinet

5. Capital

- 5.1. The original Capital Programme estimate for 2026/27 was approved by Council at their meeting in February 2026 totalling £3.1million.
- 5.2. Cabinet also considered slippage requests in August 2026 of £2.8million. The additional project approval for the Leisure Centre site of £10.5m within the current financial year (£27m total project) results in a total revised budget of £16.5m.
- 5.3. The current anticipated outturn forecast for 2026/27 amounts to a spend of £16million – resulting in £531k proposed to be reprofiled to 2027/28. Approval to reschedule these capital project budgets 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 5](#).
- 5.5. Several of the projects detailed are subject to external requirements or further delegations:
- Commercial Unit fit out contributions depend on lease negotiations and requirements of potential tenants.
 - The Asset Management provision is subject to separate approvals as they arise.

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.

	Original Planned Disposal Value	Original Planned Disposal Month	2026/27 Budget Planned Disposal Value	2026/27 Budget Planned Disposal Month	Latest Forecast Value	Latest Forecast Disposal Month	Total Change in Value	Total Delay in months	2026/27 Change in Value from budget	2026/27 Delay in months
	£'000		£'000		£'000		£'000		£'000	
Devereux House	1,500	May-25	1,500	May-26	1,500	Nov-26	-	18	-	6
Hawley Lane	3,600	Jul-25	3,600	Apr-26	3,600	Nov-26	-	16	-	7
Meads Block 3	2,000	Oct-25	2,000	Mar-27	2,000	TBC	-	TBC	-	TB
Union Yard - 82 units	15,000	Sep-25	14,400	May-26	13,676	July-26	(1,324)	10	(724)	2

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. A proportion of these years planned borrowing has now been put in place for this financial year, with many transactions at or below the original 4.5% assumption however the national economic picture is likely to put pressure on achieving borrowing rates within the MTFS assumptions looking forward. This was reflected in the Mid-Year MTFS review to August Cabinet.
- 9.2. Delays to disposals of capital receipts have had an impact on borrowing costs in the financial year which have been mitigated. Further delays may impact future years within the MTFS depending on how much timeframes slip.
- 9.3. 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.
- 9.4. 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.

Legal Implications

- 9.5. 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 Executive Head of Governance & Law and Monitoring Officer

Financial and Resource Implications

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

Equalities Impact Implications

- 9.7. No direct impact.

Other

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

10. CONCLUSIONS

- 10.1. The council set a balanced budget for 2026/27. The latest forecast shows savings of £1.2m are anticipated for the 2026/27 outturn position.
- 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 2025/26– 4 August 2026
- General Fund Budget 2026/27 and Medium Term Financial Strategy 2026/27 to 2029/30 - Council – 26 February 2026

CONTACT DETAILS:

Report Author – Rosie Plaistowe-Melham rosie.plaistowe@rushmoor.gov.uk

Head of Service – Peter Vickers peter.vickers@rushmoor.gov.uk

Appendix 1 – Revenue Summary

	2026-27 Original Budget £'000	2026-27 Approved Budget £'000	2026-27 Forecasted Outturn £'000	2026-27 Forecast Variance £'000
Economy, Skills & Regeneration	(5,587)	(5,451)	(5,511)	(60)
Finances & Resources	3,304	3,564	3,248	(316)
Healthy Communities & Active Lives	3,452	4,200	4,187	(14)
Housing & Planning	2,852	3,002	3,080	77
Leader/Communications	(17)	118	0	(118)
Policy, Performance & Sustainability	823	923	949	25
Pride in Place & Neighbourhood Services	7,342	7,621	7,598	(22)
Subtotal	12,169	13,977	13,551	(426)
Less: Reversal of Accounting Entries	(1,199)	(1,009)	(1,009)	-
Net Service Revenue Expenditure	10,970	12,968	12,542	(426)
<u>Corporate Income & Expenditure</u>				
Minimum Revenue Provision (MRP)	2,233	2,233	1,806	(427)
Interest Receivable	(2,011)	(2,011)	(2,041)	(30)
Interest Payable	6,105	6,105	5,377	(728)
Vacancy Savings	(400)	(404)	-	404
Union Yard Holding Hosts Provision	132	-	-	-
LGR Provision	300	300	300	-
Contract Inflation	406	75	75	-
RCCO	-	2	2	-
Movement in Earmarked Reserves	1,269	(289)	(289)	-
Movement in General Reserves	-	26	26	-
Net General Fund Revenue Budget	19,004	19,004	17,798	(1,206)
Funded by:				
Council Tax	(8,325)	(8,325)	(8,325)	-
Business Rates	(5,711)	(5,711)	(5,711)	-
Collection Fund	(35)	(35)	(35)	-
Extended Producer Responsibility	(1,094)	(1,094)	(1,094)	-
Funding Guarantee	(118)	(118)	(118)	-
Revenue Support Grant	(3,721)	(3,721)	(3,721)	-
Total Funding	(19,004)	(19,004)	(19,004)	-
Core (Surplus)/Deficit	-	-	(1,206)	(1,206)

(-) represent a saving on budget or additional income

APPENDIX 2

Appendix 2 – Revenue Service Variance by Nature

	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	84	(21)	1	(9)	(116)	33	(109)	(135)
Contracted Services			8				(33)	(25)
Utilities			(3)				(1)	(4)
NNDR	(389)		(15)				(103)	(508)
Property Costs	(2)							(2)
Other Costs	(4)	(5)	1	242		(3)	40	271
IT costs		(10)				(1)	(1)	(13)
Financial Fees	66	(37)					9	37
Transfer payments		(69)		77				8
INCOME								
Fees & Charges	5		(13)	(29)		(2)	236	196
Property Related Income	100						(24)	76
Government Grant		(63)						(63)
Grants & Contributions				3			(13)	(9)
Other Income	80	(111)	9	(207)	(2)		(24)	(131)
GRAND TOTAL	(60)	(316)	(13)	77	(118)	26	(23)	(426)
Vacancy savings								404
TOTAL								(22)

() represent a saving on budget or additional income

APPENDIX 3

Appendix 3 – Revenue change from August Cabinet to month 4

Description:	2026/27 MTFS - Cabinet 4 August	Month 4 Variance	Notes
Interest, MRP& Inflation	(357,000)	(1,184,749)	MRP and interest savings achieved from property disposals achieved in 2025/26 when anticipated in 2026/27 and interest savings from treasury management and cash management
Pull from DFG Capital Grant for Salaries		(207,000)	Application of DFG grant for staff expenditure in prior years
Brokers' Fees		(37,175)	Borrowing from PWLB and Basingstoke & Deane BC has delivered savings.
Asset Valuation 26/27	0	65,600	Additional Valuation costs to achieve audit assurance in accounts
168 High Street Guildford	35,000	43,964	Property disposed of sooner than anticipated
NNDR	125,000	(51,511)	Transitional relief on NNDR not anticipated in budget setting
NNDR - VO revaluations		(435,744)	3 year refund on Ashbourne House, reduction of Queensmead car park, and closure of top floor of the meads multistorey car park
Homelessness Temporary Accommodation	233,000	242,328	Grant conditions changed after budget setting process
Under-utilised Homelessness Grant	(93,000)	77,325	
Serco contract reprourement	36,000		Costs anticipated to hit 2027/28
Car Park equipment saving		(25,844)	reduction in inventory so maintenance costs reduced.
Pay increase at 3.2% vs 3.5%	(28,000)	(28,000)	No change
Armed Forces Day	195,000		Approval achieved for additional budget
Farnborough Civic Quarter master planning	98,000		Approval achieved for additional budget
LSH Contract Increase	37,000	0	Inflation budget utilised
Saving on Bad Debt Contribution		(68,811)	Anticipated improvement in position of HB debt
Overpayment Recovered on Rent Allowances & Council Tax costs recovered		(110,469)	Realignment of budgets
S106 Income for Briar House		(20,000)	Additional S106 income for General Fund
Loss of carpark income and fines for Queensmead	81,000	91,215	Impact from closure

Volume of cremations is predicted to be lower		164,359	Reduced demand for cremations and more direct cremations
Additional licenses from Farnborough Int'l Airport		(19,946)	Additional applications
Revenues new burdens grant - one off		(62,895)	One off grant income
Wellington Centre profit share lower than anticipated		86,097	Wellington centre lease is linked to profit achieved
Additional income from High St Aldershot		(34,298)	Rent review and back rent due
ICT Telephony Saving		(10,131)	saving anticipated
Parks & Recs Rents Reviews		(17,465)	Rent reviews achieved to deliver additional income
Serco waste book sale retention		(20,009)	Commercial waste service sale additional income due to retained customers
Wheeled bins		(11,302)	Additional income
Underachieved historical covenant release and wayleave income	80,000	80,000	Property income that does not have pipeline of likely income to support
Other Variances below £10k		(8,963)	
Non staffing forecast variances	442,000	(1,503,424)	
Establishment savings to date		(107,407)	
Vacancy target full year		404,375	
Vacancy target still to be achieved:		296,968	
Reported Variances		(1,206,456)	

() represent a saving on budget or additional income

Appendix 4 – Earmarked Reserves

Reserve description	26/27					
	Opening Balance	Opening Budgeted Use	Additional Budgeted Use	Opening Budgeted Trf In	Additional Budgeted Trd in	Projected closing balance 26/27
Rowhill SANG	(2,534,337)	20,500		(93,382)		(2,607,219)
Farnborough Aerodrome s106	(123,481)					(123,481)
Carry Forwards (20)	(64,795)		64,795			-
Flexible Housing Grant (36)	(409,078)		216,000			(193,078)
Domestic abuse (54)	(71,112)					(71,112)
Biodiversity Grant (DEFRA funding) 65	(26,752)		11,910			(14,842)
Esso Environment Improvement Programme (66)	(79,973)					(79,973)
Afghan relocation scheme (68)	(20,287)		7,500			(12,787)
Homes for Ukraine support (A) 69	(349,569)	99,783	156,673		(99,783)	(192,896)
homes for Ukraine Expenses (B) 70	(3,896)		2,000			(1,896)
Esso Pipeline Income (72)	(50,113)					(50,113)
DLHUC Levelling Up Local Digital Fund (74)	(34,500)		6,208			(28,292)
LAHF Balance (76)	(79,732)		28,260			(51,472)
Asylum Dispersal (77)	(304,422)		125,664			(178,758)
Supported & Temporary Accommodation work (78)	(7,069)					(7,069)
Get Cyber Assessment Ready (80)	(15,000)					(15,000)
Youth Club Farnborough - PCC (81)	(12,000)					(12,000)
Local Growth Capacity Support Payment (82)	(20,096)		20,096			-
Community Recovery Fund (83)	(167,209)		146,816			(20,393)
Urban Tree Challenge (84)	(3,687)					(3,687)
New Burdens Elections (85)	(6,118)	4,424				(1,694)
QEP Playground - ESSO (86)	(15,000)					(15,000)

Local Plan Funding (87)	(108,475)		108,474			-
Domestic Abuse Related Death Review (88)	(8,000)		8,000			-
Supported Housing Strategies Fund (89)	(48,960)		30,000			(18,960)
Planning Skills Delivery Fund (90)	(3,971)		3,970			-
IDOX Cloud (91)	(48,525)					(48,525)
Renters Rights New Burdens (92)	(31,987)					(31,987)
Whole Housing Approach Domestic Abuse (93)	(14,918)					(14,918)
Guillemont Fields s106 maintenance	(12,580)					(12,580)
Southwood 2 (Woodlands in Perpetuity)	(3,376,902)	16,278		(125,603)		(3,486,227)
Guillemont Tree Maintenance s106	(51,680)	2,654		(1,918)		(50,944)
Civil Parking Enforcement Surplus	(202,618)					(202,618)
Tennis Court Sink Fund	(168,000)					(168,000)
Sports Pitch Land Commuted Sum	(1,164,373)	48,302		(41,755)		(1,157,826)
Insurance Reserve	(252,797)					(252,797)
Stability and Resilience Reserve	(5,180,696)		665,667	(1,068,237)		(5,583,266)
Amenity Areas s106	(298,524)	15,486		(11,195)		(294,233)
Regeneration Reserve	(257,310)					(257,310)
Climate Emergency Reserve	(15,650)	12,503	15,650		(12,503)	-
Deprivation Reserve	(85,865)		15,000			(70,865)
Bus Rates Equalisation Reserve	(3,891,849)					(3,891,849)
Southwood Country Park SANG Earmarked Reserve	(493,127)	69,988		(18,242)		(441,381)
Extended Producer Responsibility	-			(199,000)		(199,000)
	(20,115,032)	289,918	1,632,683	(1,559,332)	(112,286)	(19,864,051)

(-) represents a remaining balance or an addition to balances

APPENDIX 5

Appendix 5 – Capital Programme

Project Title	Opening Budget	Carry Forwards	Additional Approved Schemes	Total Revised Budget	Forecast Outturn	Forecast Variance
CCTV	12,100		-	12,100	13,941	1,841
Food Waste Bins	7,000		-	7,000	7,000	-
Wheeled Bins	120,000		-	120,000	120,000	-
Disabled Facilities Grants	1,493,000		-	1,493,000	1,493,000	-
Aldershot pools & gym buildings refurbishment	70,000		-	70,000	70,000	-
Asset Management Capital expenditure provision	800,000	535,093	-	1,335,093	1,000,000	(335,093)
Disposals			23,710	23,710	23,710	-
IT Equipment Replacement	77,000		-	77,000	77,000	-
IT Infrastructure Investment - Domain Controllers migration	20,000		-	20,000	20,000	-
IT Infrastructure Investment - Firewalls upgrade	100,000		-	100,000	100,000	-
North Town Portacabin	35,000		-	35,000	35,000	-
Playground refurbishments	200,000		-	200,000	200,000	-
Princes Hall	160,000		-	160,000	160,000	-
Southwood Country Club Store Building	25,000		-	25,000	25,000	-
Commercial Unit Lease contributions		251,410	-	251,410	251,410	-

Farnborough Leisure Centre		324,096	10,543,256	10,867,352	10,867,352	-
Union Yard			23,039	23,039	23,039	-
Southwood Park		238,444	-	238,444	40,000	(198,444)
Crematorium		50,000	-	50,000	50,000	-
Loungers		691,143	-	691,143	691,143	-
Aldershot Pools Solar panels		28,933	-	28,933	28,933	-
Aldershot Ski Centre		96,040	-	96,040	96,040	-
VM Ware		157,000	-	157,000	157,000	-
Network/Wi-Fi refresh		150,000	-	150,000	150,000	-
Playground Renewal - S106		38,055	-	38,055	38,055	-
Manor Park - S106		46,380	-	46,380	46,380	-
Queen Elizabeth Park - S106		50,000	-	50,000	50,000	-
King George V - S106		79,500	-	79,500	79,500	-
Rectory Road - S106		48,548	-	48,548	48,548	-
Queens Road - S106		48,875	-	48,875	48,875	-
	3,119,100	2,833,517	10,590,005	16,542,622	16,010,926	(531,696)

() represent a saving or a carry forward

Funding Source	Opening Budget	Carry Forwards	Additional Approved Schemes	Total Revised Budget
Developer contributions	20,000	311,358		331,358
DFG Grant	1,493,000			1,493,000
Swimming Pool Fund		28,933		28,933
Levelling Up Fund		324,096	10,543,256	10,867,352
Capital Receipts	1,606,100	1,573,686	46,749	3,226,535
SANG		238,444		238,444
Borrowing		357,000		357,000
	3,119,100	2,833,517	10,590,005	16,542,622