

CAPITAL BUDGET MONITORING QUARTER 1

Head of Service:	Cagdas Canbolat Director of Corporate Services and Section S151 Officer (Chief Finance Officer)
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Wards affected:	(All Wards);
Appendices (attached):	Appendix 1: Update on Capital Projects

Summary

This report presents the capital monitoring position at quarter 1 for the current financial year 2026/27.

Recommendation (s)

The Committee is asked to:

- (1) Receive the capital monitoring position at quarter 1, as set out in the report:
- (2) Note the progress of capital projects as set out in Appendix 1.

1 Reason for Recommendation

- 1.1 To present the capital budget monitoring position to members for quarter 1 and to provide an update on the progress of individual capital projects.

2 Background

- 2.1 This report summarises the capital monitoring information at the end of the first quarter of 2026/27. It details actual capital expenditure and receipts against capital budgets and financing. The report also provides the forecast outturn position and variances as at 30 June 2026.

3 Core Capital Programme

- 3.1 The expenditure budget per Committee for the core capital programme is shown below:

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Committee	2026/27 Original Budget £'000	Carry forwards from 2025/26 £'000	Additions during 2026/27 £'000	2026/27 Current Approved Schemes £'000
Strategy & Resources	0	424	0	424
Environment	341	390	0	731
Community & Wellbeing	3,074	1,806	0	4,880
Licensing & Planning Policy	0	0	0	0
Total	3,415	2,620	0	6,035

3.2 The 2026/27 core capital programme budgets were agreed by full Council in February 2026. The budgets carried forward from 2025/26 were approved at Strategy & Resources Committee on 14 July 2026.

3.3 Actual expenditure on the core capital programme to the end of June 2026 and a full year forecast is summarised below:

Committee	2026/27 Current Approved £'000	YTD Expenditure £'000	Forecast Outturn £'000	Forecast Variance £'000
Strategy & Resources	424	89	424	0
Environment	731	55	370	(361)
Community & Wellbeing	4,880	544	2,753	(2,127)
Licensing & Planning Policy	0	0	0	0
Total	6,035	688	3,547	(2,488)

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3.4 On the core capital programme, the forecast outturn for the full year is £3.547m. The variance of £2.488 million has arisen due to schemes rolling into the next financial year, or as a result of the works coming in under budget.

3.5 The following schemes will roll forward into the next financial year:

3.5.1 Bourne Hall Replacement Heating & Ventilation £940,000; Epsom Playhouse Boiler and air conditioning £480,000; Bourne Hall Lodge refurbishment £320,000; Uppermill Pond Bank £264,000; Disabled Facilities Grants £173,000; and Wellbeing Centre solar panel installation and replacement windows £120,000.

3.6 The following schemes have completed under budget:

3.6.1 Ashley Centre car park waterproof membrane £75,000; Bourne Hall replacing of roof covering and insulation £50,000; and Local Authority Housing Fund 3 funded Temporary Accommodation properties £43,000.

3.7 An update on the progress of individual schemes is set out in Appendix 1.

4 Financing of Capital Expenditure 2026/27

4.1 The provisional financing of the 2026/27 core capital programme is summarised below:

Financing of Core Capital Programme	2026/27 Current Approved Budget £'000
Capital Receipts Reserves	3,375
Capital Grants-DFG	1,173
Section 106	777
External Grant	709
Total	6,035

5 Property Acquisition Fund

Commercial Property

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The approval to borrow up to £49.6 million for the acquisition of commercial property has been withdrawn given Local Government Reorganisation, and no further purchases will take place. This was presented within the Capital Strategy Statement agreed at Full Council on 10 February 2026.

6 S106 Developer Contributions

6.1 The balance of S106 funds held by the authority are set out in the following table:

	£'000	£'000
Section 106 funds held as at 1 April 2026		1,547
Section 106 net receipts to 30 June 2026		0
Balance of S106 Funds held as 30 June 2026		1,547
Less:		
Funds held due to SCC and other organisations	(130)	
Funds committed and approved for specific schemes	(1,381)	
		(1,511)
Unallocated S106 funds as at 30 June 2026		36

6.2 The balance of unallocated S106 balances are all within Affordable Housing; this funding is used to facilitate provision within the borough where the development is not financially viable without additional funding. Planning officers work with providers to identify schemes where the affordable housing would not be deliverable without the additional support.

6.3 The £1.381m funds allocated for specific schemes include:

6.3.1 £591k of Affordable Housing S106 funds to part match government grant of £1.5m under the Local Authority Housing Fund 3, as agreed at Strategy & Resources Committee on 12 November 2024.

6.3.2 £411k of Affordable Housing S106 funds which has been earmarked for microhomes for temporary accommodation use at Fairview Road, as agreed at Strategy & Resources Committee on 12 November 2024.

6.3.3 £340k of Affordable House S106 funds has been earmarked for the refurbishment of Bourne Hall Lodge for temporary accommodation use, as agreed at Strategy & Resources Committee on 23 January 2023.

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6.3.4 The remaining balance comprises of small schemes such as park bench and signage replacement and maintenance of play equipment.

7 Community Infrastructure Levy

7.1 The Council raised demand notices totalling £77,784 for Community Infrastructure Levy (CIL) for the period 1 April 2026 to 30 June 2026. 5% is used for administering the scheme and 15% is ring fenced for a local CIL Neighbourhood Scheme. CIL balances are set out in the following table:

	Main Fund (80%) £'000	Community Fund (15%) £'000	Admin Fee (5%) £'000	Total £'000
CIL funds held at 1 April 2026	8,286	1,554	518	10,357
CIL Invoices raised to 30 June 2026	62	12	4	78
Invoices outstanding at 30 June 2026	(225)	(42)	(14)	(281)
Receipt held as charge against property	(1)	0	0	(1)
CIL Payments made to 30 June 2026	0	(29)	0	(29)
CIL Funds held at 30 June 2026	8,122	1,494	508	10,124
<i>Less commitments:</i>				
<u>Strategic CIL Fund 2024/25</u>				
Ewell Village Public Realm Enhancements	(1,250)	0	0	(1,250)
Priest Hill Football Development – Full size 3G football pitch	(405)	0	0	(405)
New Clubhouse at Old schools Lane, Ewell	(100)	0	0	(100)
<u>CIL Neighbourhood Fund 2024/25</u>	0	(169)	0	(169)
<u>Strategic CIL Fund in 2025/26</u>				
Ash Dieback Essential Safety works and Treescape Restoration	(200)	0	0	(200)
ANPR Surrey Police	(36)	0	0	(36)
B284 Ruxley Lane, West Ewell, Epsom – Road Safety Scheme	(75)	0	0	(75)
Parks recreation and play for young people and families	(1,060)	0	0	(1,060)
<u>CIL Neighbourhood Fund 2025/26</u>	0	(208)	0	(208)
Monitoring CIL scheme in 2026/27	0	0	(103)	(103)

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Unallocated CIL funds at 30 June 2026	4,996	1,118	405	6,519
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- 7.2 Large sums are collected in instalments so not all the cash has been received at this date. Of the £281k of invoices/demand notices raised not yet collected, £49k relates to 2026/27, £25k to 2025/26, £192k relates to 2024/25, £15k relates to financial years prior to 2024/25.
- 7.3 At the S&R committee meeting on 12 November 2024, 2024/25 strategic CIL funding allocations of £1.755m were approved and have been added as commitments in the table above.
- 7.4 At the S&R committee meeting on 25 September 2025, 2025/26 strategic CIL funding allocations of £1.371m were approved and have been added to the above table.

8 CIL Neighbourhood Scheme (15%)

- 8.1 At the S&R committee meeting on 12 November 2024, 2024/25 neighbourhood CIL funding allocations of £332k were approved. £163k was spent in 2025/26 on 3 playground schemes being Bourne Hall Woodland play area £68k, Gatley Green playground £50k and Gibraltar playground £45k. The remaining balance of £169k is shown a commitment in the table above for Glyn Hall £85k; Hogsmill Local nature reserve £79k; Waterloo Road Street Tree planting £5k.
- 8.2 At the S&R committee meeting on 25 September 2025, 2025/26 neighbourhood CIL funding allocations of £237k were approved. In the first quarter of 2026/27, £29k has been spent, £20k on 3rd Epsom Scouts community building and £9k on Wheels for Epsom. The remaining balance of £208k is shown above and consists of 3rd Epsom Scouts £30k; Cattle arch/under rail tunnel £32k; Wheels for Epsom £1k; Horton Country Park path £85k; The Library of Things £4.8k and Linden Bridge School road safety £55k.

9 Capital Receipts

- 9.1 The expected balance of capital receipt reserves is shown below:

Capital Reserves	Capital Receipts Reserve £'000
Balance brought forward at 1 April 2026	3,247
Funding of 2026/27 capital programme	(3,375)
Capital receipts received to 30 June 2026	3,057
Forecast balance at 30 June 2026	2,928

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- 9.2 During the first quarter of 2026/27, the Council has received a net receipt of £3.057m for the sale of East street. This consists of £3.1m sales proceeds less selling costs. This receipt will bolster the Council's capital receipts reserve which is required to fund capital investment. This reserve has diminished over the past 10 years, and this addition will delay the need to borrow to maintain Council assets.

10 Treasury Management Performance

- 10.1 The Council's budget for 2026/27 includes income of £875,000 to be generated on cash balances. The budget was based on an assumed average return from investments of 3.5% for the year.
- 10.2 The performance for the first quarter of 2026/27 on the council's investments is as follows:

01 April to 30 June 2026	Average Investment £'000	Interest Receivable £'000	Average Rate of Return %
Internally Managed Funds			
Money Market Funds	13,453	126	3.76%
Fixed Rate Deposits	10,000	76	4.35%
Interest Bearing Account	0	0	0%
Total	23,453	202	4.05%

- 10.3 During the first quarter of 2026/27, £201,995 of interest income was earned, against a profiled budget target of £218,750 for the same period. Interest rate forecasts are currently expected to remain at around 3.75% for the remainder of the financial year. Despite the lower-than-budgeted interest income in the first quarter, the Council remains on track to achieve its overall budget target by the end of the financial year.
- 10.4 No borrowing has taken place during the year to 30 June 2026 and there is no proposed update to the existing prudential indicators as set out in the Treasury Management Strategy 2026/27 agreed by Full Council in February 2026.

11 Risk Assessment

Legal or other duties

- 11.1 Equality Impact Assessment

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11.1.1 The impact of each scheme is assessed during the capital appraisal process.

11.2 Crime & Disorder

11.2.1 None arising directly from the contents of this report.

11.3 Safeguarding

11.3.1 None arising directly from the contents of this report.

11.4 Dependencies

11.4.1 None arising directly from the contents of this report.

11.5 Other

11.5.1 Global events and rising inflation have caused firms to significantly increase their quotes for works, having a major impact on the Council's ability to source contractors within budget. This is likely to impact on both current and future capital projects.

12 Financial Implications

12.1 Financial implications are set out in the body of the report.

12.2 Section 151 Officer's comments: The Q1 monitoring position indicates forecast capital expenditure of £3.547m against an approved programme of £6.035m, resulting in a forecast underspend of £2.488m. The majority of this variance reflects the reprofiling of schemes rather than the cancellation of approved projects. Officers will continue to review project delivery timescales throughout the year to ensure that capital resources are deployed efficiently and that any slippage is appropriately reflected in future monitoring reports.

12.3 If members have detailed question(s) on particular capital projects, it is requested that these be submitted in advance where possible, to enable officers to investigate with the relevant scheme manager.

13 Legal Implications

13.1 There are no direct legal implications arising from this report.

13.1 **Legal Officer's comments:** None arising from the contents of this report.

14 Policies, Plans & Partnerships

14.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council.

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- 14.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 14.3 **Climate & Environmental Impact of recommendations:** The impact of each scheme is assessed during the capital bidding process.
- 14.4 **Sustainability Policy & Community Safety Implications:** None for the purposes of this report.
- 14.5 **Partnerships:** None arising directly from the contents of this report.
- 14.6 **Local Government Reorganisation Implications:** LGR introduces a significant degree of uncertainty and transition risk that must be carefully considered in the management of the Council's capital programme.
- 14.7 As the structure and governance of local authorities evolve, there may be changes to funding arrangements, asset ownership, delivery responsibilities, and strategic priorities. These changes could directly affect the viability, scope, and timing of capital schemes currently in development or delivery.

15 Background papers

- 15.1 The documents referred to in compiling this report are as follows:

Previous reports:

- [Budget Report to Full Council – 10 February 2026.](#)
- [2025-26 Provisional Outturn – carry forward balances, Strategy & Resources Committee, 14th July 2026.](#)

Other papers:

- [Local Authority Housing Fund: Round 3 report, Strategy & Resources Committee, 12 November 2024.](#)