

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: 2025/26 Finance Performance Report – Forecast at Quarter 2

Meeting/Date: Cabinet – 18th November 2025

Executive Portfolio: Executive Councillor for Finance and Resources

Report by: Corporate Director (Finance and Resources)

Ward affected: All

Executive Summary:

This report sets out the forecast outturn for the financial year 2025/26 for both revenue and capital as at the end of quarter 2.

REVENUE FORECAST

The current net revenue budget for 2025/26 is £26.772m (Original budget of £26.464m plus brought forward budgets of £0.308m). The forecast net expenditure for 2025/26 is £27.591m, less contributions from reserves of £1.745m, this is a forecast underspend of £0.926m. It should be noted that this underspend is largely due to planning performance agreement income the timing of which cannot easily be predicted.

The significant variations that contribute to this forecast are as follows:

REVENUE UNDERSPENDS

Head of Economy, Regeneration and Housing – underspend of £0.1m, as a result of: Civil Parking Enforcement set up expenditure being lower than budgeted and improvements in pay and display fees of around £50k over the quarter 1 forecast, and an increase in parking permit income.

Head of Planning, Infrastructure and Public Protection - underspend of £1.0m, as a result of: Additional income from Planning Performance Agreements (£800k), though a proportion of this will be carried forward to 2026/27 as the work will extend beyond the current financial year. Also, additional planning fee income is forecast. Whilst there is extra expenditure on agency staff, this is partly offset by vacant posts.

Head of Environmental Services - underspend of £0.5m, as a result of: Recycling credit income (£600k) from Cambridgeshire County Council, which was previously not expected and therefore not budgeted for. Also, additional income from Street Cleansing Grounds maintenance, Green Waste and CCTV. Watercourse expenditure is overspent due to bank works.

Head of Finance - underspend of £1.8m, as a result of: Investment income is above budget because interest rates are remaining higher for longer than expected and a

reduction in the Minimum Revenue Provision which has now been calculated after the accounts for 2023/24 were finalised.

Customer Change Director - underspend of £0.3m as a result of: A reduction in Housing Benefit paid but also a reduction in the subsidy grant received. Additional grant to cover costs of homelessness and rough sleeping. The introduction of a forecasting and demand led resourcing model has generated efficiencies of £0.120m.

Head of Policy, Performance and Emergency Planning – underspend of £0.1m as a result of: Savings as a result of the vacant Head of Service post and Community Resilience posts.

REVENUE OVERSPENDS

Chief Executive Officer overspend of £0.3m, as a result of: Costs because of data work required for review of pay negotiations and joining the NJC (National Joint Council) framework.

Chief Digital and Information Officer overspend £0.1m, as a result of: Additional expenditure on upgrades and restructuring, work is on-going to identify efficiencies.

Head of Leisure, Health and Environment - overspend of £1.3m, as a result of: Costs of One Leisure projects (although these costs will be capitalised if the projects proceed), and lower than budgeted Swim School and Health and Fitness income. Income though is up at Hinchingsbrooke Country Park café.

Head of Property and Facilities - overspend of £0.7m, as a result of: Reduced rental income due to vacant properties and units on reduced rent payments. There are however currently savings from vacant posts and reduced consultants' costs.

Head of Democratic Services and Monitoring Officer - overspend of £0.4m, as a result of: Increased legal costs in relation to the Local Government Review, and additional costs for the new Monitoring Officer post, and risk, audit, and procurement support. Some of this is offset from savings arising from vacant posts.

Head of Communications, Engagement and Public Affairs overspend of £0.1m as a result of: Additional expenditure on corporate campaigns and Local Government Review work.

CAPITAL FORECAST

The approved gross capital programme for 2025/26 is £14.527m, this total included budgeted rephasings of £2.7m. At the year-end a total of £15.86m was rephased, an additional rephase of £13.16m. The total current budget is £27.687m, (£14.527m plus £13.160m).

The forecast expenditure for 2024/25 is £24.048m, an in-year underspend of £3.639m (this is likely to result in requests to rephase to 2026/27).

The significant variations that contribute to this forecast are as follows;

CAPITAL IN-YEAR UNDERSPENDS

Market Town Programme £3.1m, Community Infrastructure Levy grants £1.6m, Vehicle replacements £1.1m, Estates Properties £0.3m, ICT projects £0.2m.

CAPITAL OVERSPENDS

Solar Canopy and Panels £0.6m, Civil Parking Enforcement works £0.6m, Disabled Facilities Grants £0.5m, St Neots Riverside toilets and paths £0.6m, One Leisure Improvements £0.4m.

Recommendations:

It is recommended that:

- Cabinet is **invited to consider and comment** on the revenue financial performance for the financial year 2025/26 quarter 2, as detailed in Appendix 1 and summarised in paragraph 3.2.
- Cabinet is **invited to consider and comment** on the capital financial performance for 2025/26 quarter 2, as detailed in Appendix 2 and summarised in paragraph 3.3.

PURPOSE OF THE REPORT

1.1 To present details of the Council's financial performance for 2025/2026 as at quarter 2.

- Revenue forecast of an underspend of £0.926m.
- Capital forecast in-year underspend of £3.639m.

BACKGROUND

2.1 The revenue budget and MTFS for 2025/26 approved in February 2025, assumed a net expenditure budget of £26.464m, since increased by brought forward budgets of £0.308m a total current budget of £26.772m.

2.2 A gross capital budget of £14.527m was approved, increased to £27.687m due to additional re-phasing of schemes at the year-end of £13.160m.

2.3 The detailed analysis of the 2025/26 forecast outturn is attached at Appendix 1 for revenue, and Appendix 2 for capital.

FINANCIAL PERFORMANCE

3.1 Financial Performance Headlines

The outturn position for the current financial year and the impact of variations will be incorporated within the Medium Term Financial Strategy (MTFS).

Revenue The current budget is £26.772m (original budget £26.464m plus budgets brought forward from 2024/25 of £0.308m), the forecast net expenditure is £27.591m, taking into account contributions from reserves of £1.745m this is a forecast underspend of £0.926m (£26.772m less {£27.591 less £1.745m} is -£0.926m).

Capital The approved gross capital programme for 2025/26 is £14.527m, this total included budgeted rephasings of £2.7m. At the year end a total of £15.86m was rephased, an additional rephase of £13.16m. The total current budget is £27.687m, (£14.527m plus £13.16m).

3.2 Summary Revenue Variances by Service

The table below shows the total variances for each Service and the main reasons for the variances;

Head of Service	Budget £'000s	Budget c/fwd £'000s	Current Budget £'000s	Forecast Actual £'000s	Reserve Movements £'000s	Forecast Variance £'000s	Commentary on Overspend/Underspend
Chief Executive Officer	1,021	-	1,021	1,316	-	295	Costs of data work for NJC pay bargaining.
Chief Digital & Information Officer	3,090	-	3,090	3,195	(13)	92	Extra expenditure on Microsoft upgrade and restructuring, work is on-going to identify efficiencies. Aged debt has been reduced.
Head of Economy, Regeneration & Housing	(194)	43	(151)	50	(273)	(72)	Civil Parking Enforcement costs lower than budgeted, also market rents paid and business rates lower. Improvement in pay and display income (c£50k) over Q1 and permit income increased in September.
Head of Planning, Infrastructure & Public Protection	2,795	65	2,860	2,362	(539)	(1,037)	Additional income from Planning Performance Agreements, though some of this income (c£800k) will be due in 2026/27 as the work will be performed then. Also Planning Fees are up on budget. Overspend on use of agency staff, partly offset by vacant posts.
Head of Environmental Services	4,396	40	4,436	3,989	(81)	(528)	Recycling credit income (£600k) is being received from Cambridgeshire County Council this had not previously been expected. Additional income from Street Cleansing, Grounds Maintenance, Green Waste and CCTV is above forecast. Watercourses expenditure increased due to repair works.
Head of Leisure, Health & Environment	1,083	20	1,103	2,451	(29)	1,319	Feasibility costs £1.3m are included in revenue, until approved and then capitalised. One Leisure expenditure has been reduced due to lower levels than budgeted of Swim School and Health and Fitness income. Additional income at Hinchingsbrooke Country Park cafe.
Head of Property & Facilities	(2,221)	40	(2,181)	(1,463)	-	718	Reduced rental income due to vacant units and units on reduced rents. Savings from vacant posts and reduced consultants costs.
Head of Human Resources & Officer Development	984	-	984	1,082	(88)	10	Workforce strategy costs funded from reserves.
Head of Finance	7,618	-	7,618	6,133	(389)	(1,874)	Increased income from investment interest due to higher for longer interest rates, also additional grant income, and saving on Minimum Revenue Provision following 2024/25 accounts closure. Also some additional employee costs.
Head of Democratic Services & Monitoring Officer	1,744	100	1,844	2,188	99	443	Legal costs higher due to Local Government Review work, and additional costs for provision of the new Monitoring Officer post, risk, procurement and audit, some savings from vacant posts.
Customer Change Director	4,945	-	4,945	4,851	(222)	(316)	A reduction in Housing Benefits paid and subsidy received. An increase in homelessness and rough sleeping costs, but an increase in grant to cover this. Efficiency savings (£120k) from the introduction of a forecasting and demand led resourcing model.
Head of Communications, Engagement & Public Affairs	247	-	247	363	0	116	Additional expenditure on corporate campaigns and Local Government Review work.
Head of Policy, Performance & Emergency Planning	956	-	956	1,074	(211)	(93)	Savings from vacant Director and Community Resilience post.
Total	26,464	308	26,772	27,591	(1,745)	(926)	

Further analysis of the revenue variance and service commentary are in Appendix 1. This provides the variances by service and comments have been provided by the budget managers.

3.3 Capital Programme

The approved gross capital programme for 2025/26 is £14.527m, this total included budgeted rephasings of £2.7m. At the year end a total of £15.86m was rephased, an additional rephase of £13.16m. The total current budget is £27.687m, (£14.527m plus £13.16m). An in-year underspend of £3.639m is forecast.

The table below shows the total variances for each Service and the main reasons for the variances.

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3.4 Council Tax and Business Rates Collection

The Council Tax collection rate at the end of quarter 2 (55.97%) is lower than the previous year (56.20%). The Business Rates collection rate at the end of quarter 2 (59.06%) is lower than at the end of quarter 2 in the previous year (59.20%).

The number of working age Council Tax Support claimants at the end of quarter 2 was 5,166 which is 251 more than at the end of quarter 2 in 2024/25 (4,915). The number of pensioner Council Tax Support claimants was 2,822 at the end of quarter 2 in 2025/26, compared to 2,825 for the same period last year.

3.5 Miscellaneous Debt Update

The table below shows the debtor analysis as at 30th September 2025.

Service	Debtor Aged Days Q2							Total Debt Q1
	Current	<90	91 to 180	181 to 365	>365	Future	Total Debt	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
3C Shared Services	0	(13)	0	0	27	1,610	1,624	149
Business Improvement District	1	1	0	16	6	0	24	25
Community Infrastructure Levy	265	19	0	14	0	2,935	3,233	3,647
Commercial Rent	429	16	30	133	208	119	935	518
Community	6	1	1	0	5	1	14	20
Corporate	0	0	44	0	0	0	44	44
Environmental	0	0	0	0	3	0	3	3
Finance	3	3	13	2	18	1	40	38
Housing Benefit Overpayment	0	0	0	0	21	0	21	21
Hinchingbrooke Country Park	1	0	0	1	1	61	64	4
Housing	37	12	8	35	295	42	429	378
Licensing	5	3	1	2	2	20	33	10
Markets	1	0	0	0	1	1	3	3
Mobile Home Park	12	3	6	0	0	42	63	73
Moorings	0	2	0	0	1	5	8	10
One Leisure	16	5	2	1	(1)	77	100	99
Operations	20	54	8	6	12	47	147	299
Other	0	0	0	0	0	0	0	0
Paxton Pits	0	0	0	0	0	1	1	10
Planning	56	1	0	0	0	110	167	141
Private Sector Housing	0	0	0	0	0	0	0	0
Section 106	171	37	0	0	0	0	208	37
Trade Waste	1	9	1	0	(5)	69	75	95
Total	1,024	153	114	210	594	5,141	7,236	5,624

4.0 Update on the Commercial Investment Strategy and Investment Properties

4.1 The implementation of the CIS was seen as a key means by which the Council can generate income to assist it in meeting the forecast gap in the revenue budget.

4.2 For quarter 2 2025/26, the budget and forecast expenditure and income for the CIS and investment properties are:

CIS Investments	Budget £000s	Forecast Outturn £000s	Variance £000s
Cash Investments			
CCLA Property Fund Dividend Income	(162)	(160)	2
Total Cash Investments	(162)	(160)	2
Property Rental Income	(5,030)	(4,077)	953
Loan Interest (On CIS related borrowing)	581	581	0
Total Property Investments	(4,449)	(3,496)	953
TOTAL	(4,611)	(3,656)	955
CIS Borrowing (Maturity Loans from PWLB)			
Property	Maturity Date	Principal Amount	% (Fixed)
Wakefield	26/06/2039	11,963	2.18
Fareham	02/10/2037	5,000	2.78
Rowley Centre	11/03/2039	7,292	2.49

5. **RECOMMENDATIONS**

- Cabinet is invited to **consider and comment** on the revenue financial performance for the financial year 2025/26 quarter 2, as detailed in Appendix 1 and summarised in paragraph 3.2.
- Cabinet is invited to **consider and comment** on the capital financial performance for 2025/26 quarter 2, as detailed in Appendix 2 and summarised in paragraph 3.3.

6. **LIST OF APPENDICES**

Appendix 1 – Financial Performance for revenue quarter 2 2025/26.

Appendix 2 – Financial Performance for capital quarter 2 2025/26.

CONTACT OFFICER

Lydia Morrison, Interim Corporate Director, Finance and Resources (s151)

Lydia.Morrison@huntingdonshire.gov.uk