Treasury and Capital Management Group 28th July 2026

Report by: Head of Finance

Lead Cllr: Cllr J E Harvey
Executive Councillor for Finance and Resources

Wards	Open / Exempt	Key Decision?
ALL wards	Open	No

2026/27 Capital Projects Update – Quarter 1

Executive Summary:

This report provides an update on the Council's Capital Programme in 2026/27. It summarises current spend against the approved programme, highlights key risks and issues, and demonstrated projects progress.

Effective management of the Capital Programme is critical to delivering the Council's strategic priorities, including regeneration, infrastructure improvement, service resilience and asset sustainability. The report supports strategic financial planning by:

- Identifying opportunities to reduce borrowing through the removal of no-longer-required budgets.
- Ensuring major strategic projects are appropriately reprofiled rather than lost from the programme,
- Highlighting risks that could impact the Medium-Term Financial Strategy (MTFS), particularly borrowing and revenue implications,
- Providing transparency and assurance over capital governance, forecasting and deliverability.

Key messages include:

- The current gross capital budget is £35.214m, the actual expenditure for Quarter 1 is £1.448m and the forecast expenditure for the year of 2026/27 is predicted to be £43.463m, additional forecast expenditure for the year of £8.249m. See appendix 1 for the breakdown.
- Additional funding of £8.6m has been identified, to finance the majority of the additional expenditure, this includes the use of the CIL reserve for CIL projects, and for the Market Town and Priory Centre schemes, additional funding from St Neots Town Council and the CIL reserve.

- If approved by TCMG in July the Cambridgeshire Horizons fund reserve will be used to fund an overspend on the Priory Centre, a report detailing this request has been submitted to TCMG.
- A decision is required from TCMG on the future progress of the One Leisure St Ives Outdoor Pitch scheme, and its funding, this report has been submitted to the TCMG July meeting.
- Budget holders for Disabled Facilities Grants, and the Hinchingbrooke Country Park Enhancements scheme have been asked present reports at the next TCMG meeting to identify financing options for forecast overspends that have been identified as part of the Q1 budget monitoring.
- Early work on feasibility studies has resulted in some underspends in Property and Facilities.

Recommendations

1.1 To review and comment on, the quarter 1 expenditure and forecast against budget.

1.2 To review and comment on, the current progress and status of projects.

1.3 To consider and make decisions where required, in the attached Appendix 1 Capital Projects Update and in conjunction with other reports submitted.

Key Corporate Plan Priorities

Delivering good quality, high value for money services with good control and compliance with statutory obligations.

Report Author(s)

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1. PURPOSE OF THE REPORT

1.1 To report on the delivery of the 2026/27 capital programme, including actual spend, underspends, and reasons for variance from the approved budget.

1.2 To highlight schemes that are complete, cancelled, or no longer required and recommend removal of associated budgets to improve capital affordability and reduce borrowing.

1.3 To draw attention to project overspends, outline their causes, and flag the need to agree appropriate funding solutions and approvals

1.4 To identify risks arising from programme slippage, capacity constraints, forecasting inaccuracies and the potential impact on the MTFS.

1.5 To provide a clear evidence base to support decisions on budget removal, carry-forwards, governance improvements and future prioritisation of capital schemes

2. BACKGROUND & CONTEXT

2.2 A gross capital budget of £29.457m (including budget rephase of £5.937m) was approved, increased to £35.214m due to additional re-phasing of schemes at the year-end of £5.757m.

2.3 The detailed analysis of the 2026/27 projects and financial details is attached at Appendix 1 Capital Projects Update 2026/27 Q1.

3. FINANCIAL PERFORMANCE

3.1 Capital Projects Update

The current gross budget is £35.214m, the actual expenditure for Quarter 1 is £1.448m and the forecast expenditure for the year 2026/27 is predicted to be £43.463m, additional forecast expenditure of £8.249m.

However additional funding of £8.6m has been identified, this is additional use of the CIL reserve for CIL projects, and for the Market Town and Priory Centre schemes additional funding from St Neots Town Council and CIL, and if approved by TCMG in July the use of the Cambridgeshire Horizons fund reserve to fund an overspend on the Priory Centre.

Of the remaining schemes, Disabled Facilities Grants budget is forecast to overspend by £190,000 the budget holder has been asked to present a report to the next TCMG meeting how the additional expenditure will be funded. Hinchingbrooke Country Park Enhancement is forecast to overspend by £345,000, the budget holder has been asked to present a report to the next TCMG to explain how the additional expenditure will be funded. Finally, a report on the One Leisure St Ives Outdoor Pitch funding will be present to the July TCMG meeting.

3.2 Directorate Level Commentary

Chief Digital and Information Officer – Overspend of £6,000 – Additional expenditure to complete work on the Income Management System (this has been approved by s151 Officer to enable Building Control to continue to take payment direct from customers), and an underspend on Mobile Devices Refresh. Other projects on budget.

Environmental Services – Underspend of £64,000 **–** Small overspend on The CCTV Generator as a result of feasibility studies and site works. An in-year underspend on Additional Waste and Food Rounds as a result of the lead time of the commercial food waste vehicle.

Community Services – Overspend of £190,000 – Additional expenditure as a result of clearing the backlog of Disabled Facilities Grant cases, the budget holder has been asked to report to the next TCMG meeting on how the overspend will be financed.

Parks, Countryside and Climate – Overspend of £350,000 – Additional expenditure on the Hinchingbrooke Country Park Enhancement scheme, the budget holder has been asked to bring a detailed report on the funding for the forecast overspend to the next TCMG meeting. In addition a small underspend on the inflatable for the aqua park, and a small overspend on Godmanchester Recreation Grant, which will be funded from the Leisure Facilities Reserve.

Finance – On budget – Small budget may be required to meet VAT expenditure.

Housing and Regeneration – Following work undertaken for the Q1 forecast additional expenditure of £3,891,000 on the Priory Centre and Market Towns schemes has been identified. The additional expenditure is mainly funded from grants from the CIL reserve, and from St Neots Town Council. There remains an overspend on the Priory Centre, funding to meet the additional expenditure has been identified. The proposed funding solution (included in the Cambridgeshire Horizons Report) for the Priory Centre will be discussed at the July TCMG meeting.

Leisure and Health – Underspend of £583,000 of funded expenditure from the Football Foundation – A TCMG decision is required for the future funding of this project, the 3G Football Pitch Project at One Leisure St Ives Outdoor Report will consider the funding options, and future direction of the project.

Planning (CIL) – Following the work undertaken for the Q1 forecast, £4,770,000 of additional grant funding to community projects has been identified for 2026/27. This additional expenditure is fully funded from the Community Infrastructure Levy reserve which is built up from CIL contributions from developers. Project funding will only be released to external bodies once the projects have met the necessary obligations and milestones.

Property and Facilities – Underspend of £311,000 – Savings from commercial estates property enhancement schemes as work is likely not required in 2026/27.

3.3 Policy Implications

Work is currently ongoing to improve the process of bidding for capital budgets for 2027/28, and to introduce a new process for the prioritisation and approval of capital projects to ensure that resources are directed towards schemes that best support the delivery of corporate objectives. This includes a revised capital bid form that captures an increased amount of information and an evaluation (based on a list of assessment criteria including strategic alignment, financial viability and social impact) of the proposed outcomes. Capital governance procedures are also being revised and enhanced as part of this process.

3.4 Legal & Constitutional Implications

Effective budget monitoring is a requirement of the Council's constitution and financial regulations. It is a requirement of sound overall financial management, as well as a key component in identifying developing financial issues.

3.5 Community Impact

Impact on community will be outlined as appropriate within the project commentary.

3.6 Environment & Climate Change Implications

Note the impact from levels of expenditure in climate and environment related budgets, in particular in relation to the Parks service.

3.7 Equality & Diversity Implications

N/A

3.8 Implications on Resources

Resource implications will be outlined as appropriate within the project commentary. Any overspend/underspend of rephasing will impact on future years Minimum Revenue Provision (MRP) charge to revenue i.e. underspend or rephasing will reduce the MRP charge in the near term.

3.9 Health & Wellbeing

N/A

3.10 Local Government Reorganisation (LGR) Implications

This report has limited impact on LGR implications.

4. RISK MANAGEMENT

Risk is managed by the individual service risk registers for each project. This report outlines any risk to corporate finances as a result of project delays, underspends or overspends within the project commentary.

Other general risks include;

Deliverability – The scale, complexity and variability of a large 2026/27 programme significantly increase delivery risk. There is a strong likelihood of continued significant slippage from 2026/27 into 2027/28 without work being undertaken to improve governance and improved monitoring and forecasting.

Financial and Affordability Risk – Should delivery not progress as planned, and slippage occur, the council borrowing requirement and associated revenue costs could increase sharply within a single future financial year. However, a prudent budget has been included in the MTFS for borrowing costs.

5. LIST OF APPENDICES

Appendix 1 – Capital Projects Update 2026/27 Q1

6. BACKGROUND PAPERS– LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Document List	**Custodian**	**File Location**
Transactional expenditure and income records held in the finance system	Finance Team	Finance shared drive
Budgets for expenditure and income held in the finance system	Finance Team	Finance shared drive
Spreadsheet containing the capital monitoring report table including budget, forecast, actual expenditure, and comments.	Finance Team	Finance shared drive