Cabinet – 15th September 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 Finance Performance Report – Forecast at Quarter 1

Executive Summary:

This report sets out the forecast outturn for the financial year 2026/27 for both revenue and capital as forecast at the end of quarter 1.

REVENUE FORECAST

The current net revenue budget for 2026/27 is £28.151m (original budget £28.057m plus brought forward budgets of £0.094m). Forecast net expenditure is £27.569m, with forecast use of reserves of £2.180m, resulting in a forecast underspend of £2.762m. The main favourable variances are within Finance (£1.583m), Operations (£0.936m), Communities & Operational Housing (£0.477m), Planning (£0.221m), Human Resources (£0.138m), Democratic Services (£0.125m) and Digital & Information (£0.131m). These are partly offset by pressures within Customer Services & Revenues & Benefits (£0.395m), Property & Facilities (£0.296m), Leisure, Health & Environment (£0.127m) and other smaller pressures. The Finance position includes £0.880m of centrally held pay rectification and incremental budgets now charged to services; this is a budget allocation adjustment rather than a genuine Council-wide saving.

The variations that contribute to the forecast are as follows:

REVENUE FORECAST UNDERSPENDS

Chief Digital and Information Officer – Underspend £0.131m – The forecast underspend is mainly due to licence rationalisation (£86k), salary vacancies (£28k) and reduced agency costs (£17k). This is partly offset by lower partner recharge income as shared-service costs reduce, together with the cost of additional out-of-hours work for Cambridge City Council. The out-of-hours costs are fully recoverable through the partner recharge.

Head of Economy, Regeneration and Housing – Underspend £0.051m – The forecast underspend is mainly due to additional income from St Neots Market and evening events, salary savings and lower business rates costs, partly offset by lower car park income and additional project expenditure. Grant-funded expenditure is matched by the associated grant income and therefore does not create an unfunded pressure.

Head of Planning, Infrastructure and Public Protection – Underspend £0.221m – The forecast underspend is mainly due to increased planning application income, New Burdens grant funding and salary savings, partly offset by lower Planning Performance Agreement and CIL administration income and higher agency and consultancy costs.

Head of Operations – Underspend £0.936m – The forecast underspend is mainly driven by additional income from CCTV service level agreements, Grounds Maintenance, Street Cleansing and waste services, together with savings on Street Cleansing subcontractors and vacant posts

Head of Human Resources and Officer Development – Underspend £0.138m – The forecast underspend is mainly due to additional recharge income and savings on in-house training and salaries, partly offset by additional legal and consultancy costs. Reserve funding supports Workforce Strategy activity.

Head of Finance – Underspend £1.583m – The forecast underspend is primarily due to additional investment income and savings on borrowing, salaries and audit costs, partly offset by temporary resources for LGR, accounts closedown and budget setting and other reserve-funded activity. The position also includes £0.880m of centrally held pay rectification and incremental budgets. These costs were held centrally when the 2026/27 budget was set because the affected staff and services were not yet known and have subsequently been allocated to services. The corresponding £0.880m underspend in Finance is therefore a budget allocation adjustment rather than a Council-wide saving.

Head of Democratic Services and Monitoring Officer – Underspend £0.125m – The forecast underspend is mainly due to additional Local Land Charges income and savings from vacant Audit posts and lower audit fees, partly offset by additional election expenditure and salary regrades. Specific activity is supported by reserve funding where applicable.

Head of Communities and Operational Housing – Underspend £0.477m – The forecast underspend reflects additional Homelessness Grant, Homes for Ukraine and other central government and NHS funding, together with vacancy savings. This is partly offset by additional homelessness prevention expenditure and funded staffing. With grant funding now confirmed, the service is developing additional capacity and activity to increase delivery and utilise the available funding.

REVENUE FORECAST OVERSPENDS

Chief Executive Officer – Overspend £0.049m – The forecast overspend primarily reflects £48k of agency costs, together with expenditure relating to Defence Cluster activity.

Head of Leisure, Health & Environment – Overspend £0.127m – The forecast overspend is mainly due to lower gym income, including the ongoing impact of lower St Neots membership, and reduced income at Hinchingbrooke Country Park while enhancement works are undertaken. Additional pressures include £38k of Sawtry business rates, £108k of repairs and maintenance and £208k of salaries. These are partly offset by £175k of utility savings, arising from solar PV.

Head of Property & Facilities – Overspend £0.296m – The forecast overspend is mainly due to lower rental income arising from lease breaks, vacancies and market conditions, together with additional back rent and business rates on vacant properties. This is partly offset by savings relating to the Priory Centre recharge and reserve funding for eligible activity.

Head of Customer Services & Revenues & Benefits – Overspend £0.395m – The forecast overspend is primarily due to additional Housing Benefit expenditure associated with temporary accommodation. The previous Homelessness Prevention Grant transfer is no longer separately available following changes to Government funding arrangements, and the level of support incorporated within the wider settlement is not known. Salary savings from vacancies partly offset the pressure. The position will continue to be monitored, with the underlying funding requirement being considered as part of the 2027/28 budget process.

Head of Communications, Engagement & Public Affairs – Overspend £0.021m – The forecast overspend comprises £6k of standby allowance costs, £12k of maternity cover and approximately £3k of other minor variances. The standby allowance is a recurrent pressure and will be reflected in the 2027/28 budget; maternity cover is non-recurrent.

Head of Transformation and Corporate Reporting – Overspend £0.013m – The forecast overspend reflects additional emergency planning training, LGR activity and project management software, partly offset by savings on advertising, publicity, marketing and consultancy. The training pressure can be supported from the Council's training reserve, and LGR-related costs from the LGR reserve.

CAPITAL FORECAST

The approved gross capital programme for 2026/27 is £29.457m. This includes budgeted rephasing of £5.937m. At the end of 2025/26, total rephasing was £11.694m, increasing the current budget to £35.214m.

Forecast capital expenditure for 2026/27 is £43.463m, representing an in-year overspend of £8.249m. The majority of the variances have identified funding sources, including grants, CIL and reserves, and therefore does not represent an equivalent additional funding requirement for the Council. The position includes a number of projects where expenditure is forecast to occur in 2026/27 but was not included in the current-year budget when it was set.

The variations contributing to the forecast capital position are summarised below, with further detail and commentary provided in Appendix 3.

CAPITAL FORECAST IN-YEAR UNDERSPENDS

Key in-year underspends include Waste and Food Vehicles (£0.094m), reflecting the commercial food waste project partially slipping into 2027/28 due to its 12-month lead time; One Leisure St Ives Outdoor Pitch (£0.583m), reflecting the revised Football Foundation funding position and the resulting decision required on the project's future funding; and Commercial Property enhancements (£0.311m), where planned expenditure is now expected to be lower in 2026/27 as projects are reviewed and rephased.

CAPITAL FORECAST OVERSPENDS

Key forecast overspends include Disabled Facilities Grants (£0.190m), arising from the clearance of backlogged cases; Hinchingbrooke Country Park enhancements (£0.345m); the Priory Centre (£6.239m), with additional CIL and St Neots Town Council funding identified; Market Towns (£1.000m), subject to Cabinet approval and additional funding; and Community Infrastructure Levy projects (£4.770m), which are funded from the CIL capital reserve. The DFG and Hinchingbrooke pressures are being managed through further review of savings and funding arrangements, including reporting to TCMG where required.

Recommendations

1.1 Cabinet is **invited to consider and comment** on the revenue financial performance for the financial year 2026/27 Q1, as detailed in **Appendix 1 and Appendix 2.**

1.2 Cabinet is **invited to consider and comment** on the capital financial performance for 2026/27 Q1, as detailed in **Appendix 3.**

1.3 Cabinet is **invited to approve the funding proposals** relating to the Priory Centre and wider regeneration schemes (Housing and Regeneration team), and One Leisure St Ives Outdoor Pitch funding (Option 3) (Leisure and Health). An explanation of the funding proposals can be found in the comments against these projects within the capital programme (Appendix 3) and within section 4.3 of this report.

1.4 Cabinet is asked to **consider and comment** on the Treasury Management 2026/27 Q1 Report attached as **Appendix 4**.

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 present details of the Council's financial performance for 2026/2027.

- Revenue forecast underspend of **£2.762m.**
- Capital forecast in-year overspend of **£8.249m.**

2. BACKGROUND & CONTEXT

2.1 The revenue budget and MTFS for 2026/27 approved in February 2026, assumed a net expenditure budget of £28.057m, since increased by brought forward budgets of £0.094m a total current budget of £28.151m.

2.2 A gross capital budget of £29.457m 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 forecast outturn is attached at Appendices 1 and 2 for revenue, and Appendix 3 for capital.

3. COMMENTS OF OVERVIEW & SCRUTINY

3.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

4. FINANCIAL PERFORMANCE

4.1 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 £28.151m (original budget £28.057m plus budgets brought forward from 2025/26 of £0.094m), with forecast net expenditure of £27.569m and forecast reserve contributions of £2.180m, resulting in a forecast underspend of £2.762m. The main favourable variances are within Finance, Operations and Communities & Operational Housing, with pressures in Customer Services & Revenues & Benefits, Property & Facilities and Leisure, Health & Environment. The Finance position includes £0.880m of centrally held pay rectification and incremental budgets now charged to services; this is a budget allocation adjustment rather than a genuine Council-wide saving.

Capital
The approved gross capital programme for 2026/27 is £29.457m, including budgeted rephasing of £5.937m. At the end of 2025/26, total rephasing was £11.694m, an additional £5.757m, increasing the current budget to £35.214m. Forecast expenditure is £43.463m, an in-year overspend of £8.249m. The majority of the variance has an identified funding source and therefore does not represent an equivalent additional pressure on the Council.

4.2 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 Forecast Overspend/Underspend
Chief Executive Officer	982	-	982	1,177	(146)	49	Primarily due to additional salary costs, partly offset by the permanent vacancy.
Chief Digital & Information Officer	3,212	-	3,212	3,081	-	(131)	Forecast underspend £131k, mainly from licence, salary and agency savings, partly offset by lower partner recharge income. The position will be monitored as activity and recharges develop.
Head of Economy, Regeneration & Housing	(188)	-	(188)	(30)	(210)	(51)	Forecast underspend £51k, mainly from additional markets and grant-funded income and salary/business-rate savings, partly offset by lower car park income and project costs.
Head of Planning, Infrastructure & Public Protection	2,266	-	2,266	2,019	27	(221)	Forecast underspend £221k, mainly from additional planning income, grant funding and salary savings, partly offset by lower PPA/CIL income and higher agency/consultancy costs.
Head of Operations	6,828	-	6,828	6,065	(173)	(936)	Forecast underspend £936k, driven mainly by additional service income, partly offset by higher partner-service, waste agency and LGR costs. LGR costs are funded from reserves.
Head of Leisure, Health & Environment	(181)	49	(133)	(134)	128	127	Forecast overspend £127k after reserve movements, mainly due to lower gym and Country Park income and additional salary, maintenance and rates costs, partly offset by other service savings.
Head of Property & Facilities	(1,719)	40	(1,679)	(1,348)	(36)	296	Forecast overspend £296k after reserve movements, mainly due to lower rental income and additional costs relating to vacant properties. This is partly offset by savings and LGR reserve funding.
Head of Human Resources & Officer Development	1,113	-	1,113	1,073	(98)	(138)	Forecast underspend £138k, mainly from additional recharge income and salary/training savings, partly offset by legal and consultancy costs. Reserve funding supports Workforce Strategy activity.
Head of Finance	6,490	-	6,490	5,741	(834)	(1,583)	Forecast underspend £1.583m after reserve movements, mainly from additional interest income and savings on borrowing and audit costs, partly offset by temporary LGR, closedown and budget-setting resources and reserve-funded activity.
Head of Democratic Services & Monitoring Officer	2,173	-	2,173	2,502	(454)	(125)	Forecast underspend £125k after reserve movements, mainly from additional Local Land Charges income and audit savings, partly offset by election costs and salary regrades. Specific costs are supported by reserves.
Head Of Customer Services & Revs & Bens	3,907	-	3,907	4,303	-	395	Forecast overspend £395k, mainly due to Homelessness Prevention Grant being rolled into RSG and volatility in Housing Benefit expenditure, partly offset by salary savings. The underlying funding position will be reviewed for 2027/28.
Head of Communities & Operational Housing	1,841	-	1,841	1,422	(59)	(477)	Forecast underspend £477k after reserve movements, mainly from additional government/NHS grant funding and vacancy savings. The service is developing capacity to utilise confirmed funding and increase delivery.
Head of Communications, Engagement & Public Affairs	344	-	344	385	(20)	21	Forecast overspend £21k, mainly from standby allowance and maternity cover costs. The standby allowance is a recurrent pressure; maternity cover is non-recurrent.
Head of Transformation and Corporate Reporting	990	5	995	1,313	(305)	13	Forecast overspend £13k after reserve movements, mainly from additional LGR resources, project management software and emergency planning training, partly offset by other service savings. The position will be monitored.
Total	**28,057**	**94**	**28,151**	**27,569**	**(2,180)**	**(2,762)**	

Further analysis of the revenue variance and service commentary is provided in Appendices 1 and 2. These appendices provide the variances by service and the supporting commentary supplied by budget managers.

4.3 Capital Programme

The approved gross capital programme for 2026/27 is £29.457m, including budgeted rephasings of £5.937m. At the end of 2025/26, total rephasing was £11.694m, an additional £5.757m, increasing the current budget to £35.214m. Forecast capital expenditure is £43.463m, resulting in an in-year overspend of £8.249m. The majority of the forecast variance has an identified funding source, including grants, CIL and reserves.

The funding proposals below, for The Priory Centre (Housing & Regeneration), and the One Leisure St Ives outdoor pitch were taken to, and approved, by TCMG on 28th July.

The Priory Centre – 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. The proposed funding solution is for this overspend to be met from part of the remaining £2,841,500 of legacy Cambridgeshire Horizons funding.

One Leisure St Ives Outdoor 3G Football Pitch - The revised total project cost is currently estimated at £836,883. HDC has identified £620,000 of funding, comprising £300,000 of approved Community Infrastructure Levy (CIL) funding and £320,000 of HDC capital funding. The Football Foundation has offered a grant of up to £216,883, representing 25.92% of the revised project cost. This is significantly lower than the level of external funding originally anticipated and would require HDC to meet 74.08% of the project cost while accepting a range of long-term operational, financial, land, monitoring and governance conditions.

Officers therefore recommend Option 3: that HDC withdraws from the Football Foundation funding offer and delivers the project directly through the Council's capital programme. This would enable the Council to retain greater control over procurement, pricing, programming, booking arrangements, operating income and future pitch replacement arrangements. It would also avoid the long-term grant conditions and compliance requirements that would otherwise apply. Proceeding with Option 3 would require additional capital funding to replace the proposed Football Foundation contribution and meet any confirmed repayment of preliminary costs.

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

Head of Service	Existing and New Bids £000s	Budget Rephase (1) £000s	Original Budget £000s	Year End Rephase (2) £000s	Net Rephase (3) £000s	Growth/ Virement £000s	Current Budget £000s	Q1 Actual Expenditure £000s	Q1 Forecast £000s	Over/(Under) Spend £000s	Comment on Variances
Chief Digital and Information Officer	658	262	920	131	(131)	0	789	73	795	6	A small overspend on the Income Management Software, and a saving on the Mobile Device refresh project.
Environmental Services	3,017	1,146	4,163	1,484	338	0	4,501	53	4,437	(64)	An in-year savingon commercial food waste vehicles.
Customer Services	0	50	50	0	(50)	0	0	0	0	0	
Community Services	1,600	0	1,600	10	10	0	1,610	118	1,800	190	Additional expenditure on Disabled Facilities Grants.
Parks, Countryside & Climate	3,028	0	3,028	2,299	2,299	0	5,327	243	5,677	350	Additional expenditure on the Hinchingbrooke Country Park enhancement scheme.
Finance	50	0	50	0	0	0	50	0	50	0	
Housing and Regeneration	0	2,892	2,892	4,506	1,614	0	4,506	617	8,397	3,891	Additional funded expenditure (additional funding subject to Cabinet approval) on market town schemes and the Priory Centre.
Leisure and Health	11,653	0	11,653	0	0	0	11,653	75	11,070	(583)	A saving from the the St Ives Outdoor Centre football scheme, though funding from the Football Foundation is not being taken up (£800k).
Planning	2,706	1,587	4,293	2,128	541	0	4,834	64	9,604	4,770	Additional funding for CIL grants, this is funded from the CIL reserve.
Property and Facilities	808	0	808	1,136	1,136	0	1,944	206	1,633	(311)	Underspend on Commercial Properties enhancement and improvement schemes.
Total	**23,520**	**5,937**	**29,457**	**11,694**	**5,757**	**0**	**35,214**	**1,448**	**43,463**	**8,249**	

(1) This is the estimated rephase when the budget is set.
(2) This is the actual rephase at the year end when all costs are known
(3) This is the actual rephase less the budget rephase. Original budget + net rephase + growth = Current budget
Original Budget = Existing and New Bids Budget + Budget Rephase

See appendix 3 for further detail.

4.4 Council Tax and Business Rates Collection

The Council Tax collection rate at the end of quarter 1 (28.31%) is slightly lower than the previous year (28.57%). The Business Rates collection rate at the end of quarter 1 (32.43%) is slightly higher than the previous year (32.38%).

The number of working age Council Tax Support claimants at the end of quarter 1 was 5,247 which is 98 more than at the end of quarter 1 in 2025/26 (5,149). The number of pensioner Council Tax Support claimants was 2,796 at the end of quarter 1 in 2026/27, compared to 2,826 for the same period last year.

4.5 Miscellaneous Debt Update

The table below shows the debtor analysis as at 30th June 2026.

	Debtor Aged Days Q1							
Service	**Current**	**<90**	**91 to 180**	**181 to 365**	**>365**	**Future**	**Total Debt**	**Total Debt 25/26 Q4**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
3C Shared Services	-	-	-	-	8	-	8	1,577
Business Improvement District	3	2	1	50	9	-	65	116
Community Infrastructure Levy	-	295	-	15	-	2,550	2,860	3,130
Commercial Rent	35	7	3	-19	426	34	486	93
Community	1	1	4	2	5	1	14	74
Corporate	5	-	-	-	-	-	5	0
Environmental	-	-	-	-	3	-	3	3
Finance	-	1	3	5	31	693	733	43
Housing Benefit Overpayment	-	-	-	-	21	-	21	23
Hinchingbrooke Country Park	1	1	-	42	1	3	48	48
Housing	6	16	-3	23	265	12	319	442
Licensing	3	1	1	3	1	14	23	22
Markets	2	1	-	-	-	2	5	3
Mobile Home Park	-	-	-	1	-	74	75	104
Moorings	3	-	-	-	-	7	9	1
One Leisure	11	3	2	3	-12	57	64	230
Operations	11	3	35	40	13	129	231	964
Paxton Pits	-	-	-	-	-	-		1
Planning	-	34	30	-	-	1	65	104
Private Sector Housing	-	-	2	-	-	1	3	9
Section 106	-	-	-	115	-	-	115	352
Trade Waste	4	27	2	11	-5	107	147	255
Total	85	392	80	291	765	3,685	5,299	**8,433**

4.6 Update on the Commercial Investment Strategy and Investment Properties

The implementation of the CIS was seen as a key means by which the council can generate income to assist in funding service expenditure. For 2026/27, the forecast net contribution is £3.961m against a budget of £4.087m, an adverse variance of £0.126m, primarily due to lower property rental income.

For 2026/27 the budget and forecast for the CIS and investment properties is;

CIS Investments	Budget £000s	Forecast £000s	Variance £000s
Cash Investments			
CCLA Property Fund Dividend Income	(162)	(162)	0
Total Cash Investments	**(162)**	**(162)**	**0**
Property Rental Income	(4,506)	(4,380)	126
Loan Interest (On CIS related borrowing)	581	581	0
Total Property Investments	**(3,925)**	**(3,799)**	**126**
TOTAL	**(4,087)**	**(3,961)**	**126**
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

4.7 Policy Implications

N/A

4.8 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.

4.9 Community Impact

N/A

4.10 Environment & Climate Change Implications

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

4.11 Equality & Diversity Implications

N/A

4.12 Implications on Resources

As this report is for information and retrospective there are no implications for resources in future years, where any changes to financial resources occur these will be updated in the quarterly monitoring reports and future budgets and MTFS.

There are no direct implications on other resources, such as staffing or property.

4.13 Health & Wellbeing

N/A

4.14 Local Government Reorganisation (LGR) Implications

This report is retrospective has limited impact on LGR implications.

5. RISK MANAGEMENT

Risk is managed by the individual service risk registers.

6. LIST OF APPENDICES

Appendix 1 Financial Performance Revenue Forecast 2026/27 Quarter 1 - Head of Service Summary.
Appendix 2 Financial Performance Revenue Forecast 2026/27 Quarter 1 – Head of Service Detail.
Appendix 3 Financial Performance Capital Forecast 2026/27 Quarter 1.
Appendix 4 Treasury Management 2026/27 Q1 Report.

7. 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 revenue monitoring report table including budget, forecast, actual expenditure, and comments	Finance Team	Finance shared drive
Spreadsheet containing the capital monitoring report table including budget, forecast,	Finance Team	Finance shared drive

actual expenditure, and comments		
Spreadsheets monitoring treasury activity and for calculating indicators	Finance Team	Finance shared drive