Cabinet – 17th November 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 2

Executive Summary:

This report provides the Council's financial performance as at quarter 2 (end September 2026) for the General Fund and the Capital Programme, and the forecast outturn for the financial year 2026/27. The report forms part of the Council's financial management processes for publicly reporting financial performance on a quarterly basis.

REVENUE FORECAST

Original Approved Budget 2026/27 £m	Approved 2025/26 Carry Forward £m	Current Budget 2026/27 £m	Forecast Outturn for 2026/27 £m	Transfer to/(from) Reserves 2026/27 £m	Forecast (Underspend) / overspend 2026/27 £m
£28.057m	£0.094m	£28.151m	£27.785m	(£3.272m)	(£3.639m)

The current net revenue budget for 2026/27 is £28.151m, comprising the original approved budget of £28.057m plus £0.094m of approved budget carried forward from 2025/26.

The £0.094m carry forward relates to expenditure that was not incurred in 2025/26 due to unavoidable slippage, but where the underlying commitment remained. Approval to carry the budget forward into 2026/27 was subsequently granted as part of the 2025/26 Outturn Report.

The forecast outturn for 2026/27 is £27.785m, representing an underspend of approximately (£0.366m) before transfers from reserves. After allowing for planned and approved transfers of £3.272m to fund specific expenditure and commitments, the net forecast position is a (£3.639m) underspend.

Reserve Movements

The (£3.272m) transfer from reserves should not be interpreted as the Council drawing on reserves to support its overall financial position. These transfers relate to specific expenditure and activities for which the use of reserves has previously been identified and approved as the appropriate source of funding. The associated expenditure is included within the forecast outturn, and the corresponding reserve transfer therefore provides the agreed funding for those commitments.

The reserve movements are also separate from the principal areas generating the overall forecast underspend of (£3.639m). For example, the detailed forecast includes reserve funding for specific activities such as Defence Cluster, Enterprise Zone infrastructure expenditure, Market Towns activity and elections-related expenditure. These reserves have been established and approved to support defined expenditure and their use remains necessary irrespective of the Council's overall forecast position.

It is also important not to view the (£3.639m) net underspend as an equivalent amount of uncommitted or 'spare' resource which could be used instead of the planned reserve transfers. As set out below, (£3.643m) of the favourable variance relates to items which are one-off in nature, timing-related, or where the ongoing financial impact has already been reflected within the 2027/28 budget and MTFP. The reserve transfers and the forecast underspends arise in different areas and for different reasons and should therefore be considered separately

Nature of Forecast Underspend

The Quarter 2 forecast indicates a (£3.639m) net revenue underspend for 2026/27. It is important to note that this position does not represent an ongoing reduction in the Council's underlying cost base and should not be regarded as a recurring level of underspend available in future years.

A significant proportion of the forecast variance arises from one-off income and expenditure, timing differences and the impact of capital programme rephasing. Where favourable variances are expected to continue, the relevant assumptions have already been incorporated into the 2027/28 budget and Medium-Term Financial Plan (MTFP). Consequently, the (£3.639m) forecast underspend should not be assumed to recur in future years.

The principal areas contributing to the 2026/27 position include:

- **Waste Management Income (£1.078m)**: This includes approximately (£0.800m) of recycling credit income, which was not included in the 2026/27 budget as it had previously been assumed that this income stream would cease after 2025/26. A budget bid has been submitted to reflect this income in the budget in future years. Higher-than-budgeted income has also arisen from increased take-up of green bin subscriptions (£0.113m) and trade waste services (£0.190m). The ongoing impact of increased green bin subscription income has been reflected in future budgets.

- **Corporate Finance Income (£0.669m):** The favourable position includes additional investment income arising from higher-than-anticipated interest rates and cash balances. Detailed investment income forecasts have subsequently been undertaken, and the resulting ongoing saving has been incorporated into the 2027/28 budget and MTFP. The forecast also includes a one-off (£0.088m) Business Rates Pool grant.
- **Corporate Finance Expenditure (£1.896m):** The forecast includes several items that are either one-off in nature or are not expected to recur at the same level. These include a (£0.256m) reduction in forecast Public Works Loan Board (PWLB) interest costs due to delayed borrowing associated with capital projects, and a (£0.650m) Minimum Revenue Provision (MRP) saving resulting from capital programme underspends and rephasing. Detailed forecasts for future PWLB interest and MRP have been undertaken, with the resulting ongoing savings incorporated into the 2027/28 budget and MTFP. Other one-off variances include a (£0.120m) rebate on audit fees and (£0.870m) relating to pay rectification costs, where the associated income budget is held within Corporate Finance, but the corresponding costs are being incurred within individual services. This income has been removed going forward and is not included in future years' budgets.

Whilst there are numerous over- and underspends across services, the items highlighted above, totalling (£3.643m), account for all the overall forecast underspend of (£3.639m) and are not representative of an equivalent ongoing improvement in the Council's underlying financial position. Where these variances reflect an ongoing change in income or expenditure, the impact has already been incorporated into the 2027/28 budget and MTFP.

CAPITAL FORECAST

Original Approved Budget 2026/27 £m	Additional 2025/26 Carry Forward £m	In year Budget Increase/ (Reduction) £m	Current Budget 2026/27 £m	Forecast Outturn for 2026/27 £m	Forecast (Underspend) / overspend 2026/27 £m
£29.457m	£5.757m	(£0.583m)	£34.631m	£36.082m	£1.451m

The original approved gross capital programme for 2026/27 was £29.457m, including £5.937m of rephased expenditure from 2025/26, approved as part of the 2026/27 budget. This rephasing relates to projects where expenditure had slipped from the original delivery timetable and approval was given to carry the unspent budgets forward into 2026/27.

At the end of 2025/26, the actual level of rephasing required was £11.694m, £5.757m higher than originally anticipated. This relates to further slippage on those projects for which carry-forward approval had already been given. This additional rephasing was subsequently approved as part of the 2025/26 outturn report.

A further movement of (£0.583m) relating to the One Leisure St Ives Outdoor Pitch was approved at TCMG in July, resulting in a revised Current Budget of £34.631m.

Forecast capital expenditure for 2026/27 is £36.082m, which is £1.451m above the Current Budget.

Importantly, the £1.451m variance does not represent an equivalent additional funding requirement for the Council. The variance comprises three principal elements:

- **£3.381m of additional expenditure** for which approved funding sources have been identified, including grants and reserves;
- **£0.195m of expenditure** relating to projects originally budgeted in 2025/26 which are now expected to be incurred in 2026/27, but for which the associated budgets were not carried forward at year end; and
- **(£2.125m) of forecast slippage**, where expenditure currently budgeted for 2026/27 is now expected to occur in a later financial year.

These movements above reconcile to the overall £1.451m forecast variance against the Current Budget.

Approval is being sought through this report to:

1. increase the capital programme by £3.381m for projects where the expenditure has been identified and the associated funding has been approved; and
2. increase the capital programme by a further £0.195m for projects where expenditure originally approved for 2025/26 is now expected to be incurred in 2026/27, but the budget was not carried forward.

Further detail on the above increases to the capital budget for which approval is being sought can be found in section 3.3 of the report.

These adjustments will increase the 2026/27 capital budget from £34.631m to £38.207m. Against this revised budget, the forecast expenditure of £36.082m would result in forecast slippage of (£2.125m), rather than the current presentational variance of £1.451m.

Approval for these amendments is being sought through the Quarter 2 report as there is currently no formal process for approving in-year increases to the capital programme following approval of the annual budget. Work is underway to establish a formal in-year capital budget amendment process. This will be incorporated into the updated Capital Strategy, which will be presented for approval as part of the 2027/28 budget-setting process.

Recommendations

1.1 Cabinet is **invited to consider and comment** on the General Fund revenue budget's financial performance in quarter two and the forecast outturn for the financial year 2026/27 based on performance in quarter 2 as detailed in **Appendix 1 and Appendix 2.**

1.2 Cabinet is **invited to consider and comment** on the Capital Programme's financial performance in quarter two and the forecast outturn for 2026/27 as based on the performance in quarter, as detailed in **Appendix 3.**

1.3 Cabinet is asked to approve an increase to the capital budget of **£3.576m (£3.381m + £0.195m)**, as set out within the **Capital Forecast** section of this report.

Key Corporate Plan Priorities

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

Report Author(s)
Sandra Beard - Head of Finance Sandra.Beard@huntingdonshire.gov.uk
Oliver Colbert - Financial and Treasury Accountant Oliver.Colbert@huntingdonshire.gov.uk

1. PURPOSE OF THE REPORT

1.1 To present details of the Council's financial performance for quarter 2 (end September 2026) 2026/2027 and to provide a forecast outturn for 2026/27 based on the half year delivery of the General Fund revenue budget and the Capital Programme.

2. BACKGROUND & CONTEXT

2.1 The General Fund revenue budget and Medium-Term Financial Strategy (MTFS) for 2026/27 approved in February 2026, assumed a net expenditure budget of £28.057m. This has since been increased by brought forward budgets of £0.094m; a total current budget of £28.151m.

2.2 A gross Capital Programme budget of £29.457m was approved in February 2026. This was then increased to £35.214m due to additional re-phasing of schemes at the 2025/26 year-end of £5.757m and subsequently reduced by (£0.583m) because of changes to the One Leisure Outdoor Pitch project. These changes have resulted in a new Capital Programme budget for 2026/27 of £34.631m.

2.3 The detailed analysis of the 2026/27 forecast outturn is attached at Appendices 1 and 2 for the General Fund revenue budget, and Appendix 3 for the Capital Programme budget.

3. FINANCIAL PERFORMANCE

3.1 Summary revenue variances by service

The forecast outturn for 2026/27 is £27.785m against a budget of £28,151m, representing an underspend of approximately (£0.366m) before transfers from reserves. After allowing for a (£3.272m) transfer from reserves, the net forecast position is a (£3.639m) underspend.

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
Chief Executive Officer	982	-	982	1,195	(149)	64
Head of Operational ICT & development	3,212	-	3,212	3,102	(6)	(116)
Head of Economy, Regeneration & Housing	(188)	-	(188)	1,042	(1,250)	(20)
Head of Planning, Infrastructure & Public Protection	2,266	-	2,266	1,827	27	(413)
Head of Operations	6,828	-	6,828	5,541	(81)	(1,369)
Head of Leisure, Health & Environment	(181)	49	(133)	(1)	128	259
Head of Property & Facilities	(1,719)	40	(1,679)	(1,332)	(27)	320
Head of Human Resources & Officer Development	1,113	-	1,113	1,077	(111)	(147)
Head of Finance	6,490	-	6,490	5,038	(896)	(2,348)
Monitoring Officer	2,173	-	2,173	2,662	(548)	(59)
Head Of Customer Services & Revs & Bens	3,907	-	3,907	4,486	10	589
Head of Communities & Operational Housing	1,989	-	1,989	1,715	(109)	(383)
Head of Communications, Engagement & Public Affairs	344	-	344	384	(41)	(0)
Head of Transformation and Corporate Reporting	841	5	846	1,050	(221)	(17)
Total	**28,057**	**94**	**28,151**	**27,785**	**(3,272)**	**(3,639)**

Further analysis of the revenue variance and service commentary is provided in Appendices 1 and 2. These appendices provide the variances by service and supporting commentary by budget holders to explain the reason for the variances and any mitigating actions to remedy the variances going forward.

3.2 Capital Programme

Approval is being sought through this report to increase the capital programme from £34,631 to £38,207, an increase of £3,576.

The original capital 2026/27 programme, including carried forward budgets of £11,694 from 2025/26 was £35,214. More detail behind the movements to arrive at the new budget of £38,207 are below.

One Leisure St Ives Outdoor 3G Football Pitch – (£0.583m)

The approved 2026/27 capital budget for the project is £1.420m. The latest estimated project cost is £836,883, representing a reduction of £0.583m against the approved budget.

Although the overall cost of the project has reduced, the external funding originally expected from the Football Foundation has reduced by a greater amount. This means that, despite the reduction in the overall capital budget, additional Council funding is required if the project is to proceed.

The Council has £620,000 of funding identified towards the revised project cost, comprising £300,000 of approved Community Infrastructure Levy (CIL) funding and £320,000 of HDC capital funding. The Football Foundation subsequently offered grant funding of up to £216,883, compared with approximately £800,000 originally anticipated. This would have represented 25.92% of the revised project cost, with the Council funding the remaining 74.08%.

As a result of this material change in external funding, a report was presented to TCMG on 28 July 2026 and subsequently to Cabinet on 15 September 2026, setting out three options for the future of the project:

- Option 1 – Do not proceed: Discontinue the project, avoiding the requirement for the existing HDC and CIL funding.
- Option 2 – Proceed with Football Foundation funding: Accept the revised grant offer of approximately £217,000 and deliver the project subject to the Football Foundation's funding conditions.
- Option 3 – Deliver through the HDC Capital Programme (recommended): Withdraw from the Football Foundation funding offer and deliver the project directly through the Council's Capital Programme. On the current estimated project cost, this creates an additional HDC capital funding requirement of approximately £217,000.

Cabinet supported Option 3, enabling the project to progress without Football Foundation funding and providing the Council with greater control over procurement, pricing, programme delivery, booking arrangements, operating income and future pitch replacement arrangements.

The £0.583m reduction reported above therefore reflects the reduction in the overall project cost against the original capital budget. It does not represent funding available to meet the project's revised funding requirement, as the external grant assumed within the original funding package is no longer being taken. A further report will therefore be presented to Cabinet setting out the proposed source of the additional capital funding required to complete the project, together with any confirmed requirement relating to preliminary costs.

The Priory Centre – £3,176m

In July 2026, a report was presented to the Treasury and Capital Management Group (TCMG) seeking approval for the allocation of a proportion of the remaining Cambridgeshire Horizons legacy funding held by the Council, subject to the development of appropriate project proposals. The Priory Centre was identified as one of the projects eligible to receive this funding.

The report delegated authority to the Deputy Chief Executive & Corporate Director (Place) and the Corporate Director of Finance and Resources (Section 151 Officer), in consultation with the relevant Portfolio Holders, to identify and allocate funding to specific projects that support the Council’s Corporate Priorities

and align with its regeneration, economic development and Market Towns Programme objectives.

The funding position was subsequently reflected in the Qtr 1 2026/27 Finance Performance Report, considered by Cabinet on 15 September 2026. The report identified the additional funding requirement for the Priory Centre from the Cambridgeshire Horizons legacy funding and sought Cabinet approval for the associated funding proposals. Cabinet approved the recommendations.

With the funding now approved, Cabinet is requested through this report to formally approve an increase to the Priory Centre capital expenditure budget of £3.176m. This will align the approved capital budget with the funding already agreed and ensure that the capital programme accurately reflects the approved scope and financing of the project.

Properties (Houses) - £0.205m

Funding was provided by MHCLG to enable the acquisition of 26 homes over three years to support Ukrainian and Afghan families through the Government's resettlement scheme. Working in partnership with Stonewater Housing Association, the Council successfully secured 21 homes. Despite extensive efforts, the remaining properties could not be secured due to limited availability of suitable homes at values that represented a viable acquisition within the funding available. Consequently, the remaining uncommitted funding was reversed out of the Capital grants Unapplied Reserve and returned to MHCLG in line with the conditions of the grant.

The table below shows the total variances for each Service.

Head of Service	*Existing and New Bids*	*Budget Rephase* [1]	*Original Budget*	*Year End Rephase* [2]	*Net Rephase* [3]	*Growth/ Virement*	*Current Budget*	*Q2 Actual Expenditure*	*Q2 Forecast*	*Over/(Under) Spend*
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Operational ICT and Development	658	262	920	131	(131)	0	789	132	794	5
Operations	3,017	1,146	4,163	1,484	338	0	4,501	90	3,687	(814)
Customer Services and Revenues & Benefits	0	50	50	0	(50)	0	0	0	0	0
Communities and Operational Housing	1,600	0	1,600	10	10	0	1,610	653	1,800	190
Parks, Countryside & Climate	3,028	0	3,028	2,299	2,299	0	5,327	1,199	5,597	270
Finance	50	0	50	0	0	0	50	0	0	(50)
Economy, Regeneration and Housing	0	2,892	2,892	4,506	1,614	0	4,506	1,313	7,648	3,142
Leisure, Health and Environment	11,653	0	11,653	0	0	0	11,070	1,341	10,899	(171)
Planning, Infrastructure and Public Protection	2,706	1,587	4,293	2,128	541	0	4,834	377	4,168	(666)
Property and Facilities	808	0	808	1,136	1,136	0	1,944	17	1,426	(518)
Total	**23,520**	**5,937**	**29,457**	**11,694**	**5,757**	**0**	**34,631**	**5,122**	**36,019**	**1,388**

[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 and the reasons for the variances.

3.3 Council Tax and Business Rates Collection

At the end of Quarter 2, the Council Tax collection rate was 55.65%, compared with 55.97% at the same point in 2025/26. The Business Rates collection rate was 58.96%, compared with 59.06% in the previous year.

The small reduction is largely attributable to changes in payment profiles. An increasing number of taxpayers are choosing to spread their payments over 12 monthly instalments, extending payment schedules into February and March. In addition, new liabilities are added to the annual debit when billed, although some associated instalments may not yet have fallen due. Consequently, a greater proportion of the annual debit is scheduled for collection later in the financial year, which suppresses the reported collection rate in the earlier months.

Recovery activity, including the issue of reminders and summonses, remains below the levels experienced in previous years. This indicates that the current variance is primarily attributable to the timing of billing and payment arrangements rather than a deterioration in payment compliance.

As the collection targets are based on previous years' payment profiles, the increased take-up of 12-month instalments affects the comparison with target during the year. Collection performance is therefore expected to recover during February and March as these later instalments become due.

At the end of Quarter 2, there were 5,262 working-age Council Tax Support claimants, an increase of 96 compared with 5,166 at the same point in 2025/26. The number of pension-age claimants was 2,793, a reduction of 29 compared with 2,822 in the previous year.

3.4 Miscellaneous Debt Update

The table below provides an analysis of outstanding debt as at 30 September 2026. It is important to note that the total debt balance includes amounts that are not yet overdue.

The ‘Future’ column relates to invoices with payment dates falling after 30 September 2026 and therefore does not represent overdue debt. The ‘Current’ column relates to invoices that have recently fallen due. These amounts are subject to the Council’s normal recovery process, including the issue of reminders and resolution of any invoice queries in conjunction with the relevant service area.

The balances shown within the ‘<90 days’ to ‘>365 days’ categories represent overdue debt and are therefore the focus of active recovery activity. The Credit Control Team works with the relevant service areas to pursue these balances. Housing debt comprises a high volume of individual debts, and a number of these debtors have payment arrangements in place which are monitored for missed instalments.

Where debts cannot be recovered through the normal recovery process, further action may be considered, including referral to the Council’s debt collection agency or, for appropriate higher-value cases, recovery through the court process. Some debts may ultimately require write-off, including where recovery is prevented by formal insolvency arrangements such as Individual Voluntary Arrangements (IVAs) or Debt Relief Orders (DROs).

	Debtor Aged Days Q2							
Service	**Current**	**<90**	**91 to 180**	**181 to 365**	**>365**	**Future**	**Total Debt**	**Total Debt 26/27 Q1**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
3C Shared Services	335			(13)	(6)	22	**338**	8
Business Improvement District	1	1	4	27	9		**42**	65
Community Infrastructure Levy	15		296	15		6,297	**6,623**	2,860
Commercial Rent	49	(16)	3	(5)	398	249	**678**	486
Community	1	2	2	5	2	25	**37**	14
Corporate		5				2	**7**	5
Environmental					3		**3**	3
Finance	1	694	1	4	30		**730**	733
Housing Benefit Overpayment					21		**21**	21
Hinchingbrooke Country Park	2	1	1			16	**20**	48
Housing	18	25	13	17	297	36	**406**	319
Licensing	10	6	1		3	1	**21**	23
Markets	1	1				3	**5**	5
Mobile Home Park						49	**49**	75
Moorings			2			5	**7**	9
One Leisure	41	10	5	2	1	122	**181**	64
Operations	64	44	12	48	40	160	**368**	231
Planning	18	14		30		3	**65**	65
Private Sector Housing				2			**2**	3
Section 106	27						**27**	115
Trade Waste	1	19	14	(4)	3	75	**108**	147
Total	**584**	**806**	**354**	**128**	**801**	**7,064**	**9,738**	**5,299**

3.5 Update on the Commercial Investment Strategy (CIS) 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 £4.095m against a budget of £4.087m, a favourable variance of £8,000, primarily due to marginally increased 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)	(4,514)	(8)
Loan Interest (On CIS related borrowing)	581	581	0
Total Property Investments	**(3,925)**	**(3,933)**	**(8)**
TOTAL	**(4,087)**	**(4,095)**	**(8)**
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

There are several rent reviews pending and the service have been progressing these this year. A few have taken place increasing income the most notable being at Wilbury Way, providing HDC with a surplus. As the timeframe on lease renewals is difficult to predict; there could be further increases in income throughout the year, though this is dependant on successful reviews.

3.6 Policy Implications

N/A

3.7 Legal & Constitutional Implications

Effective budget monitoring and reporting in public to Cabinet and Overview and Scrutiny Panel 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 and being able to mitigate them.

3.8 Community Impact

N/A

3.9 Environment & Climate Change Implications

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

3.10 Equality & Diversity Implications

N/A

3.11 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.

3.12 Health & Wellbeing

N/A

3.13 Local Government Reorganisation (LGR) Implications

This report is retrospective and therefore has limited impact on LGR implications.

4. RISK MANAGEMENT

Risk within individual budgets and service areas will be recorded on local risk registers and incorporated into the Council's overall risk register.

5. LIST OF APPENDICES

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

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