

Cambridge City Council: Quarterly Performance Report October to December 2025

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Introduction

This report provides a quarterly snapshot of how well the Council is performing, the risks we are facing, and whether we are delivering within our agreed budget.

It covers the period from 1 October to 31 December 2025 (called quarter 3 as it is the third three-month period in the financial year) and provides a high-level overview, highlighting areas where there are major achievements or outstanding delivery, and areas that have significant risks, issues or challenges.

The report is split into two parts, the first covering our general responsibilities, the second our role as a residential social landlord. For each part there is an appendix with more detailed information.

For simplicity, central corporate services, which support both our general responsibilities and our social landlord function, are covered in part one of the report. Where there are specific issues affecting the landlord role they are highlighted in the landlord report.

Part One: Our General Responsibilities

The Council carries out a very broad range of activities as part of its general responsibilities. These range from activities relating to our environment, for example domestic waste collection, maintenance of parks and open spaces, air quality monitoring, the ‘scores on the doors’ food safety inspections; our communities, including community safety, leisure, culture and community facilities, and community engagement; and place making, including planning, inclusive growth, and responding to climate change.

Overview

Between October and December 2025 (**Quarter 3**) the Council:

- Delivered its full range of services (metrics for key services, including waste, planning, customer support, environmental health are included in appendix 1)
- Opened the Operations Hub, a new operational base bringing together operational teams and functions
- Launched the public consultation on its 2026-27 budget
- Launched the public consultation on the new Local Plan, which ran from 1 December to 30 January 2026
- Launched the public engagement on the outline draft of the new Climate Change Strategy for 2026-2031, which ran from 1 October to 9 November 2026
- Worked with Councils across the Cambridgeshire and Peterborough footprint to finalise and submit proposals for Local Government Reorganisation
- Prepared for the launch of the weekly food waste collection via our shared waste service

Agreed:

- The submission of Option B to the Secretary of State as the Council’s preferred option for Local Government Reorganisation. The detail of option B can be found at [Option B: the best way to reorganise Cambridgeshire's seven councils - Cambridge City Council](#).
- The draft Local Plan for public consultation
- A public consultation on the review of the Bio-diversity Strategy to run alongside the Urban Forest Strategy consultation
- To act as a supporting authority for CPCA to submit the final Cambridgeshire and Peterborough Local Nature Recovery Strategy to the Secretary of State

- A draft Council Tax Reduction Scheme 2026-2029 for recommendation to Full Council in February 2026

Key achievements in the period include:

- The Greater Cambridge Shared Planning Service was named national Planning Authority of the year in the Royal Town Planning Institute National Planning Awards
- Continued improvements in the financial performance and events programme at the Corn Exchange and Guildhalls.

Significant risks and issues that emerged during the quarter include:

- Continued uncertainty generated by the outcome of the Fair Funding Review of the local government financial settlement. The interim settlement figure was issued on 19 December, at the end of quarter three, with the final figure provided on 9 February 2026, mid-way through the final quarter of the financial year.

However, mainly due to changes to our investment and interest payments, our projected financial position for the year has improved since the quarter two report. Our forecast position is currently showing that we will spend £0.5 million more than planned by the end of the financial year (31 March 2026).

The Council's budget includes a contribution of £3.7 million to the General Fund balance. If our forecast is right the General Fund balance would still increase at the end of the year, but by £3.2 million. A more detailed breakdown of our financial position at the end of the quarter is set out in Appendix One.

Work has been taking place in year to identify and manage overspend or under achievement. In addition, the 2026/27 budget approved at full Council on 26 February contained budget items and policy initiatives to address changes in demand for services.

Part Two: Residential Social Landlord

As well as our general responsibilities, Cambridge City Council is also a residential social landlord. The council owns and manages around 7,500 residential properties and is actively developing new social housing.

The performance and finances of our landlord function are managed and reported separately to our general responsibilities. Our finances as a landlord are separated out from our general finances and managed through what is called a Housing Revenue Account.

Overview

From October to December 2025 the council approved:

- a new Rent and Service Charge Policy, to ensure a clear and transparent approach to how we set our rent and service charges for our Council Homes. [Rent and Service Charge Policy - Cambridge City Council](#)
- the next steps to move towards a consultation on the final draft of the North Cambridge Framework for Change and on early design options for Arbury Court and Kingsway, parts of Brackley Close, and Verulam Way. Council approved, subject to Homes England funding, the addition of these schemes to the Housing Capital Programme.
- The sale of land at Tedder Way, with the proceeds to be re-invested into the Housing Revenue Account to support future housing initiatives

As reported in the previous quarter, the outcome of the Inspection by The Regulator for Social Housing was published in October, and the Council received a consumer grading of C2 (grading run from C1 to C4, with C1 being the highest available grade).

A C2 grading means that the Council, in its role as a landlord, is delivering a service to its tenants that is compliant with the national standards set out by the regulator.

The report also highlighted areas for improvement. These were stock condition surveys, which are property inspections to check their overall condition, identify repairs needed, and plan future maintenance or improvements; fire risk assessment remedial actions; and data management systems which are outdated.

The regulator noted that there are already action plans in place for all of these areas, including programmes to accelerate stock condition surveys, complete the fire risk

remedial actions, and update our data management systems. The Regulator also removed the previous Regulatory Judgement for breach of the Rent Standard.

There has been continuing progress in terms of building compliance, with all four published measures now showing green, with two achieving their stretch targets.

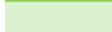
Progress with the correction of the rent errors previously identified continues to be on track and reached the point where the process of making any payments back to tenants could start. Both current and former tenant arrears have increased, with KPIs rated red; while a seasonal rise in current arrears is typical at the end of Q3, there is also an overall upward trend. The increase in former tenant arrears is partly due to delays in writing off unrecoverable debts until rent correction refunds are completed. A budget bid was submitted (and approved at full Council, February 2026) for new software to automate lower-level arrears tasks and free up capacity to focus on more complex cases

The average time to re-letting is not where it needs to be, we have been reviewing our processes to look at how we reduce the time it takes. As a result, changes have been made to the shortlisting process, including pre-assessments of people in Band A, and we have also changed the way viewings are booked. These changes will be monitored to assess their impact. At the same time a new void process has been designed and will be implemented shortly to improve both the condition of voids returned and the relet times.

Specifically in relation to our house building activity, 54 homes were handed over at the Meadows in November. Schemes on site at Fanshawe Road, East Barnwell, ATS Murketts, and Newbury Farm continued to be on budget and on schedule at the end of the quarter. Planning applications were submitted for 165 new homes at Hanover and Princess Courts and 134 homes at Ekin Road.

Appendix 1: General Responsibilities: Performance, Finance, and Risk indicators

General Responsibilities: Performance Indicators

Key Performance Indicators: General Responsibilities			
Link to Corporate Plan Objectives		Ratings Key	
Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030	1	At or above stretch target	
Tackling poverty and inequality and helping people in the greatest need	2	At or above baseline target	
Building a new generation of council and affordable housing and reducing homelessness	3	Below baseline target/ Needs action	
Modernising the council to lead a greener city that is fair for all	4	No target for this measure	

Title & Description	Baseline target	Stretch target	2025/26			2024/25				2023/24 Q4	Plan Item
			Q3	Q2	Q1	Q4	Q3	Q2	Q1		
Bins collected on schedule <i>This measures the effectiveness of our domestic waste collection service</i>	99.25%	99.70%	99.92%	99.9%	99.9%	99.9%	99.9%	99.9%	99.8%	99.8%	1
Household waste sent for reduce, recycling, composting <i>This tracks the percentage of the City's domestic waste that is not going to landfill</i>	48%	50.00%	47%	50.92%	52.40%	50%	49%	53%	54%	44%	1
Street Cleansing inspections of acceptable standard <i>Percentage of Spot inspections across Litter, Detritus, Graffiti & Fly Posting that meet agreed standard</i>	90%	95%	92.4%	90.6%	96.0%		95.6%	95.5%	99.0%		4
% food businesses broadly compliant (rated 3 +) <i>This tracks food safety compliance in the city, as monitored by our environmental health team</i>	93%	97%	97.6%	97.6%	98.2%	98.0%	97.8%	97.8%	97.7%		-
Average time to determine validated householder planning applications <i>This is the number of weeks Greater Cambridge Planning Service takes to determine applications</i>	12	10	7.92	7.07	7.93	8.03	7.22	7.61	7.69	9.79	4
First Point of Contact resolution <i>This is the percentage of contacts our customer support team is able to resolve without having to refer onwards</i>	86%	89%	88.5%	90%	90%	90%	89%	91%	90%	91%	4
Complaints resolved within target <i>We aim to resolve complaints within 10 working days</i>	70%	85%	84%	72%	75%	83%	84%	81%	76%	77%	4
Community centre programme balance <i>We aim for facility time to be apportioned to Community (40%), Cultural (30%), and Commercial (30%) activities</i>	10pp away	5pp away	51:30:19	46:28:26	45:30:24						2
Private rented properties (inc. HMOs) in the city are made safe & suitable for occupancy <i>This is in line with Housing act 2004, associated regulations and the Councils Private Rented Sector Housing Standard</i>	200 - annual	250 - annual	110	55	55	89	87	122	130		4
Days to process benefit claims – Housing Benefits <i>This is a combined average of new and existing claims; new claims require longer to process, and cannot be done in the same speed</i>	9	7	2	2	3	2	2	3	3	2	2
Days to process benefit claims – Council Tax Reduction <i>These are the number of days taken to process claims for housing benefit and Council tax reduction- we are in the top decile nationally</i>		3	2	2	2	2	2	2	2	1	2

Title & Description	Baseline target	Stretch target	2025/26			2024/25				2023/24	Plan Item
			Q3	Q2	Q1	Q4	Q3	Q2	Q1		
Change of applicants in housing need <i>This is ensuring the need for social housing is decreasing, or we are meeting their needs</i>	0	-2%	-8.44%	-4.30%	-9.29%	-5.45%	3.27%	4.79%	4.79%		2
Number of families with children in B&B over 6 weeks <i>The goal is to have no families with children in B&B accommodation for more than 6 weeks</i>	1	0	0	1	0	1	1	1	0	0	3
Homelessness prevention cases with a successful outcome <i>Of the homelessness prevention cases we undertake, the % that are successful as defined by law</i>	45%	60%	55.7%	69.4%	54.3%	54.7%	59.7%	56.3%	54.2%		3
Repeat homelessness, or threat of homelessness, when previously resolved in last 2 years <i>Looking for effectiveness of past resolutions & reduction in repeat homelessness (past resolutions through housing advice or statutory duty)</i>	8%	6%	6.2%	5.63%	6.15%	4.79%	7.80%	5.70%	5.65%		3
Rough sleepers on a single night <i>Quarterly average of a monthly count of rough sleepers. Rating comes from improvement compared to previous years results</i>		Year on Year Improvement	28	35	37	23	26	27	26	28	3
Private homes retrofitted to Increase EPC rating <i>We are funded to lead this work across the County, city numbers are currently low because this phase is for homes without gas</i>	n/a		3	3	3	2	0	1	0		1
No of volunteer Hours <i>Volunteers worked hours logged</i>	n/a		154	83	123	27					4
No of corporate groups worked with in volunteering	n/a		18	32	29	5					4

These measures reflect the core services the Council delivers as part of our general responsibilities and show that services are being delivered within our baseline thresholds. They indicate that our core services are being delivered effectively, in the main meeting not only our baseline targets but their stretch targets as well. The recycling rate has dropped marginally below its target. There are a number of factors that could be contributing to this, including seasonal fluctuation and changes to packaging which have reduced the overall weight of recyclable materials. We are expecting the roll out of the weekly food waste collection to have a positive impact on future performance and see this figure move back into green. The balance of community centre bookings reflects a drop in business meetings and training sessions and an increase in community bookings in December. This is a new metric and the process of collecting the data in this way will enable better profiling and planning.

General Responsibilities: Finance

Finances for our general responsibilities are managed through our General Fund. Our detailed financial reports use our internal groups. These reflect the way we are organised internally, and all our financial reports use this structure, so you can compare our quarterly figures with our published accounts.

All of our reports show figures in a particular way:

- Expenditure is shown as a number, i.e. 1,234.
- Income is shown in brackets, i.e. (1,234)

So, where a budget has spent more than planned it is shown as a simple number because this is an increased amount of expenditure, and where a budget has spent less than planned that is shown in brackets.

Revenue Budgets

The current forecast position is that the Council will have spent £0.5 million more than planned by the end of the year (31 March 2026). At the end of the second quarter, we had forecast that we would spend £1.7 million more than we had budgeted, so the overall position has improved. The current budget includes a planned contribution of £3.7 million to the General Fund balance. The forecast overspend now means that the General Fund balance would still increase, but only by £3.2 million. This is set out in the table below:

General Fund Forecast – Q3 2025/26	Current Budget £'000	Q3 Forecast £'000	(Under budget)/over budget £'000
Net expenditure by group			
City Services	1,058	1,364	306
Communities	10,672	10,341	(331)
Corporate Hub	12,700	12,130	(570)
Economy & Place	(7,927)	(7,310)	617
Planning & Building Control	1,558	1,508	(50)
Non-service expenditure	7,435	7,982	547
Total net expenditure	25,496	26,015	519
Funding			
Business rates and council tax	(24,114)	(24,114)	0
Government grants	(4,375)	(4,375)	0
Use of earmarked reserves	(710)	(710)	0
Total funding	(29,199)	(29,199)	0
Contribution to GF reserve	3,702	3,184	(518)

The forecast position has improved since Q2. The most notable changes since Q2 are:

- Due to lower than budgeted spending on the capital programme, there will be no need to borrow externally this year. This has reduced capital financing costs (interest and Minimum Revenue Provision to repay loans) by £1.1 million.
- Forecast income in relation to the fleet and crematorium continues to be lower than budgeted. The position has worsened since Q2 as the crematorium has had to spend more on vehicle repairs on its aging fleet. This is shown under City Services

A more detailed breakdown to service level is shown below, followed by a table with explanations of the more significant variances.

Group / Service Grouping	Current Budget 2025/26 £'000	Current Forecast 2025/26 £'000	(Under)/ Over Budget 2025/26 £'000
City Services			
Bereavement Services	(734)	(409)	325
Car Parking	(6,430)	(7,308)	(878)
Community Safety	366	366	0
Garage Services	64	223	159
Management	379	475	96
Markets and Street Trading	(528)	(541)	(13)
Operational Hub	526	635	109
Sport and Recreation	593	701	108
Streets and Open Spaces	4,371	4,798	427
Waste & Recycling	2,451	2,424	(27)
Total City Services	1,058	1,364	306
Communities			
Active Lifestyles	2	3	1
Community Centres	1,004	963	(41)
Community Development	1,957	1,930	(27)
Community Safety	777	791	14
Culture and Community	1,082	908	(174)
Environmental Health	1,412	1,420	8
General Fund Housing	2,141	1,986	(155)
Grant Support	1,443	1,429	(14)
Homelessness	534	577	43
Housing Strategy	117	117	0
Management	203	217	14
Total Communities	10,672	10,341	(331)
Corporate Hub			
3C Legal	872	888	16
Central Contingency and Recharges to the HRA	(5,878)	(5,570)	308
Chief Executive's Office and Communications	1,022	1,054	32
Customer Support	2,168	2,136	(32)
Democratic Services	1,534	1,649	115
Financial Services, Insurance, Payroll and Pension Costs	5,730	5,993	263
Guildhall/Mandela House/Facilities Management	1,323	1,291	(32)
ICT & Digital	3,825	3,744	(81)
Management	227	208	(19)
Net Interest Payable/Receivable	(1,490)	(3,339)	(1,849)
People & Change	1,514	1,541	27
Procurement	291	355	64
Revenues and Benefits	1,305	1,959	654
Shared Audit	257	221	(36)
Total Corporate Hub	12,700	12,130	(570)
Economy and Place			
Development Team	47	47	0
Economy, Energy and Climate Change	1,011	998	(13)
General Fund Housing	289	289	0
Grant Support	88	93	5
Housing Strategy	121	121	0
Management	214	216	2
Property Services	(9,967)	(9,344)	623
Sustainable City	270	270	0
Total Economy and Place	(7,927)	(7,310)	617
Planning and Building Control			
3C Building Control	165	165	0
Greater Cambridge Planning	1,393	1,343	(50)
Total Planning and Building Control	1,558	1,508	(50)
Total for all Groups	18,061	18,033	(28)

Group / Service Grouping	Current Budget 2025/26 £'000	Current Forecast 2025/26 £'000	(Under)/ Over Budget 2025/26 £'000
Non-service expenditure			
Capital expenditure financed from revenue	2,145	2,161	16
Collection fund deficit	0	0	0
Contributions to earmarked funds	5,290	5,821	531
Total non-service expenditure	7,435	7,982	547
Net spending requirement	25,496	26,015	519

Group	Cost Centre/Service	Reason for Variance	Forecast Over budget/ (under budget) £'000
City Services	Car Parking	Customer demand has exceeded expectations at the Grand Arcade, Park Street and Queen Anne Terrace Car Parks. This has more than offset reduced usage of the Grafton Centre Car Parks resulting from the closure of shops and cinema. New offices and laboratories are not yet open at the Grafton Centre site and the impact of these premises on car park usage therefore remains to be seen.	(878)
	Management	The £62k overspend in salaries is due to the regrading of 2 posts & the addition of the post of Programme Manager following colleague feedback on the restructure. It also reflects essential investment in leadership and management training to establish the new City Services leadership team, as no dedicated training budget is allocated.	96
	Sport and Recreation	This variance is mainly accounted for by salaries. This is because the budget expectation was that changes would start on 1st April as part of the restructure. Changes did not start until 1st July.	108
	Operational Hub	Budgets for the Operational Hub had to be estimated while the project was still in development. Experience since its opening has identified shortfalls in the areas of energy costs and security. There were also one-off costs for equipment and empty business rates payable while the buildings were being developed. The ongoing factors have been taken into account when setting the 2026/27 budget.	109
	Garage Services (External Work)	earned income has been lower than expected. The fleet manager is bringing in new contracts and additional work, which will improve the position over time	163
	Bereavement Services and Crematorium	The previously reported impact of increased competition from new providers and alternative cremation services has led, to lower than budgeted income, the 26/27 budget includes an adjustment in income assumptions to reflect this change. There have also been overspends in staffing and vehicles costs, that are not expected to continue into 2026/27. The overall overspend has been partly mitigated from recouping some of our legal costs associated with our successful A14 legal claim.	325
	Streets and Open Spaces (Project Delivery, Grounds Maintenance & Street Cleaning)	This variance is mainly accounted for by salaries. This is because the budget expectation was that changes would start on 1st April as part of the restructure. Changes did not start until 1st July. We also have staff members on long term sick leave, an overspend on agency staff covering both the sick leave and a vacant post. Previously forecast grant income of £16k is no longer expected. The cost of external cleaning contracts has risen, partly due to a higher than expected increase in the National Living Wage. A more sustainable best-value model needs to be explored as in house provision could cut agency premiums, avoid contractor risk pricing, allow for tighter control over service standards and scope for contracting to meet pressures from events and seasonal demand.	493
Communities	General Fund Housing (Town Hall Lettings)	The favourable position is due to an increase in the amount of properties being managed and the work done by the team to reduce voids (we are now consistently charging more rent than we are paying out to landlords), recharges to landlords for repairs work undertaken, and ensuring processes are in place to ensure maximum recovery of recharges.	(129)

Group	Cost Centre/Service	Reason for Variance	Forecast Over budget/ (under budget) £'000
Communities (contd)	Culture and Community (Corn Exchange and Guildhall)	The forecast shows a £140k favourable variance, leading to a projected surplus of £379k. This is mainly due to higher income from an increased number of shows, stronger ticket sales, and better-than-expected bar revenue driven by audience profile. The position is dependent on utilities costs remaining stable and no significant additional spend being required on repairs and maintenance ahead of the Civic Quarter works.	(140)
Corporate Hub	Net Interest Payable/Receivable	No further external borrowing is now expected for the General Fund this year and this has significantly reduced the interest payable and the Minimum Revenue Provision that needs to be made. Increased interest from loans to the Cambridge Investment Partnership is forecast as a result of the drawdown of loans agreed by Full Council in October 2025. The General Fund also benefits from interest from the HRA on internal borrowing, which has increased this year to avoid more expensive external borrowing for the HRA.	(1,849)
	Procurement	£64k overspend due to additional fixed term resource for contract and procurement analysis.	64
	Democratic Services (Members' Allowances)	The overspend is due to the changes in Members' basic and special responsibility allowances. This is the net forecast for the cost centre as some of the other budget lines have underspent.	67
	ICT & Digital	Includes £44k underspend for 3C ICT following efficient procurement, and £37k underspend on Digital Team salary costs due to vacant posts in year.	(81)
	Financial Services, Insurance, Payroll and Pension Costs	There is an overall £337k overspend on insurance because of an unprecedented number of property and fire claims this year. Financial services has benefited from £71k in unbudgeted grants towards the higher costs of external audit, which are set externally.	263
	Central Contingency and Recharges to the HRA	This central budget held the pay award contingency. The nationally agreed pay award was 3.5% which was higher than the budget assumption of 2.5%. All service budgets have received the full benefit of the pay award (and consequent increases in National Insurance and Pension contributions) and therefore the full impact of the shortfall is shown on this central budget line. This is partly offset by the effect of moving the in-year element of inflation on building control external income to this cost centre, in line with previous years.	308
	Revenues and Benefits (Local Taxation Services)	The service is forecasting a net overspend of £80k due to a combination of factors. Main pressures include £60k for agency staff covering long-term sickness and maternity leave, £29k from underachieved Council Tax recovery income, £6.5k from the under recovery of legal costs, and £1.5k for business-as-usual spend. These are partly offset by a £13k MOD contribution for 81 Long Road and £4k net vacancy savings.	80
	Revenues and Benefits (Housing Benefit Subsidy and Expenditure)	The projected subsidy loss to 31 March 2026 is £910k, partly offset by £270k in overpayment recovery, giving a net loss of £640k. A £45k Discretionary Housing Payments underspend further reduces the overspend to £595k. The main pressure on this budget is Rent Allowances (£723k) due to high rents from charitable landlords with restricted subsidy recovery due to the national regulations. Measures to address this pressure are included in the 2026/27 budget proposals. Universal Credit migration has also increased unrecoverable subsidy by £60k. Losses are reviewed every four weeks with no further major changes expected.	594

Group	Cost Centre/Service	Reason for Variance	Forecast Over budget/ (under budget) £'000
Economy and Place	Property Services (Park Street Aparthotel)	The Park Street lease was completed on 22 October 2025. Rent commenced on 14 January 2026. The forecast has been adjusted to incorporate the rent-free period.	(461)
	Property Services (Property Services Team)	This is due to vacant posts but recruitment is currently underway.	(85)
	Property Services (Commercial Properties)	A new letting at Cyrus Way has been completed at a higher rent. The property was previously vacant.	(74)
	Property Services (The Lion Yard)	Despite best efforts, the tenant failed to provide ground rent calculations for 3 years. Upon reconciliation of outstanding years, it transpired that there was a reimbursement of c.£700,000 required, covering the last 3 years up to 24/25. The on-account income forecast for 25/26 has therefore been reduced by £350k to reflect the impact of the detailed ground rent information. This overspend has been reduced by £50k due to overachievement of income on the South End.	1,026
Planning & Building Control	Greater Cambridge Planning	The Shared Planning Service is forecasting £50k net underspend, and by the end of the year this may improve further. This is based on commitments from the Development industry on forecasts for applications. It is proposed that any underspend from 2025/26 be transferred to the City's planning reserve to manage fluctuations and potential uncertainty arising from the potential impact of the new Development Corporation. The fund will be drawn down for contingency items only.	(50)
Non-Service Expenditure	Contributions to Earmarked Funds	This is the interest received on loans to the Cambridge Investment Partnership in excess of our average interest on treasury management investments. This excess is transferred to the Development Reserve to help finance future capital expenditure.	531
		Other Minor Variances across the Council	39
		Total	519

General Responsibilities: Capital

The current forecast position on the council's general fund capital programme is as follows:

Capital Forecast – Q3 2025/26	Current Budget	Q3 Forecast	Forecast Slippage	(Under budget)/over budget
	£'000	£'000	£'000	£'000
General Fund				
Park Street	32,797	16,000	0	(16,797)
Other	74,615	39,474	32,882	(2,259)
GF Total	107,412	55,474	32,882	(19,056)

As reported last quarter, we are expecting to spend £16.8 million less than budgeted on the Park Street redevelopment, which fully opened this year, as a result of strong contract management. This project is funded from external borrowing, so the underspend reduces the need to borrow rather than releasing any new resource. The overspend for the new Operational Hub is now totalling £1.1 million, caused by delays from external contractors. It is important to note that the original capital bid was made over five years ago, and since then inflationary pressures—particularly in construction, materials, and labour, have significantly increased the cost base for delivery. There is an underspend of £2.7 million against budget for Warm Homes, where the original budget was higher than the final grant amount received. This is a fully grant funded project which has now been completed successfully.

Other General Fund capital projects continue to be forecast to deliver to budget. The timing of approved loans to the Cambridge Investment Partnership (CIP) means that £20 million of the loans budget will need to be carried forward into 2026/27. Other major projects where budgets are expected to be requested to be carried forward are the Civic Quarter (£3.3 million), East Barnwell (£1.5 million), the WREN Solar project at Waterbeach (£1.3 million), swimming pool decarbonisation (£1.1 million), repairs to Jesus Green riverbank (£0.8 million), and capital maintenance on operational and commercial properties (£1 million).

General Responsibilities: Risk

We keep a list of risks that could prevent the Council meeting its goals and its responsibilities, we score those risks to understand how serious they are, and we put in place controls and actions to reduce the level of those risks. All our individual risks feed into our seven strategic risk areas. These strategic risk areas apply across all of our activities, covering both our general responsibilities and our social landlord function. Every risk area is rated either green, yellow, amber or red, as follows:

- Green shows that risk levels in that area are low and well managed.
- Yellow indicates that there is a higher level of risk, but it is still well managed and under control
- Amber flags that the risk level is higher than we want and we are taking action to bring the risk level down. Where the risk level is caused by external factors outside our control and cannot be lowered, it needs to be very closely monitored.
- Red is the most serious level, and where we have a red risk there should be a clear, agreed and closely monitored action plan to reduce the risk.

Strategic Risks

The latest assessment of each strategic risk area is as follows:

	Strategic Risk Area	Risk level
1	The Council is able to deliver on our vision and objectives	Yellow
2	The Council is financially robust	Yellow
3	The Council has an effective and resilient workforce	Green
4	The Council's physical and digital infrastructure is fit for purpose	Yellow
5	The Council has viable and robust plans for the future	Yellow
6	The Council is able to meet its legal responsibilities	Yellow
7	The Council is well governed	Green

What this shows is that the Council has good overall control and effective risk management.

In order to make sure that there is full visibility, any operational risk which is rated either amber or red is also reported, split out by whether they are an operational risk for our general responsibilities (reported here) or for our role as a residential social landlord (reported in appendix 2).

Under our General Responsibilities there are 5 amber operational risks and no red risks. The Council’s amber risks are as follows:

Operational Risks

Description	Current Controls	Actions to reduce risk level
Cyber-attack. This is a significant external risk, as seen through examples of attacks on businesses, local authorities, NHS etc	Active system management, mandatory cybersecurity training for staff, easy reporting of suspected phishing emails.	Budget has been agreed for additional external support to ensure 24/7 system oversight. This risk is likely to remain amber.
Reaching the Council’s carbon reduction target	Climate Change Strategy, Climate Change Fund	Review and update of Strategic Asset Management Plan, providing costs and action plan to deliver MEES ¹ and net zero. This work is due to report in 2026-27.
Compliance with property safety and repair standards for our corporate and commercial properties	Regular testing and servicing	Compliance review underway and on track to complete by April 2026, at which point this risk should reduce
Recruitment and retention of staff within the commercial property team	Training plans, internal recruitment	Advertise vacancies more widely; using consultancy to cover gaps.
Accurate accounting for S106 funds as process is updated	S106 funds are logged and tracked in Excel but we are in the process of moving to a improved system	New process and systems are being developed, working across Economy and Place, City Services and Shared Planning.

¹ Minimum Energy Efficiency Standard

		These will be trialled beginning in Q4 which are expected to reduce this risk.
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In line with new Economic Crime and Corporate Transparency Act we have developed our risk management system to categorise and report fraud related risks. We are working with colleagues to review existing risks and identify new risks. This new legislation requires all organisations to identify whether any of their activities could be subject to fraud and set out what they are doing to manage the risk of fraud. Individual fraud risks will be reported in the same way as our other risks, so any amber or red fraud risk will be reported here.

Appendix 2: Residential Social Landlord: Performance, Finance and Risk Indicators

Residential Social Landlord: Performance Measures

These measures are the key pieces of information we track to understand how well we are performing as a landlord. As set out in the main report there are a number of measures that are below our baseline target, and there are specific improvement plans in place to bring them up to baseline and beyond.

(for Key, see appendix 1 Performance measures)

Title & Description	Baseline target	Stretch target	2025/26			2024/25				2023/24	Plan Item
			Q3	Q2	Q1	Q4	Q3	Q2	Q1		
% statutory safety inspections completed on time in our homes <i>Percentage of all safety-critical and statutory checks that are carried out as required.</i>	95%	99%	96.8%	100%							2
FRAs, completed or within time, (snapshot of existing risk) <i>Ensures fire safety-critical and statutory checks are delivered as required, followed up by the appropriate actions</i>	95%	99%	100%	94%							2
Emergency responsive repairs completed within the landlord's target timescale <i>Reflects speed and reliability of repairs, supporting tenant satisfaction.</i>	90%	95%	96%	87%	93%	95%	88%	98%	97%	98%	2
Awaab's Law: % responded to request within 2 working days <i>Ensures all safety-critical quality of the Council's housing stock in a timely manner</i>	85%	95%	88%								2
Average re-let time in days (standard re-lets) <i>Ensures both loss of income and the time a household is waiting for a home is minimised</i>	38.5	35	47.5	46.9	43.4	37.3	37.7	39.7	42.7	60.9	2
Void loss - % of rent lost through dwellings being vacant (LCRA) <i>Monitors the impact of empty homes on the council's income stream.</i>	3%	1%	2.93%	4.21%	4.16%	3.22%	3.10%	2.96%	3.27%	2.84%	4
Current tenant arrears as a % of the annual rent debit <i>Monitors outstanding debts owed to the council</i>	3.85%	3.50%	4.19%	3.82%	3.64%	3.27%	3.59%	3.52%	3.48%	3.45%	4
Former tenant arrears as a % of the annual rent debit <i>Monitors outstanding debts owed to the council</i>	2%	2.2%	3.7%	3.3%	3.0%	3.0%	2.8%	2.7%	2.5%	1.9%	4
No. Council housing starts <i>Quarterly update of cumulative total on number of builds started this year</i>	n/a		29	29	29	105	0	0	0	84	3
No. new affordable homes completed within councils own programme <i>Quarterly update of cumulative total on number of builds completed this year</i>	n/a		126	70	70	98	70	24	0	248	3
Percentage affordable homes to Camstandard <i>This is about improving the environmental impact of our homes</i>	n/a		84%	79%	79%	78.65%	77.71%	77.71%	76.57%	73.11%	3
Homes retrofitted to EPC C rating <i>This is about improving the environmental impact of our homes</i>	Variable based on funding		11	7	4	59	72	54	18		1

Residential Social Landlord: Finance

We manage the finances of our social landlord responsibilities separately to the finances for our general responsibilities. This is done through a separate account called the Housing Revenue Account (HRA).

Revenue

At the end of December, our projections show that we will have spent £3.1 million more than planned by the end of the year. To ensure that the HRA balance can remain above its target level, the planned revenue contribution to capital expenditure (shown under capital financing) has been reduced by £2.7 million. This approach is consistent with previous years, but it will increase the amount of borrowing required to finance the capital programme in the longer term.

The budget agreed at the beginning of the year had included a £1 million contribution to the HRA balance by the end of the year. What our current projection shows is that the HRA balance will now only increase by the minimum amount required (£0.6 million) to reach next year's target reserve level.

HRA Forecast – Q3 2025/26	Current Budget £'000	Q3 Forecast £'000	(Under budget)/over budget £'000
Income	(57,998)	(58,454)	(456)
Operating expenditure	36,897	41,979	5,082
Net operating surplus	(21,101)	(16,475)	4,626
Net interest cost	8,949	7,417	(1,532)
Capital financing	11,140	8,415	(2,725)
Contribution to earmarked reserves	0	42	42
(Surplus)/deficit	(1,012)	(601)	411

The main reasons for the forecast overspend are:

- the need for interim fire safety measures including waking watch at a number of sites (£1.1 million). As a result of work already undertaken, the number of sites with waking watches in place has reduced from eleven to two. It is taking longer than anticipated to address the final two sites as decanting is required.
- increased spend on housing repairs including damp, condensation and mould (£1.6 million)
- cost of rectifications (£0.8 million forecast overspend) as a result of fire and other damage to properties

- additional costs of dealing with voids due to the poor condition of significant numbers of void properties (£0.8 million)
- historic costs for the management of Mill Road estate (£0.3 million)
- these overspends are partly offset by reduced interest costs as the HRA will not need to borrow externally this year (£1.7 million better than budget)

Although budgets will be increased in 2026/27 to reflect genuine cost pressures, Leadership Team is also taking action to ensure that a tight grip is exerted on costs.

The following table presents all the major variances on the Housing Revenue Account.

Category	Line Item	Service/Cost Centre	Reason for Variance	Over budget/ (under budget)	
Income	Rental income (dwellings)		Gross rents are forecast to be higher than budgeted. This is partly due to new council dwellings being let out to tenants earlier than assumed in the budget. The number of dwellings that are being re-let on the basis of rent flexibility is higher than anticipated with an overall positive impact on rental income.	(353)	
	Rental income (other)		Rental income from garages and commercial properties are both slightly ahead of budget due to high occupancy levels.	(75)	
	Interest Receivable		The forecast level of interest receivable from the HRA's share of cash investments is lower than budgeted as the rate of interest on investments is lower than assumed when the budget was set.	177	
Expenditure	Supervision & management - General	Housing Support and City Homes Staffing Costs	There have been additional staffing and legal costs required to deliver the rent regulation project. Some agency staff have had to be used to provide cover. Furthermore, the housing finance team was not fully staffed until October, so there was a need to use agency staffing, resulting in a forecast overspend. Permanent staff have now been recruited so no further agency expenditure is anticipated.	416	
	Supervision & management -	Stanton House	This housing scheme has now been handed over to the Housing Development Agency and therefore the unspent budget will not be needed this year.	(65)	
		Mill Road Third Party Management	Mill Road estate faced delays in year-end accounts from the estate management company, causing multiple overspends to fall due at once and increasing budget pressures. One-off utility costs, complex estate services, and new compliance requirements have also driven costs up. Accounts are now up to date, but late service charge information still makes budgeting difficult. A review of all third party management arrangements is underway.	88	
	Repairs & maintenance	Risk and Compliance		Currently there is a lower volume of electrical safety surveys being conducted due to more being completed in previous years.	(148)
		Citywide Schemes		The overspend on door entry and lift maintenance is being offset by underspend in lamp column repairs. The remaining underspend is wholly on smoke/heat detector replacements due to a large portion of the programme being delivered ahead of schedule in the previous financial year.	(59)
		Heat and Hot Water Servicing		This overspend is caused by a rise in repairs over the winter period.	85
		Compliance Team		Currently there are agency staff back filling roles within the team which is causing overspend. Active recruitment to fill the permanent roles is in progress.	125
		Third Party Management Company Servicing and Repairs		Mill Road estate faced delays in year-end accounts from the estate management company, causing multiple overspends to fall due at once and increasing budget pressures. One-off utility costs, complex estate services, and new compliance requirements have also driven costs up. Accounts are now up to date, but late service charge information still makes budgeting difficult. A review of all third party management arrangements is underway.	165
		Voids		High number of void properties are being returned into the service in very poor condition. There are also a high number of properties that need major clearance work before void works can commence which incurs additional costs.	796
Insurance Related Repairs			There has been a high volume of insurance works during the year causing the overspend. This is partly as a result of fires at HRA properties, where some rectification costs cannot be claimed from insurers and the Council must also pay the excess on its claims.	798	

Category	Line Item	Service/Cost Centre	Reason for Variance	Over budget/ (under budget) £'000
Expenditure (contd)	Repairs & maintenance (contd)	Asset Management	Asset Management is expected to overspend significantly, predominantly due to the need to provide building security where fire safety works are awaited. Most of these are now addressed with just two sites remaining.	1,121
		Repairs Day to Day	There has been a high volume of damp and mould works during the year, most of this has been undertaken by an external supplier due to the specialist nature of the works.	1,619
	Other Movements	Direct Revenue Financing of Capital	The revenue contribution to the financing of the capital programme has been reduced in order to ensure that the HRA reserves can be maintained at their target level. However, this approach will increase the amount of borrowing required to finance the capital programme in the longer term.	(2,725)
		Loan Interest	The loan interest budget assumed that external borrowing would be required from 1st October 2025. Due to slippage on the capital programme, borrowing is now not anticipated until 2026/27, therefore the forecast amount of interest payable has reduced.	(1,709)
		Other Minor Variances across the Housing Revenue Account		155
		Total		411

Capital Programme

The current forecast position on the HRA capital programme is as follows:

Capital Forecast – Q3 2025/26	Current Budget	Q3 Forecast	Forecast Slippage	(Under budget)/over budget
	£'000	£'000	£'000	£'000
Housing Revenue Account				
Existing stock	39,671	27,904	12,131	364
New build and acquisitions	59,836	49,457	18,021	7,642
Other	3,284	76	70	(3,138)
HRA Total	102,791	77,437	30,222	4,868

The in-year overspend against budget reflects 2 new build projects that are progressing their decant processes more quickly than expected. On current forecasts, £6.1 million will need to be brought forward at year end to cover both these projects which will remain within their overall budget. This will result in an overall underspend on the HRA capital programme, which has meant that no external borrowing has been needed this year.

Residential Social Landlord: Risk

The approach to risk is the same as for our general responsibilities, with the overall risk level as set out in the part one appendix.

There is one amber risk and no red risks that relate specifically to our role as a residential social landlord.

Description	Current Controls	Actions to reduce risk level
Failure of communal heating systems in newly developed housing blocks	Communal heating systems are monitored for any issues	Specialist consultants are advising the Council, with a list of key actions in place for our contractor

Appendix 3: Treasury Management

The Council has a statutory responsibility to report its treasury management activity. In simple terms this sets out how we are managing our money, including our investments and our borrowing.

During the year to date, all treasury management activity has been carried out in line with the Treasury Management Strategy Statement as approved by Full Council in February 2025.

As at 31 December 2025, total council borrowing stood at £297.2 million, which is an increase on the previous quarter, but lower than planned. This consists of £213.6 million of HRA self-financing loans which the council was required by government to take out in return for the transfer of its housing stock in 2012, and £83.6 million of external debt finance to support the Park Street development. Due to capital underspends and slippage, originally planned borrowing for the HRA and General Fund will not now be needed in the remainder of the year.

Interest income on investments is currently forecast at £5.8 million for the year, compared to a budget of £5.4 million. The Bank of England bank rate has been cut from 4.5% in April to 3.75% now and this has reduced returns. This is more than offset by a combination of increased interest from new loans to the Cambridge Investment Partnership as agreed in October 2025, the impact of significant capital slippage which means that the council has higher balances to invest while it waits for capital projects to proceed and increased interest from the HRA for internal borrowing which has been used to avoid taking on more expensive external debt.

The council's latest prudential indicators are set out in detail below.

Prudential and Treasury Management Indicators

Prudential Indicator Estimates (£m)	BSR 2025/26	Q3 2025/26 (Forecast)
Capital expenditure		
- GF	107.412*	55.474
- HRA	102.791*	77.436
Total	210.203*	132.910
Capital Financing Requirement (CFR) as at 31 March		
- GF	155.830	154.843
- HRA	328.202	273.674
Total	484.032	428.517
Deposits (average annualised balance)	90.000	90.000
External gross debt as at 31 March	340.793	297.217
Ratio of net financing costs to revenue stream		
- GF %	1.87%	-4.20%
- HRA %	15.30%	13.88%
Net income from commercial and service investments		
- GF (£ million)	16.176	17.483
- HRA (£ million)	0.472	0.624
Ratio of net income from commercial and service investments to net revenue stream		
- GF %	42.21%	57.08%
- HRA %	0.79%	1.13%

* Capital expenditure budgets have been updated to reflect rephasing and other changes to the capital programme approved since the BSR

Treasury Indicator Estimates (£m)	BSR 2025/26	Q3 2025/26 (Forecast)
Authorised limit		
- Borrowing	600.000	600.000
- Other long-term liabilities	2.000	2.000
Operational boundary		
- Borrowing	494.032	408.601
- Other long-term liabilities	1.500	1.500
Upper limit for total principal sums deposited for over 364 days and up to 5 years	50.000	50.000
Analysis of exposure to fixed and variable interest rates		
- Net interest on fixed rate borrowing/deposits	11.311	11.311
- Net interest on variable rate borrowing/deposits	(1.675)	(1.675)
Maturity structure of new fixed rate borrowing – 5 years and above		
- Upper limit	100%	100%
- Lower limit	100%	100%