CAMBRIDGE CITY COUNCIL

REPORT TITLE: Budget Outturn 2025-26

To: Cabinet

23 September 2026

Report by:
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Wards affected:
All

Director Approval: Chief Finance Officer Jody Etherington confirms that the report author has sought the advice of all appropriate colleagues and given due regard to that advice; that the equalities impacts and other implications of the recommended decisions have been assessed and accurately presented in the report; and that they are content for the report to be put to the Cabinet for decision.

1.	**Recommendations**
1.1	It is recommended that Cabinet: 1. Note this Budget Outturn Report 2025-26. 2. Recommend to Full Council the approval of the revenue budget carry forwards greater than £50,000 listed at Appendix C. 3. Recommend to Full Council the creation of a new earmarked reserve for asset compliance, and the transfer into this reserve of the net 2025/26 General Fund underspend of £1.930 million. 4. Recommend to Full Council the approval of the General Fund capital budget carry forwards listed at Appendix D, together with the carry forward of associated resources to finance this expenditure (including £1.767 million of planned revenue contributions to capital). 5. Recommend to Full Council the approval of the Housing Revenue Account capital budget carry forwards listed at Appendix F.

2.	**Purpose and reason for the report**
2.1	This report explains the final outturn position for the General Fund and Housing Revenue Account (HRA) for the 2025/26 financial year. It is presented to Cabinet and then Full Council in support of its statutory and constitutional responsibilities in respect of financial sustainability and monitoring compliance with the budgetary framework.
2.2	Under the council's financial regulations, budget carry forwards in excess of £50,000 require approval by Full Council.
3.	**Alternative options considered**
3.1	The council could choose not to approve some or all of the requested revenue and capital budget carry forwards. The implications of this would vary depending upon the nature of the requests refused, but this would likely have a detrimental impact upon service provision or the ability to complete the council's planned capital programme.
3.2	The council could choose not to create a new earmarked reserve for asset compliance, or not to transfer the full 2025/26 General Fund underspend to this reserve. Such a decision would likely leave the council with significant unfunded and unavoidable capital costs, particularly in relation to the Jesus Green riverbank.
4.	**Background and key issues**
4.1	Draft 2025-26 outturn figures were first presented in the Quarterly Performance Report January to March 2026, which was received by Cabinet on 7 July 2026. There have been no changes to the outturn figures since this report, although some corrections have been made to HRA capital budgets which impacts the capital carry forward requests, as highlighted within this report.
4.2	Note that the external audit of the council's 2025/26 Statement of Accounts commenced earlier this month and is still ongoing, therefore all figures within this report remain as draft for the time being. Should there be any changes as a result of audit which impact

	upon the council's General Fund or HRA reserves, this will be reported as part of the 2027/28 budget-setting process.
5.	**General Fund**
5.1	After proposed budget carry forwards, there was a net underspend on the General Fund of **£1.930 million**, which can be summarised as follows:-

Group	Current Budget	Outturn	Unspent budget carried forward	(Under budget)/ over budget
	£'000	£'000	£'000	£'000
Chief Executive Office	2,555	2,688	-	133
City Services	1,058	642	-	(416)
Communities	10,240	9,779	17	(444)
Corporate Hub	10,370	5,985	111	(4,274)
Economy and Place	(8,153)	(9,006)	214	(639)
Planning and Building Control	1,559	1,485	-	(74)
Non-service expenditure	14,157	15,202	1,767	2,812
Total net expenditure	**31,786**	**26,775**	**2,109**	**(2,902)**
Funded by:				
Business rates and council tax	(24,114)	(23,161)	-	953
Government grants	(4,374)	(4,355)	-	19
Use of earmarked reserves	(711)	(711)	-	-
Total funding	**(29,199)**	**(28,227)**	**-**	**972**
Total General Fund outturn	**2,587**	**(1,452)**	**2,109**	**(1,930)**

5.2	The final 2025/26 budget included a planned use of unallocated General Fund reserves to support council services of £2.587 million. The net underspend of £1.930 million means that the actual draw on reserves, after carry forwards, is £657,000.
5.3	The most significant areas of **underspend** and **increased income** were as follows:- • Net investment income was £1.9 million higher than budgeted (after transfers to earmarked reserves). This was due to capital slippage, which meant that cash balances were higher than anticipated throughout the year, along with sustained higher interest rates on investments. Investment income is projected to fall in future years as excess cash is applied to the council's planned capital programme. • Net income from car parks was £1.6 million higher than budgeted, reflecting continuing strong demand at the Grand Arcade, Park Street and Queen Anne Terrace car parks, together with tariff increases and the reintroduction of overnight

	charging. Adjustments to budgets from 2026/27 mean that this level of over-achievement is unlikely to be repeated.
5.4	The most significant areas of **overspend** and **reduced income** were as follows:- • Underachievement of business rates income of £1.0 million following a significant number of ratings appeals being resolved in year.
5.5	A more detailed breakdown of outturn by service grouping is provided at Appendix A, whilst Appendix B contains commentary on all individual cost centre variances greater than £50,000.
5.6	Due to the council's current financial position and continuing need to deliver savings over the medium-term, carry forward of service revenue budgets has only been proposed in exceptional circumstances this year. A full list of proposed revenue carry forwards has been provided at Appendix C. In line with the council's constitution, those over £50,000 require approval by Full Council. Those under £50,000 have already been approved by the Chief Finance Officer and are listed for information only.
5.7	There are a number of emerging pressures in the General Fund relating to asset condition and compliance. The most significant of these concerns necessary urgent repairs to the riverbank at Jesus Green, which is the subject of a separate report to the September Cabinet meeting. Other immediate pressures are emerging or likely to emerge as a result of an ongoing asset compliance review. As such, it is proposed that the £1.930 million General Fund underspend be placed into an earmarked reserve, to fund first and foremost the additional costs associated with the Jesus Green riverbank (currently estimated at £1.561 million on top of the £850,000 budget already approved). Any excess will then be held to support other essential asset compliance work.
5.8	The outturn position on the council's General Fund capital programme for 2025/26 is as follows:-

Capital Outturn – Q4 2025/26	Final Budget £'000	Outturn £'000	Unspent budget carried forward £'000	(Under budget)/ over budget £'000
General Fund				
Loans to Cambridge Investment Partnership	36,704	14,663	22,041	-
Park Street development	32,797	13,233	-	(19,564)
Civic Quarter	6,417	4,629	1,788	-
Sustainable Warmth Grant - HUG2	4,638	2,211	-	(2,427)
Operational Hub	3,495	4,767	-	1,272
East Barnwell new centre	3,449	1,241	2,208	-
S106 funded projects	2,232	1,715	560	43
Other capital projects	18,654	8,326	10,336	8
General Fund total	**108,386**	**50,785**	**36,933**	**(20,812)**

5.9 Project by project variances are set out in detail at Appendix D, alongside capital carry forwards for Full Council approval.

6. Housing Revenue Account (HRA)

6.1 The Housing Revenue Account (HRA) is a statutory ringfenced account, whereby rent and service charge income from council tenants and leaseholders can only be spent upon the provision of housing services. As such, it is managed in a different way from the General Fund, with reserve balances held as close as possible to the minimum target level, and surpluses generated from housing operations reinvested into capital expenditure (either on maintaining and improving existing stock, or building new homes).

6.2 The 2025/26 outturn on the HRA is summarised below:-

	(table below)

Service Grouping	Current Budget £'000	Outturn £'000	(Under budget)/ over budget
Income			
Dwelling rents	(51,684)	(52,225)	(541)
Other rents	(1,376)	(1,489)	(113)
Service charges	(4,076)	(4,288)	(212)
Other income	(862)	(356)	506
Total Income	**(57,998)**	**(58,358)**	**(360)**
Expenditure			
Repairs and maintenance	12,871	19,155	6,284
Management	11,245	11,220	(25)
Bad debt provision	527	1,102	575
Depreciation	12,254	12,647	393
Total Expenditure	**36,897**	**44,124**	**7,227**
Net operating surplus	**(21,101)**	**(14,234)**	**6,867**
Net interest cost	8,949	8,284	(665)
Revenue contribution to capital financing	11,140	4,717	(6,423)
Transfers to/(from) earmarked reserves	0	183	183
HRA (surplus)/deficit	**(1,012)**	**(1,050)**	**(38)**

6.3 As shown above, the operating surplus on the HRA for 2025/26 was £6.9 million lower than budgeted. This was mainly due to the following factors:-

- Increased spend on housing repairs (£2.3 million), including damp, condensation and mould, in order to comply with Awaab’s law.
- The need for interim fire safety measures including waking watch at a number of sites (£1.5 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.
- Additional costs of dealing with voids due to the poor condition of significant numbers of void properties (£1.5 million).
- The cost of rectifications (£1.4 million) as a result of fire and other damage to properties.

6.4 The impact of these overspends is that the revenue contribution towards HRA capital

	expenditure in year had to be reduced by £6.4 million in order to maintain revenue reserves above the target level. This will have a knock-on impact on future years, as it has increased the amount the council needed to borrow to fund its capital programme.
6.5	The council continues to take strong action to address overspends in the HRA, including an in-depth budget review and rebasing which took place as part of the 2026/27 budget setting exercise, and continuous monitoring and mitigating actions. However, conditions remain challenging, and the implementation of Awaab's Law Phase 2 will add to those pressures. This will be reviewed again as part of the 2027/28 budget setting process.
6.6	More detailed commentary on significant HRA variances at cost centre level has been provided at Appendix E.
6.7	The outturn on the HRA capital programme for 2025/26 is as follows:-
6.8	Note that within the Quarterly Performance Report January to March 2026, which was presented to Cabinet on 7 July 2026, final budget figures for the HRA capital programme were overstated as a result of an administrative error. This meant that carry forward and under/overspend figures were also incorrect. These errors have been corrected in the table above and the associated Appendix. Actual expenditure of £65.9 million has not changed from the original report.
6.9	Project by project variances are set out in detail at Appendix F, alongside capital carry forwards for Full Council approval.
7.	**Corporate plan**

Capital Outturn – Q4 2025/26	Final Budget £'000	Outturn £'000	Unspent budget carried forward £'000	(Under budget)/ over budget £'000
Housing Revenue Account				
Existing stock	41,271	24,468	17,038	235
New build and acquisitions	51,711	41,463	11,010	762
Other	3,284	2	2,682	(600)
Housing Revenue Account total	**96,266**	**65,933**	**30,730**	**397**

7.1	The council's budget framework supports all aspects of the Corporate Plan. Budgets requested for carry forward have already been approved by Full Council in 2025/26 or an earlier year, and approval of carry forwards will allow for delivery of the priorities these budgets were assigned to support. Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council
8.	**Consultation, engagement and communication**
8.1	The 2025/26 budget setting process was subject to full public consultation in line with the council's Code of Best Practice on Consultation and Community Engagement.
9.	**Anticipated outcomes, benefits or impact**
9.1	Approval of budget carry forwards will allow delivery of the associated corporate priorities. The approval of a new earmarked reserve for asset compliance will provide a degree of financial resilience against known and unknown future asset compliance risks.
10.	**Implications**
	Relevant risks
10.1	Where capital budgets are carried forward due to project slippage, this increases the risk of overall overspend due to extended project timelines and the impact of inflation where procurement is delayed. This risk will need to be managed by the relevant project manager in line with the council's usual Financial Regulations.
	Local Government Reorganisation (LGR)
10.2	The maintenance of reserves above their target level helps to demonstrate and secure the council's medium-term financial resilience in advance of local government reorganisation.

	Financial Implications
10.3	The financial implications of the requested carry forwards have already been taken into account within future reserve projections. Since budget has already been assigned, there is no further implication from approving carry forwards (apart from the increased risk of overspend identified above). Earmarking the 2025/26 General Fund underspend to support asset compliance work, including at the Jesus Green riverbank, will avoid the need to fund this essential work from other council resources.
	Legal Implications
10.4	None identified.
	Equalities and socio-economic Implications
10.5	The equalities and socio-economic implications of individual budget proposals will have been considered at the time of budget setting in line with the relevant council policy and statutory requirements. This includes the preparation of an Equalities Impact Assessment for each year’s budget as a whole, and further assessments for individual proposals where the impact is likely to be significant.
	Net Zero Carbon, Climate Change and Environmental implications
10.6	The net zero, climate change and environmental implications of individual budget proposals will have been considered at the time of budget setting in line with the relevant council policy and statutory requirements. This includes the assignment of a climate change rating to each individual proposal.
	Procurement Implications
10.7	None identified.
	Community Safety Implications

10.8	None identified.
11.	**Background documents** Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
11.1	General Fund Budget Setting Report 2025/26 to 2029/30 HRA Budget-Setting Report (BSR) 2025/26 Quarterly Performance Report January to March 2026
12.	**Appendices**
12.1	Appendix A – General Fund Revenue Outturn 2025/26 Appendix B – General Fund Revenue Variances Appendix C – General Fund Revenue Carry Forward Requests Appendix D – General Fund Capital Outturn 2025/26 Appendix E – Housing Revenue Account Revenue Variances Appendix F – Housing Revenue Account Capital Outturn 2025/26
	To inspect the background papers or if you have a query on the report please contact Jody Etherington, Chief Finance Officer, tel: 01223 458130, email: jody.etherington@cambridge.gov.uk

Appendix A – General Fund Revenue Outturn 2025/26

Group / Service Grouping	Current Budget	Outturn	Unspent budget carried forward	(Under budget)/ over budget
	£'000	£'000	£'000	£'000
Chief Executive Office				
Chief Executive Office	1,022	1,025	-	3
Democratic Services	1,533	1,663	-	130
Total Chief Executive Office	**2,555**	**2,688**	**-**	**133**
City Services				
Bereavement Services	(734)	(872)	-	(138)
Car Parking	(6,558)	(8,173)	-	(1,615)
Community Safety	366	387	-	21
Garage Services	64	(47)	-	(111)
Management	379	464	-	85
Markets and Street Trading	(528)	(549)	-	(21)
Operational Buildings	526	534	-	8
Sport and Recreation	659	1,216	-	557
Streets and Open Spaces	4,433	5,218	-	785
Waste and Recycling	2,451	2,464	-	13
Total City Services	**1,058**	**642**	**-**	**(416)**
Communities				
Community Centres	1,004	958	-	(46)
Community Development	1,765	1,734	-	(31)
Community Grants	1,443	1,437	-	(6)
Community Safety	764	717	-	(47)
Cultural Services	1,049	854	17	(178)
Environmental Health	1,353	1,350	-	(3)
Housing Strategy and Advice	2,124	1,964	-	(160)
Homelessness	535	548	-	13
Management	203	217	-	14
Total Communities	**10,240**	**9,779**	**17**	**(444)**
Corporate Hub				
Central Costs and Recharges	1,558	(66)	-	(1,624)
Customer Service Centre	2,162	2,007	-	(155)
Financial Services	1,998	1,864	111	(23)
Housing Benefit Expenditure	63	333	-	270
ICT	3,518	3,129	-	(389)
Insurance	1,186	1,613	-	427
Internal Audit	257	213	-	(44)
Investment interest and financing costs	(1,349)	(3,867)	-	(2,518)
Legal Services	872	740	-	(132)
Management	227	199	-	(28)
Office Buildings	1,323	1,206	-	(117)
People and Change	2,170	2,108	-	(62)
Procurement	291	301	-	10
Recharges to Housing Revenue Account	(4,915)	(4,839)	-	76
Revenues and Benefits Administration	1,009	1,044	-	35
Total Corporate Hub	**10,370**	**5,985**	**111**	**(4,274)**

Group / Service Grouping	Current Budget	Outturn	Unspent budget carried forward	(Under budget)/ over budget
	£'000	£'000	£'000	£'000
Economy and Place				
Commercial Property Services	(9,967)	(10,292)	-	(325)
Development	375	259	100	(16)
Economy, Energy and Climate Change	1,104	690	114	(300)
Management	335	337	-	2
Total Economy and Place	**(8,153)**	**(9,006)**	**214**	**(639)**
Planning and Building Control				
Building Control	165	148	-	(17)
Greater Cambridge Planning Service	1,394	1,337	-	(57)
Total Planning and Building Control	**1,559**	**1,485**	**-**	**(74)**
Total for all Groups	**17,629**	**11,573**	**342**	**(5,714)**
Non-service expenditure				
Capital expenditure financed from revenue	7,982	6,342	1,767	127
Contributions to earmarked funds	6,175	8,860	-	2,685
Total non-service expenditure	**14,157**	**15,202**	**1,767**	**2,812**
Net spending requirement	**31,786**	**26,775**	**2,109**	**(2,902)**
Funded by:				
Business rates baseline	(4,750)	(4,750)	-	-
Accumulated business rates growth	(8,767)	(7,814)	-	953
Government grants (including NHB)	(4,374)	(4,355)	-	19
Council tax	(10,597)	(10,597)	-	-
Appropriations from earmarked funds	(1,711)	(1,711)	-	-
Total funding	**(30,199)**	**(29,227)**	**-**	**972**
Total General Fund outturn	**1,587**	**(2,452)**	**2,109**	**(1,930)**

Appendix B – General Fund Revenue Variances

Group	Service Grouping	Reason for Variance	(Under budget)/ over budget £'000
Chief Executive Office	Democratic Services	Includes £116k net overspend due to changes in members basic and special responsibility allowances. This is slightly offset by an underspend of £29k in the events budget. There is a net overspend of £47k for electoral registration due largely to rising postage, courier, and printing costs and legislative limits on digital alternatives, and annual canvass costs including staff, tablets, and software.	130
City Services	Bereavement Services	Net underspend includes a credit of £227k in relation to the recovery of legal costs incurred in previous years on the A14 settlement – these costs have now been recovered. Without this the service would be showing a net overspend of £89k. This includes an overspend of £114k at the Crematorium reflecting wider national trends across the bereavement sector, with sustained growth in online-only providers offering direct cremation and more customers choosing this simpler, lower-cost option. The position is being actively managed through a review of service offer and pricing. Meanwhile, cemeteries are showing a net underspend of £75k due to increased income. This reflects targeted business improvement activity across the service. There is also a £20k overspend on vehicle repairs reflecting the age of the fleet, with this being managed through planned maintenance and future replacement planning.	(138)
	Car Parking	Income performance reflects strong demand at Grand Arcade, Park Street and Queen Anne Terrace car parks, which has more than offset reduced usage at Grafton Centre following recent closures. Demand at Grafton is expected to improve over time, as new offices and laboratory space become operational. Income has also been supported by the reintroduction of overnight charging and tariff increases in 2025/26. The allocation of some spaces to dedicated EV charging has reduced capacity slightly, although this has been mitigated through returning bays to dual use to optimise overall income.	(1,615)
City Services	Garage Services	Includes overachievement of income on external (£117k) and internal (£98k) work, offset by corresponding overspend of £149k on parts and consumables.	(111)
	Management	A £62k pressure on salaries within this area reflects targeted investment to strengthen leadership capacity across City Services, including the regrading of two posts and the introduction of a Programme Manager role. The overspend also includes focused investment in leadership and management development to establish a strong and consistent City Services leadership team, in the absence of a dedicated training budget.	85

Group	Service Grouping	Reason for Variance	(Under budget)/ over budget £'000
City Services (cont'd)	Sport and Recreation	An overspend of £348k within the leisure contract reflects a combination of historic utility recharges and the phasing of the new Leisure Contract Agency model. The budget assumed implementation from April; however the model commenced in August 2025, resulting in the previous operating model continuing for part of the year. This has now been addressed and is reflected in the ongoing budget position from 2026/27. In addition, there is an overspend of £204k on Recreation, including a one-off catch-up on electricity recharges at Jesus Green Pool (where estimated billing has been aligned to actual consumption resulting in a £150k back payment), and salary overspends following the late implementation of the service restructure.	557
City Services	Streets and Open Spaces	Includes salary overspends across the service totalling £430k. This reflects the implementation of the service restructure, including the regrading of posts, structural changes and pay protection arrangements. The timing of implementation from July 2025 rather than April 2025 also contributed to the variance. These changes have now been embedded and are reflected in the ongoing budget position, strengthening the service's leadership and delivery capacity. There is also an overspend of £123k on vehicle hire and repairs, associated with the age profile of the fleet. This is being addressed through the planned vehicle replacement programme, which will reduce maintenance costs and improve reliability over time. A £116k overspend in public toilet cleaning contract costs reflects updated cost levels and service requirements, with this now built into the 2026/27 budget. An overspend of £69k on Open Space Asset Maintenance reflects historic trends, and a £50k budget increase for 2026/27 will bring these budgets in line with actual operating costs.	785
Communities	Cultural Services	A positive variance of £111k on the Corn Exchange and Guildhall is primarily due to an increase in events from 178 last financial year to 208 in 2025/26. This has given the Council an increase in show related income (hire fee, booking fee, recharges, merchandise commission and food & beverages (F&B)). There is also an underspend of £83k within the central Cultural Services team which is primarily due to some staff vacancy gaps during the year – Project Officer, Marketing and Fundraising Assistant and a delay in recruiting the Sponsorship Officer and Marketing Manager.	(178)

Group	Service Grouping	Reason for Variance	(Under budget)/ over budget £'000
Communities (cont'd)	Housing Strategy and Advice	There has been an increase in the number of properties being managed by Town Hall Lettings which has increased income, coupled with more focused work on recovering rechargeable repairs and minimising void times, as well as some salary underspend due to long term sickness and a vacant post, which has now been filled.	(160)
Corporate Hub	Central Costs and Recharges	Includes £2.025m one-off compensation income in relation to the impact of the construction of the new A14 on the Crematorium. This has been transferred to earmarked reserves and will be used to fund capital works including mitigating works at the Crematorium. Also includes a one-off underspend of £147k on historic pension deficit contributions due to accounting adjustments. This has been offset by £548k of additional staff costs from across the organisation resulting from an above budgeted pay award and increased NI contributions during 2025/26.	(1,624)
	Customer Service Centre	Includes £87k net underspend in staffing budget as a result of high turnover and unused contingency budget. In Business Support there is a net one-off underspend of £68k as a result of one-off income relating to work undertaken in 2024/25.	(155)
	Housing Benefit Expenditure	The net overspend includes subsidy loss of £346k partly offset by £51k overachievement of overpayment recovery. The main pressure continues to be rent allowance subsidy shortfall where entitlement and payment is not fully reimbursed by DWP due to landlords being charitable entities and not Registered Providers. A budget bid has been included within 2026/27 with the intention of addressing this situation.	270
Corporate Hub	ICT	The £389k net underspend includes £174k unused contingency budget for disaster management, £93k underspend from CDIO (Chief Digital and Information Officer) project, £30k underspend from TVI (Triple Value Impact) consultancy project and £80k underspend related to supplies and services. The supplies and services budget has been adjusted for the 2026/27 financial year to reflect the underspend.	(389)
	Insurance	The overspend includes £339k relating to property and fire insurance claims, £94k for liability claims and £60k for insurance premiums. This has been partially offset by a lower claims result in Motor by £37k.	427

Group	Service Grouping	Reason for Variance	(Under budget)/ over budget £'000
Corporate Hub (contd)	Investment interest and financing costs	No further external borrowing took place in Q4 for the General Fund and this has significantly reduced the interest payable and the Minimum Revenue Provision that needs to be made. As forecast at Q3, there has been increased interest received from loans to the Cambridge Investment Partnership as a result of the drawdown of loans agreed by Full Council in October 2025. Note that £660k of this income has been transferred to the Development Reserve in line with the council's policy to set aside excess amounts for future capital spend. 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. In line with the Treasury Management Strategy, it is anticipated that some of this internal borrowing will need to be externalised during 2026/27.	(2,518)
	Legal Services	The underspend of £132k is a result of efficient consumption of legal resource, achieving legal income projections, and underspend due to a vacancy in the Deputy Head of Practice role which is being addressed.	(132)
	Office Buildings	At the Guildhall there was a £104k net underspend on utilities costs due to low building usage, offset by a £56k overspend in business rates following the recent revaluation. There is also a £41k underspend on the Facilities Management team, due to a vacant post.	(117)
	People and Change	Includes a £31k underspend on the Digital and Application Support team as a result of staff vacancy. Recruitment is underway.	(62)
	Recharges to Housing Revenue Account	Underspends on a number of corporate services has seen a corresponding reduction in the recharge to the HRA – essentially this represents the HRA's share of corporate underspends as described elsewhere in this table.	76

Group	Service Grouping	Reason for Variance	(Under budget)/ over budget £'000
Economy and Place	Commercial Property Services	There was negative impact of £1.05m as a result of the updated ground rent calculations for Lion Yard. These showed that previous amounts paid to the council on account were too high, resulting in a downwards adjustment to rental income of around £350k per year for 3 years. The correct position has been reflected in the 2026/27 budget going forwards. This has been offset to some degree by overachievement of income totalling £440k on other commercial and industrial properties, from a variety of factors including rent reviews and new lease completions. In addition, there is overachievement of income from the Park Street Aparthotel (£813k) due to an accounting adjustment in the treatment of the 6-month rent free period upon lease commencement. There is also an underspend of £122k on the Property Services team due to two vacant posts which were proving challenging to recruit.	(325)
	Economy, Energy and Climate Change	The underspend is due to combination of delays in staff recruitment and £81k cost recovery from capital projects for warm homes and retrofit. There have been some recruitment challenges due to the niche market for posts and shortages of suitable candidates. Some posts have had to be re-evaluated as part of new team development planning.	(300)
Planning and Building Control	Greater Cambridge Planning Service	This is largely due having higher planning application income, unbudgeted government grants and other contributions and costs recovered. These are offset by higher employee related costs and supplies and services overspends most of which relate to the grant funded activities.	(57)
Non-service expenditure	Capital expenditure financed from revenue	Includes financing of £142k of historic unfinanced capital expenditure from excess revenue reserves.	127
	Contributions to earmarked funds	Includes two large unbudgeted contributions in respect of variances above - £2.025m A14 compensation and £660k of income from loans to Cambridge Investment Partnership.	2,685
Funding	Business rates and council tax	Primarily due to underachievement of business rates income following significant rating appeals in recent years. This is a technically complex area and work is underway to better understand the reason for the shortfall and any mitigating actions which can be taken.	953

Appendix C – General Fund Revenue Carry Forward Requests

Group	Service Grouping	Underspend (£'000)	Carry Forward Request (£'000)	Reason
Communities	Cultural Services	(195)	17	To carry over funds set aside for the city's 75th anniversary event in July 2026 (already approved by Chief Finance Officer under £50k delegated authority level).
Corporate Hub	Financial Services	(134)	111	To set aside 2025/26 service underspend to cover known and unavoidable pressures associated with external audit assurance build-back programme, with a focus on ensuring a clean audit opinion can be obtained prior to local government reorganisation.
Economy and Place	Development	(116)	100	To carry forward funding received by Homes England in relation to Hartree and not spent by the end of the year – this will support critical work on obtaining vacant possession and then demolition planning at Orwell House and Orwell Furlong.
Economy and Place	Economy, Energy and Climate Change	(414)	114	Amounts committed to the Included Project during 2025/26 but not yet spent during the financial year.
Total GF revenue carry forwards			**342**	

Appendix D – General Fund Capital Outturn 2025/26

Project	Final Budget 2025/26 £'000	Outturn 2025/26 £'000	Carry Forward Request £'000	(Under)/overspend £'000	Commentary
Administrative buildings maintenance	587	416	171	0	Underspend as a result of no planned capital maintenance in 2025/26 - carry forward against future and emerging pressures.
Automation of Bishops Mill sluice gate	90	0	90	0	Contract amendments made in order to commence flood risk assessment on sluice structure. Rephase to 2026/27.
Building Control Software & Hardware	80	11	69	0	The project is still work in progress and at the final stage, we will receive the invoice from the supplier after formal completion of the project.
Cambridge Corn Exchange - infrastructure improvements	78	197	0	119	Due to the length of the project original costs have risen due to inflation and other pressures.
Cambridge Food Distribution Hub at the Meadows Centre	97	39	58	0	Project delayed by complexity with building control and air conditioning plans. Site should be complete and handed over by end of June. Spend likely to go over budget by £25k due to additional professional fees and some additional required works.
CCTV hardware and software update	120	117	0	(3)	Project completed.
Chalk Streams projects in Cambridge	342	342	0	0	Project financed entirely from external grants, CPCA, Anglian Water, etc.
CHUB - community extension to Cherry Hinton library	93	52	0	(41)	Project completed in June 2025.
Clay Farm centre remedial works	1,669	984	685	0	Project funded from Homes England grant, projected completion in the summer of 2026.
Commercial property repair and maintenance	527	173	354	0	Property maintenance project budget to be carried forward. Backlog of outstanding capital works to be completed.
CPCA grant domestic energy efficiency and low carbon heating	905	887	0	(18)	Project is complete and can be closed. Underspend returned to funder as per agreement.
Creation of a new boat pumping station at Stourbridge Common	58	0	58	0	There has been some slippage in the works programme so this budget will need to be rephased into 2026/27.
Cycle parking improvements at Queen Anne Terrace car park	114	111	3	0	The works were completed in October 2025. Another payment (a contracted retention sum) of around £4.5k is due to the contractor in the autumn of 2026.
Decarbonisation works - Abbey pool, Parkside pool, Cherry Hinton village centre	1,156	42	1,114	0	Decarbonisation works to be continued in the new financial year.
Depot Relocation programme to create Operational Hub	3,495	4,767	0	1,272	The overspend for the new Operational Hub came to a total of £1.3 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.
Development loan to CIP for Newbury Farm, ATS and Fanshawe	18,500	3,700	14,800	0	The development loan is drawn down as and when it is required, upon submission of cashflow forecasts and valuation certificates.
Development Of land at Clay Farm	804	44	760	0	Project is work in progress. Expenditure recharge is reducing as infrastructure is nearly complete. Keep project open and carry forward budget.
Development of the Civic Quarter	6,417	4,629	1,788	0	Spending on track to September 2026. Planning approved for Guildhall and Corn Exchange. Expect Market Square to be approved July 2026. Working on Business Plans for Cabinet report in autumn 2026.

Project	Final Budget 2025/26 £'000	Outturn 2025/26 £'000	Carry Forward Request £'000	(Under)/overspend £'000	Commentary
East Barnwell new centre	3,449	1,241	2,208	0	East Barnwell General Fund budget consists of building work for the main development scheme (delivering community centre, library and pre-school) and some off-site works (delivering a bowls green and tennis court at Abbey Leisure Centre). The scheme is progressing and will continue in 2026/27.
Eastnet Connect migration	200	133	0	(67)	Underspend as a result of efficient project delivery and underused additional resource.
EIP - Environmental Improvements Programme options	285	69	216	0	There has been some slippage in the works programme so this budget will need to be rephased into 2026/27.
Electric vehicle charging points - taxis	64	45	19	0	Project nearly completed.
Environmental Improvements Programme	73	25	48	0	There has been some slippage in the works programme so this budget will need to be rephased into 2026/27.
Equity loan to CIP for Newbury Farm, ATS and Fanshawe	4,677	4,213	464	0	The development loan is drawn down as and when it is required, upon submission of cashflow forecasts and valuation certificates.
Essential repairs to Jesus Green river bank	845	33	812	0	Drainage engineer currently scoping works which are likely to exceed budget - see separate report to September Cabinet.
Fire management compliance at the Grand Arcade car park	162	61	101	0	Project nearing completion. Rephase to 2026/27.
Food waste policy implementation programme	464	0	464	0	Food waste implementation programme in progress and planned to complete at the end of 2026/27.
ICT & Digital Capabilities	124	0	124	0	£124k underspend as a result of project planning, scoping the solution.
King's Hedges Play Equipment	75	78	0	3	Minor overspend against project budget.
Laptop and desktop replacement	209	177	32	0	£31k underspend is based on actual laptops purchased. This is a laptop replacement programme, will continue for another couple of years.
Loan to CIP to purchase land south of Cambridge	13,527	6,750	6,777	0	One remaining loan instalment to be drawn down in line with planned profile.
Mandatory Disabled Facilities Grants (Owner Occupiers)	404	148	0	(256)	Annual grant allocation from the government. The budget is underspent, as the funding awarded is not matched to number of residents requiring adaptations. There is no requirement to carry forward the remaining budget.
Mandatory Disabled Facilities Grants (Tenants)	404	334	0	(70)	Annual grant allocation from the government. The budget is underspent, as the funding awarded is not matched to number of residents requiring adaptations. There is no requirement to carry forward the remaining budget.
Market Square project	155	1	154	0	This is on hold, pending the outcome of the Civic Quarter project. Should the Civic Quarter project be approved, this project would be incorporated into it. For the time being, the budget has been carried forward.
Meadows Community Hub and Buchan St retail outlet	0	126	0	126	The variance arises from additional professional fees, initially expected to be funded from the HRA but ultimately charged to the General Fund without a contingency budget.
Minor Highway Improvement Programme	106	11	95	0	Commitments with County to be reviewed in 2026/27.
NHS new community room at Abbey Leisure Centre	168	135	33	0	Some fit out works yet to be completed and then 12 month retention monies on hold in case of defects.
Park Street Car Park Development	32,797	13,233	0	(19,564)	The Council spent £19.6 million less than budgeted on the Park Street redevelopment, which opened fully 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.
Pathfinder House data centre equipment replacement	110	0	110	(0)	Carry forward to 2026/27.

Project	Final Budget 2025/26 £'000	Outturn 2025/26 £'000	Carry Forward Request £'000	(Under)/overspend £'000	Commentary
Pool and rainwater recovery system	424	0	424	0	The project is scheduled for delivery in 2026/27, the funding mechanism for the grant is administered by South Cambridgeshire District Council.
Purchase of 2 pest control vehicles	84	0	84	0	The purchase of the vans was approved in November 2025, but due to the long lead time - from order to purchasing - the spend will take place in 2026/27.
Purchase of 4 new wood shredders	59	59	0	0	Project completed.
Purchase of a second LGV channel sweeper	180	180	0	0	Project completed.
Recommended maintenance at Abbey pool, Parkside pool and Cherry Hinton village centre	367	98	269	0	Works on the capital upgrades to continue in the new financial year.
Redevelopment of Silver Street Toilets	382	612	0	230	Project completion in early March. Overspend is relating to traffic management from County Council, commodity costs have increased and the project team have been working on the project longer than originally budgeted.
Repairs Assistance (Owner Occupiers)	522	72	450	0	Spend is demand-led - carry forward unspent budget to 2026/27.
Replacement air quality monitoring equipment	81	31	0	(50)	Project fully completed well under budget.
Replacing ride-on lawn mowers	69	69	0	0	Project completed.
Structural Holding Repairs & Lift Refurbishment - Car Parks	82	41	41	0	Project nearing completion. Rephase to 2026/27.
Structural repairs at Cambridge car parks	165	152	13	0	Carry forward unspent amounts against future required repairs.
Sustainable Warmth Grant - Home Upgrade Grant 2	4,638	2,211	0	(2,427)	The original budget was higher than the final grant amount received. This is a fully grant funded project which has now been completed successfully.
Urban Tree Challenge Fund: Priority, people, planting, parks	57	8	49	0	2 years left on the project. Project on course. Rephase to 2026/27
Warm Homes: Local Grant - DESNZ funding	1,834	1,422	412	0	Year 1 of 3 year project with external funding from Government. Unspent budget to be carried forward.
Waste vehicle replacement programme	1,374	42	1,332	0	Waste vehicle replacement programme in progress and planned to complete at the end of 2027/28.
Wetlands at Logan's Meadow LNR	197	204	0	7	Project completed and grant fully claimed from the Combined Authority.
WREN solar project at Waterbeach	1,482	146	1,336	0	WREN project in progress and forecasting to complete at the end of 2026/27.
Section 106 Funded Projects	2,232	1,715	560	(43)	All projects where the S106 monies have not been fully spent are requested to be carried forward.
Other Capital Projects (under £50k budget)	727	399	356	(30)	
Total	**108,386**	**50,785**	**36,933**	**(20,812)**	

Appendix E – Housing Revenue Account Revenue Variances

Budget Line	Service Grouping	Reason for Variance	(Under budget)/ over budget £'000
Income	Dwelling rents	Gross rents are 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.	(541)
	Other rents	Consists of £65k overachievement of income on HRA commercial properties (shops) and £48k overachievement of income on HRA garages following changes to the charging structure.	(113)
	Service charges	Overachievement of £143k on leaseholder service charges which vary depending upon actual costs in line with statutory requirements. Other service charges have overachieved broadly in line with dwelling rents, reflecting the early letting of new dwellings as above.	(212)
	Other income	Includes underachievement of income from the General Fund for shared amenities of £436k following changes to recharge model – this will be investigated and any adjustments made in 2026/27.	506

Budget Line	Service Grouping	Reason for Variance	(Under budget)/ over budget £'000
Expenditure	Repairs and maintenance	This significant additional expenditure is broken down as follows: £2.347m over budget on day-to day repairs. This reflects a deliberate response to increased damp, condensation and mould (DCM) demand. This combines the use of specialist external support to accelerate complex cases with investment in DCM works to support compliance, prevention, and a more robust end-to-end response. This is supported by the addition of two staff to strengthen initial response and operational oversight, along with improved systems and process controls to enable earlier identification, prioritisation and tracking of cases. These changes are improving operational control and supporting ongoing compliance with Awaab's Law. £1.536m overspend on asset management. This is due to Waking Watch arrangements in response to specific fire safety risks. The requirement has now reduced, with ongoing cover confined to a small number of sites. £1.479m overspend on Voids (voids is the term used for properties returned to the Council at the end of a tenancy). This reflects a high volume of voids returned in a poor condition during the year. Additional works were completed while properties were void to improve overall condition and support a more robust standard for re-letting. £1.431m overspend on Client and Third Party Repairs. This is result of a significant increase in insurance-related repair activity during the year, including major fire incidents within HRA properties. Costs relate to emergency response, reinstatement and follow-on works. The position is largely incident-led and therefore partly one-off, although the increasing complexity and value of claims presents an ongoing financial pressure. Actions in place and continuing into 2026/27 focus on strengthening cost recovery processes, improving visibility and control of uninsured expenditure, and targeted investment in compliance, fire safety and preventative measures to reduce future incident risk and associated financial pressures.	6,284

Budget Line	Service Grouping	Reason for Variance	(Under budget)/ over budget £'000
Expenditure (contd)	Repairs and maintenance (contd)	£586k underspend on overheads. Operational experience has provided greater clarity on cost drivers at the new Operational Hub, particularly energy and security, alongside one-off setup costs such as equipment and transitional business rates. This improved understanding has been fully reflected in the 2026/27 budget, ensuring a more accurate and robust financial position going forward.	
	Bad debt provision	Ongoing impact of rent regulation error refunds continues to affect the level of rent arrears and collection rates. Until a resolution is reached with DWP it will not be possible to write-off historic uncollectable arrears, therefore both the level of arrears and provision against these will continue to increase.	575
	Depreciation	Depreciation charges depend solely on the annual stock valuation and are therefore outside of the control of the council. Depreciation charges are transferred to the Major Repairs Reserve and used to fund capital repairs and maintenance within the council's existing housing stock.	393
Non-service expenditure	Net interest cost	Net financing costs are lower than budget due to capital slippage, which has reduced the borrowing requirement in year, along with the fact that the HRA has continued to borrow internally from the General Fund rather than externally. However, General Fund cash is now running low, and it is likely that some borrowing will need to be externalised in 2026/27 – this is taken into account within the HRA Business Plan.	(665)
	Revenue contribution to capital financing	The HRA Business Plan seeks to maximise revenue contributions to capital financing, in order to reduce the need for the HRA to borrow. However, service overspends elsewhere, as described above, mean that less money has been available for capital financing this year. This will have a direct impact on borrowing need, leading to increased interest costs in the future. This will be taken into account when the HRA Business Plan is next refreshed.	(6,423)

Budget Line	Service Grouping	Reason for Variance	(Under budget)/ over budget £'000
Non-service expenditure (contd)	Transfers to/(from) earmarked reserves	This represents amounts transfers to Repairs & Renewals reserves to pay for specific future capital works within the HRA estate.	183

Appendix F – Housing Revenue Account Capital Outturn 2025/26

Project	Final Budget 2025/26 £'000	Outturn 2025/26 £'000	Carry Forward Request £'000	(Under)/overspend £'000	Commentary
Existing stock					
Asbestos Removal	53	343	0	290	Additional work identifed by Property Services pushed the spend above the allocated budget for the year. Future budgets brought forward to cover the extra spend.
Bathrooms	1,215	869	346	0	The variation is due to tenant refusals - to be carried forward to 2026/27.
Capitalised Officer Fees - Decent Homes	540	477	0	(63)	Slight underspend due to underspends on underlying work.
Capitalised Officer Fees - Other HRA Stock Spend	122	91	0	(31)	Slight underspend due to underspends on underlying work.
Central Heating / Boilers	2,226	1,543	683	0	The variation is due to tenant refusals - to be carried forward to 2027/28.
Communal Areas Floor Coverings	107	99	8	0	Carry forward small underspend.
Communal Areas Uplift	103	103	0	0	Timber ceilings to communal areas of flat blocks had to be replaced urgently, as identified as a fire risk by Compliance.
Communal Electrical Installations / Fire Systems / Communal	917	13	904	0	To be carried forward to 2026/2027 for work identified.
Communal Entrance / Enclosure Doors + Glazing	440	105	335	0	To be carried forward to deliver the work programme in 2026/27.
Decent Homes Backlog	5,610	0	5,610	0	This budget has not been used due to other decent homes works taking precedence, therefore the budget will be carried forward.
Decent Homes Planned Maintenance Contractor Overheads	1,797	1,173	624	0	This budget has been spent on the main works in 2025/26, but requires a carry forward to bring the project to completion in 2026/27.
Disabled Adaptions	928	737	191	0	All adult work requested completed for the year. Four children's cases allocated significant monies but unable to proceed in year - carry forward.
Electrical / Wiring	607	328	279	0	The variation is due to tenant refusals - to be carried forward to 2027/28.
Estate Investment	1,072	462	610	0	Some works were carried out, however due to staffing vacancies the planned projects were not developed sufficiently for budget to be spent this year, therefore budget will be carried forward.
External Doors	956	697	259	0	Fire doors not ordered until late in the year due to new specification requirements - carry forward to following year.
Fire Prevention / Fire Safety Works	855	1,190	0	335	Overspend due to additional works identified in year - part funded from underspends on HHSRS budget.
Garage Improvements	107	50	57	0	Work required is under order - carry forward to following year.
Hard surfacing on HRA Land - Health and Safety Works	231	256	0	25	All works completed with slight overspend.
HHSRS	678	254	242	(182)	S20 delays and access issues - outstanding works to be carried forward to 2026/27 with some underspend overall used to fund overspend on fire prevention.
Insulation / Energy Efficiency	8,659	7,977	682	0	Underspend as a result of incomplete works and invoices still to be paid on completion - carry forward.
Kitchens	2,012	1,316	696	0	The variation is due to tenant refusals - to be carried forward to 2026/27.
Lifts and Door Entry Systems	125	4	121	0	To be carried forward to 2026/2027 for work identified.
Local Authority Housing Fund Acquisitions	1,600	1,537	0	(63)	Slight underspend against allocated amount - grant funded.
New Build Decent Homes	2,431	0	2,431	0	This budget has not been utilised as other Decent Homes works have taken priority; therefore, the budget will be carried forward for outstanding works.
Other External Works	408	302	106	0	Carry forward unused budget.

Project	Final Budget 2025/26 £'000	Outturn 2025/26 £'000	Carry Forward Request £'000	(Under)/overspend £'000	Commentary
Other Health and Safety Works	53	0	0	(53)	The overall progress of the HRA capital programme, together with current levels of expenditure, indicates that this contingency budget is unlikely to be utilised next year.
Other Spend on HRA Stock Planned Maintenance Contractor Over	204	279	(75)	0	Some works have been completed ahead of schedule; therefore, the budget is requested to be brought forward from a future year.
PVCu Windows	2,981	1,440	1,541	0	The PVCu windows programme is of a significant scale and has not been fully completed due to access constraints. As a result, the budget will be carried forward.
Roof Covering	2,564	1,457	1,107	0	There was a delay in obtaining pricing for these works, which postponed the start on site; as a result, a carry forward is required.
Roof Structure	320	39	281	0	See roof covering works — to be combined into a single budget in the next financial year.
Sulphate Attacks	109	0	0	(109)	Budget not utlilised this year and no spend is expected in the next financial year.
Wall Structure	1,241	1,312	0	71	Budget fully utlilised this year with some overspend due to additional works.
Other projects <£50k	0	15	0	15	
Total existing stock	**41,271**	**24,468**	**17,038**	**235**	
New build and acquisitions					
Acquisitions & Disposals	10	660	0	650	Two council home buybacks in year.
Fanshawe Road	4,363	4,672	(309)	0	Variance of £309k overspend cas Affordable Housing Payment forecasted for next financial year was brought forward. Expecting total project overspend of approximately £180k in future years.
New Build - ATS, Histon Road	4,440	4,577	(137)	0	Delays in securing planning approval, but project now progressing ahead of schedule.
New Build - Aylesborough Close	3,933	3,293	640	0	Significant delay in entering into PCSA agreements were experienced.
New Build - Colville Road III	215	159	56	0	Retention payment of £196k due next year.
New Build - Davy Road	1,876	3,080	(1,204)	0	Overspend in-year as decanting has progressed quicker than expected - bring forward budget from future years.
New Build - East Barnwell	12,454	10,223	2,231	0	Delays in respect of start on site, but this major redevelopment project is now well underway. The budget unused in 2025/26 will be carried forward to the next financial year.
New Build - Eddeva Park	2,404	5	2,399	0	Significant delays are being experienced on this site as a result of the contractor withdrawing from the project, necessitating a re-tender by This Land.
New Build - Ekin Road	3,481	1,629	1,852	0	Expenditure expected to be broadly in line with budget for whole project - carry forward slippage.
New Build - Fen Road	58	71	0	13	Small invoice for professional fees paid in 2025/26.
New Build - Meadows and Buchan Street	1,134	796	338	0	Total expenditure for 2025/26 less than planned due to compensation from contractor being received earlier than expected.
New Build - Newbury Farm	10,234	10,163	71	0	The initial phases of the development were protracted, but the scheme is now in advanced delivery stage.
New Build - Sackville Close	(74)	30	0	104	Project complete with overspend - negative budget this year was as a result of amounts previously brought forward.
New Build - Unallocated Retained RTB Receipts	673	0	673	0	Kingsway/Arbury Court allocation is included in here - carry forward.
Princess and Hanover	4,535	1,579	2,956	0	Acquisition of leasehold properties slower than forecast due to complex negotiations. Planning submission delayed targeted start on site.
Stanton House	1,833	392	1,441	0	Extended design timeframes due to delivering sheltered accommodation and agreeing specifications with the County Council - carry forward unused budget.
Other projects <£50k	142	134	3	(5)	
Total new build and acquisitions	**51,711**	**41,463**	**11,010**	**762**	

Project	Final Budget 2025/26 £'000	Outturn 2025/26 £'000	Carry Forward Request £'000	(Under)/overspend £'000	Commentary
Other					
Commercial Property	133	0	133	0	Unspent budget to be carried forward to 2026/27.
Inflation Allowance	2,455	0	2,455	0	This budget for inflation was not needed in 2025/26 due to an overall underspend on the capital programme.
Orchard Upgrade	72	2	70	0	The main spend on this project is planned for 2026/27 - carry forward.
Shared Ownership Repurchase	600	0	0	(600)	No repurchases in year - this is demand led.
Other projects <£50k	24	0	24	0	
Total other	**3,284**	**2**	**2,682**	**(600)**	
Total HRA capital programme	**96,266**	**65,933**	**30,730**	**397**	