

Business and Financial Plan 2024-2029

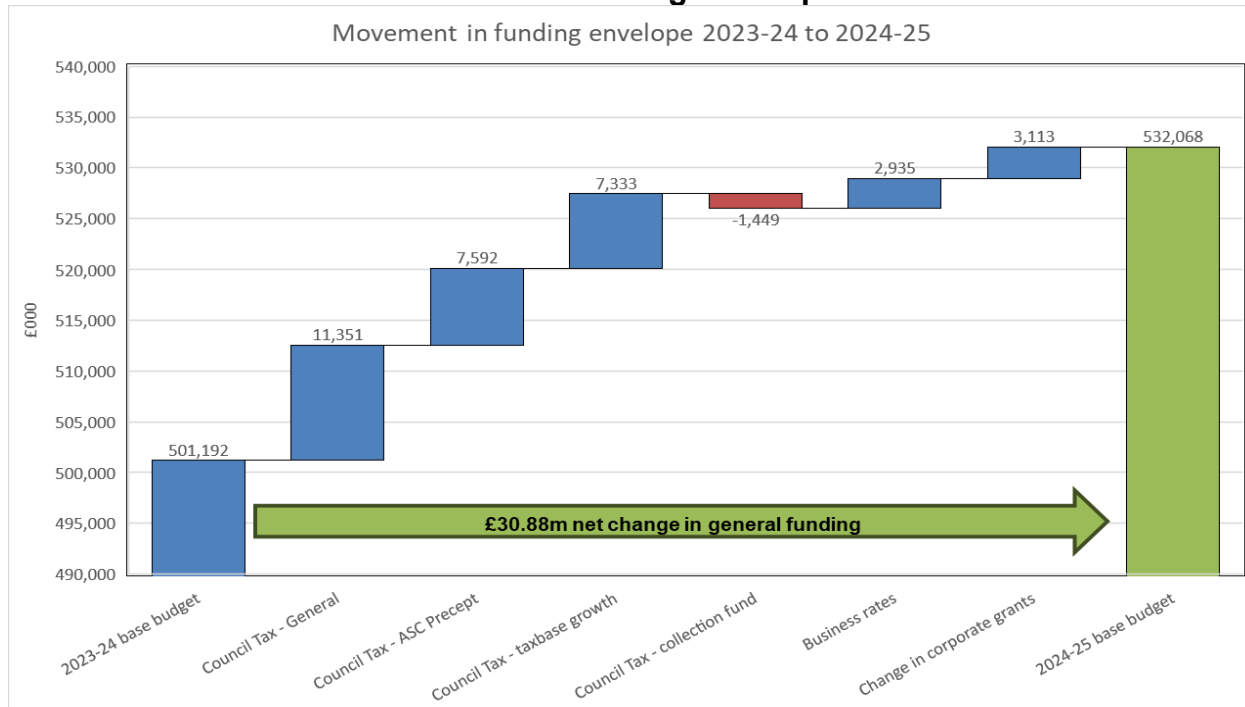
- To: Strategy, Resources and Performance Committee
- Meeting Date: 19 December 2023
- From: Chief Executive and Executive Director of Finance and Resources
- Key decision: No
- Forward Plan ref: Not applicable
- Outcome: The Committee is able to review progress and future plans to deliver the Council's Strategic Framework within a proposed draft financial plan and budget ahead of consultation by the other policy committees.
- Recommendations: It is recommended that the Committee:
- a) Considers the draft updated Strategic Framework (Appendix 4), alongside the draft budget (Appendix 1) and other material, in light of all the planning activities undertaken to date.
 - b) Considers the proposed approach to moving towards a balanced budget in 2024/25 as set out in Table 1, section 9 and Appendix 1.
 - c) Agrees to consult on the draft budget proposals prior to further consideration at Strategy, Resources and Performance committee on 30 January 2024 ahead of the budget setting meeting at Full Council on 13 February 2024, including the following:
 - i. Medium Term Financial Plan and Business Plan (Section 12)
 - ii. Growth and Pressures (Section 7)
 - iii. Savings and Income (Section 9, Appendix 1C)
 - iv. Capital Programme (Section 8, tables 4-5 of appendix 1B).
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1. Overview

- 1.1. This draft Business and Financial Plan provides a first assessment of the Council's progress with, and further plans to, deliver its seven ambitions within its Strategic Framework (^(OBJ)), as well as the proposed 2024/25 precept needed, and an updated draft Medium-Term Financial Plan (MTFP) to deliver this and the Council's core services. This report is a proposal for consultation and this Committee will consider feedback at its 30 January 2024 meeting, before making recommendations to be considered at Full Council on 13 February 2024.
- 1.2. Section 4 of this report sets how progress has been made in 2023/24 to deliver against the ambitions set out in the Strategic Framework, as well as a focus on the following four years and the prioritisation of £27 million being made through this financial planning update to further achieve the Council's ambitions and improve outcomes. The proposals also draw on the Council's first Quality of Life Survey. The prioritisation includes and ensures:
 - £57 million in 2024-25 to maintain and improve our adult and children's social care services, while managing significant challenges from rising demand, inflation and workforce shortages. We continue the Council's commitment to the Real Living Wage being paid by adult care providers to their staff. The Council will monitor this carefully and strive towards full adoption and implementation by all adult social care providers, as well as continuing to invest in workforce training in Cambridgeshire to improve the quality, skills and stability of our provider workforce.
 - £3 million to continue to offer food vouchers for those who are eligible for free school meals during the school holidays - despite the uncertainty of Government funding.
 - A further £2.2 million to support those experiencing the impact of poverty across the county, including continuing to help people to maximise income such as benefits.
 - £23 million to strengthen and improve our highways including roads, footpaths, cycleways, signage, and drainage, to enable people to move more safely around the county. This is planned to be repeated in 2025/26 making nearly £50 million available for this work across the next two years.
 - £42 million to fund our ambitious capital programme to invest in the infrastructure of this County. This includes provision for Childrens and Adults care, schools and streetlighting to improve delivery of our Ambitions and, in a number of cases, support longer-term efficiencies. This prioritisation is in addition to spending allocated for highways and footpaths noted above.
- 1.3. Section 5 restates the current financial position in 2023/24. A separate report on the detailed 2023/24 financial forecast is being reported as a separate item at this committee. This identifies a £5.6 million overspend currently forecast for 31 March 2024. Officers are taking robust actions to reduce that further towards a balanced outturn by 31 March 2024.

- 1.4. Section 6 summarises the assumed funding available for 2024/25 based on information issued to date by Government, however the Local Government Provisional Finance Settlement is again expected to be issued late on 19 December 2023, the day of this Committee. As such, further details are likely to be presented to the Committee at its meeting on 30 January 2024. We are estimating that, overall, our general grant allocation will increase by £3.1 million (6%), and that other ringfenced grants will also increase (some of which will result in new spend, and some of which offsets existing planned spend). We are still also awaiting further announcements on other grants such as Household Support Fund.
- 1.5. The “Policy Statement” suggests that most grants will be rolled forward from 2023/24 to 2024/25 and it notes a general council tax referendum limit of 3% and up to 2% for the Adult Social Care Levy, i.e., creating an overall threshold of 4.99% increase on Council Tax for an upper tier authority like Cambridgeshire. This forms the basis for the current budget proposals and consultation, and the full assumed movement on the Collection Fund income is shown at Chart 1 below.
- 1.6. The Council Tax income, including the Adult Social Care Precept (ASCP) and other factors such as buoyancy of the council tax base, is expected to result in a net increase of £24.8 million of income. This is at an assumed 4.99% increase (2% ASCP plus 2.99% General). This is 2.99% higher than was originally forecast in February 2023, as a direct result of the ongoing higher than expected national and specific sector led rates of inflation, such as children’s social care and home to school transport. Overall, this means that the Council assumes its funding envelope will increase in 2024/25 by £30.9 million as set out in the following chart:

Chart 1: Movement in The Council’s Funding Envelope 2023/24 to 2024/25



- 1.7. Section 7 outlines all of the pressures and prioritisations that are proposed on a Directorate basis for 2024/25. This includes:

- £37 million for inflation, as higher inflation continues to be faced across key

council services such as transport and care.

- £17 million for growth in demand for our services, including £12.1 million and £4.8 million in Adults and Children's social care respectively.
- £27.278 million prioritised to deliver the Strategic Framework ambitions over the medium-term, of which £16.532 million is base budget and £10.746 million being drawn down from reserves.

1.8. The Council is continuing to invest capital spend in the County's infrastructure, such as schools, roads and social care facilities. In 2023/24 it budgeted for £194.5m million of capital funding. That investment has seen the opening of:

- Kings Dyke Crossing (Ralph Butcher Causeway), working with the Combined Authority and the A605.
- Cambourne Village College (phase 3) and Sir Harry Smith (Whittlesey), providing new secondary school places.
- Swaffham Prior Community Heat Network.

1.9. Looking forward, Section 8 of this report is proposing a capital programme for 2024/25 of £212.4 million, and a further £375.2 million across the following nine years and beyond, giving a total programme of £587.5 million. More detail can be found in tables 4-5 of Appendix 1B. This will see schemes such as:

- New secondary schools at Darwin Green (Cambridge) and at Alconbury Weald, 1,000 new secondary school places in Northstowe, and 225 new places elsewhere in the county.
- Independent Living Schemes for later life and specialist accommodation for adults with disabilities.

1.10. The capital programme will be funded from grants, capital receipts and borrowing, with £101.5 million of borrowing forecast for 2024/25, at a revenue cost in 2024/25 of £42.0 million.

1.11. In total therefore, the Council is facing gross pressures, alongside the prioritisation being proposed and costs of borrowing of £74.2 million. That means that after accounting for the funding envelope noted in Section 6 (£30.88 million as shown in Chart 1), there is a net financial gap to bridge of £43.3 million.

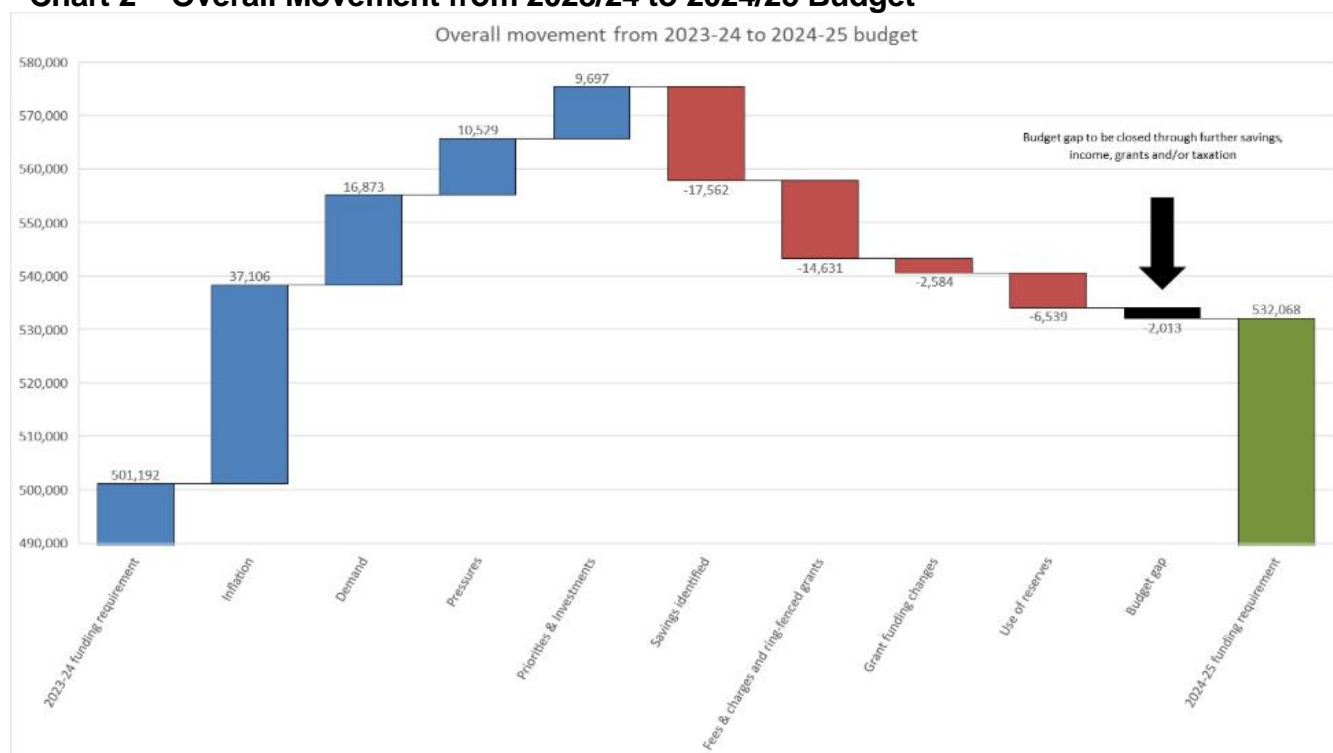
1.12. It is proposed that this financial gap is closed by £6.5 million of reserves to support the bottom-line position; £17.6 million of savings proposals identified to date and which are outlined at Section 9 and Appendix 1C; plus, £17.2 million of other income through grant, fees and charges. That leaves a remaining gap of £2 million to still be addressed to achieve a balanced position. This is summarised in Table 1:

Table 1 – How the £2 million remaining to balance the 2024/25 budget is arrived at:

	£m	£m	£m
Inflation, pressures, demand and prioritisation of funds – <i>Section 7</i>	74.2		
Budget changes		74.2	
Less (<i>Section 6</i>)			
Increase in general government grants	-3.1		
Proposed Council Tax increase	-18.9		
Council Tax taxbase and collection fund	-5.9		
Business rates income	-2.9		
Funding envelope changes		-30.9	
Total gap to find			
Increase in fees, charges & ringfenced grants – <i>Section 9</i>		-17.2	
Savings identified – <i>Section 9</i>		-17.6	
Reserves use – <i>Section 13</i>		-6.5	
Total Gap remaining			2.0

- 1.13 Section 9 and Appendix 1C therefore sets out the £17.6 million savings and £17.2 million of income proposed to balance the 2024/25 and beyond budgets. These are involving a mixture of managing demand, costs and income. Many of the proposed changes such as asset rationalisation and adult social care reablement are laying the foundations for longer term changes and improvement discussed in Section 12 under the medium-term financial plan.
- 1.14 This does however mean that at this stage there is still a gap unresolved of £2 million. The Council is awaiting confirmation of the Provisional Settlement before any further plans are discussed and, as such, there will be a further update on proposals to balance once the settlement and feedback from consultation is known in January 2024.
- 1.15 Chart 2 summarises the movement in 2024/25:

Chart 2 – Overall Movement from 2023/24 to 2024/25 Budget



- 1.16. Turning to schools and the funding of education across the county, Section 10 summarises the estimated funding settlement and notes progress against the Government’s Safety Valve programme and the position on Special Education Needs and Disabilities (SEND). We are still awaiting announcements for the final dedicated schools grant (DSG) position for next year and the consequent impact on school budgets and high needs budgets spent by the council. The council has a large, accumulated deficit on the DSG account as a result of rising demand for high needs SEND outstripping available funding. We are engaged in active discussions with central government and are part of the Safety Valve programme to bring down our deficit. As the below sections set out, however, the Council is currently off track on delivery of this plan, along with many other authorities in the programme.
- 1.17. Considering the medium term and the whole period of the Strategic Framework and beyond, Section 12 sets out a medium-term financial envelope to continue to deliver the Council’s ambitions and services. Subject to the outcome of the next General Election, it is anticipated that there will be a review carried out of local government funding in 2025 but the outcome is not expected until at least 2026/27. There is also continued uncertainty over the scale and pace of inflation, and alongside that we continue to see emerging new patterns of demand in key services post pandemic. As such there are several caveats regarding future years’ forecasts.
- 1.18. Against that context, the report includes a further forecast for 2025/26 to 2028/29. This brings into focus key change programmes that have begun or will begin in 2024 to help determine the future shape and funding of the Council to achieve a balanced budget in each of the years remaining of the current Strategic Framework. More detail is set out at Section 12 of this report, but key facets include:

- Redesigning the provision of care services for Children's Social Care with a focus on growing our in-house fostering service to ensure a year-on-year increase for foster placements being achieved with Cambridgeshire registered foster carers. Improving our commissioning and provider market engagement to ensure a sufficient number of in-county places for older children and young people, or those with specific needs, from private residential and semi-independent living accommodation providers. There will be a strong focus on contract management to ensure that children's social care packages are meeting individual children's needs and are being delivered effectively, as well as achieving value for money.
- Reshaping the way we support discharges from hospital and reablement to promote a 'home first' approach, helping people to maximise their independence to live longer and better in their own homes and communities.
- Managing the way children travel to school to enable more access to public transport to reduce costs through a better understanding of route demand via new technology and by increasing the number of safe walking routes to school for children.
- Continuing to remodel the way we deliver and support those people with learning disabilities, physical disabilities and mental health problems across all ages to strengthen an offer which promotes more independence and better outcomes. This includes a focus on increasing our local accommodation offer and strengthening our community based and preventive approach, including the expansion of our Care Together programme to deliver locally based services.
- Placing a greater focus on the ways we engage with our residents and those people who access our services digitally to provide more automated and intuitive ways to resolve issues at the first point of contact, as well as helping people to self-serve more easily.
- Challenging and changing the way we operate our organisational and business support services and looking closely at the way we buy services or collect income to make these processes more efficient.
- Working more closely with our communities and our public, voluntary and community sector partners we will provide access to a broader range of services through our Libraries and other community-based assets. We will tailor what we offer to respond to local need and to help reduce demand on specialist services. We will support the local provider market to respond to changing demands and be sustainable in providing quality services. We will continue to prioritise investment in the adult social care provider workforce, growing their skills to meet changing needs of those who we support.
- Linked to the changes above, we will continue to assess the scale of the Council's operational estate and buildings and continue to rationalise and work smarter with our partners to reduce costs whilst improving access to

services. This will primarily focus upon our office accommodation across the county.

- Implementing our improvement programme for the highways service so that it is more customer focused and responsive to the needs of residents and communities. The programme also focuses on ensuring we secure good value for money from any investment into highways and from our delivery partners, through robust contract management.
- Reviewing our arrangements for the disposal of household waste to identify measures we can take to improve both environmental and financial performance.
- Embedding the Council's approach to achieving net zero by 2030 and protecting and enhancing the natural environment across our change programmes.
- Working through the countywide health and wellbeing strategy, to use system-wide mental health resources across three workstream themes. This work is being underpinned by a system-wide mental health needs assessment. The three strategy workstreams are:
 - Communications and Information - Increase people's understanding of what they can do and the choices they have to best support their own wellbeing and that of those they care about. Increase people's knowledge of where they can access help and information.
 - Motivation - Address barriers to engagement and increase people's motivation to access activities that will encourage and support them to improve their mental wellbeing.
 - Relationships - Foster positive relationships across the course of peoples lives for better mental wellbeing and prevention of loneliness.

1.19. Finally, Section 13 and Appendix 2 assess the Council's financial standing with reference to the robustness of forecasts and the Council's reserves. This deems that, based on current plans, the Council is well placed with adequate reserves and a robust financial plan, however, there needs to be a continued drive to deliver against the saving plans and change programmes to maintain this position. Improvements in budget management and control will continue to be made, and there will be regular monitoring of the delivery of the 2024/25 budget throughout the year. A fuller appraisal of reserves will be reported back to this Committee on 30 January 2024 once further details of the Provisional Settlement are known. This will form the s25 advice to Council for setting the overall budget.

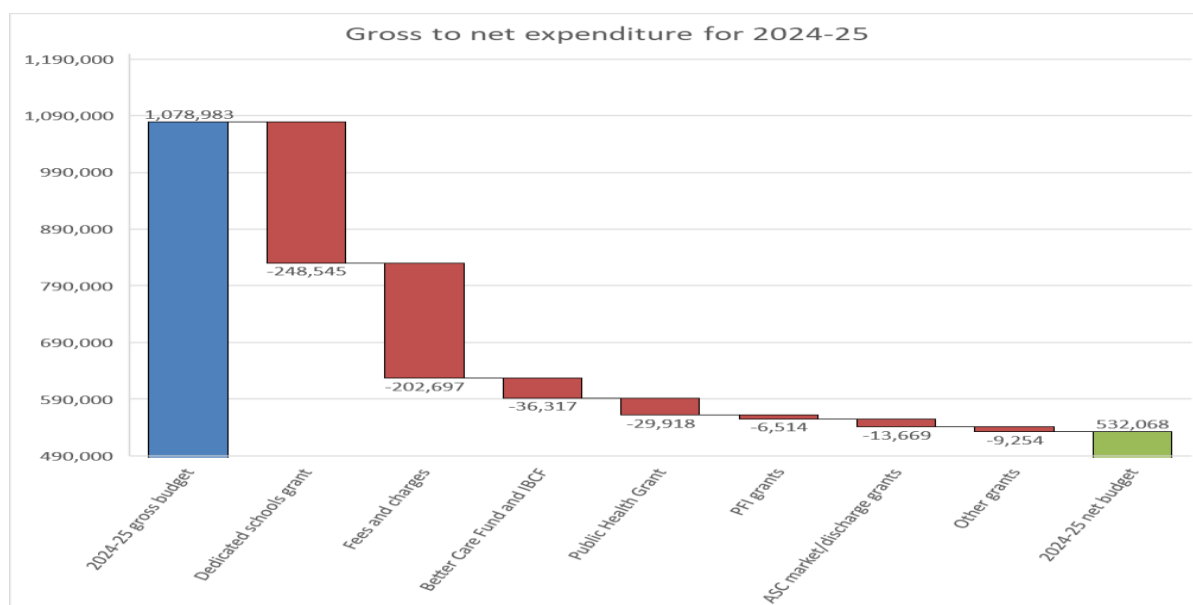
2. Purpose of Report

- 2.1. This is a covering report that provides an assessment to Council first through its committees, to set a budget for 2024/25 that takes account of the impact on Council Tax, the capital investment programme, schools' overall budgets, as well as Council reserves. The report also sets out an indicative Medium-Term Financial Plan (MTFP) to highlight expenditure and income from 2025-29.
- 2.2. In considering and proposing the draft budget for consultation, this Committee will start the process of considering proposals through Policy and Service Committee scrutiny, and any feedback will be presented back to this Committee at its next meeting 30 January 2024 for consideration. The Committee will also be asked to consider any comments alongside any other feedback received including those from residents, partners, businesses, Schools Forum, Trade Unions and any other stakeholders.

3. Background

- 3.1. The Council's Strategic Framework can be found [here](#). This report sets out an updated Business and revised Medium-Term Financial Plan (MTFP) alongside a draft budget for 2024/25 to deliver the vision and ambitions set out in the updated Strategic Framework at Appendix 4. Section 4 presents the progress made in 2023/24 against the ambitions and how the Council plans to respond to the findings from the Quality-of-Life Survey, carried out this year. The MTFP that supports the delivery of that plan is set out in more detail in Section 12 and at Appendix 1 of this report.
- 3.2. The Council is obliged by legislation to set a balanced budget. The Corporate Leadership Team (CLT) have been revising the MTFP to present to members to set its element of the 2024/25 Council Tax precept. The approach to preparing the budget is in accordance with the Budget and Policy Framework Rules and reflects the County Council's Strategic Framework and the MTFP.
- 3.3. Council will be asked to debate and approve the budget, capital programme, schools' overall budget, Treasury Management Strategy, and the level of reserves at its meeting on 13 February based on final proposals recommended by this Committee at its meeting on 30 January 2024.
- 3.4. The current total forecast gross annual expenditure budget for the Council, including DSG, for 2024/25 is just above £1 billion as shown in Chart 3:

Chart 3: The Gross expenditure incurred annually by the County Council



3.5. This report is an assessment to inform Council of the decision-making process and the adequacy and ability to deliver the proposals set out in this report, and the impact that this will have on the Council's financial standing.

3.6. This report therefore considers:

- Delivering the Strategic Framework Ambitions and investing in its priorities – Section 4
- The current financial position of the Council for 2023/24 – Section 5
- The level of funding available for 2024/25 – Section 6
- The level of prioritisation required for delivering the Strategic Framework in 2024/25 – Section 7
- The consequences of capital investment– Section 8 and table 4 of Appendix 1B
- The level of savings, reforms and income required – Section 9 and Appendices 1B and 1C.
- The school's Dedicated Schools Grant (DSG) and budget proposals – Section 10
- The resultant Council Tax precept calculation – Section 11
- The Council's Medium-Term Business and Financial Plan – Section 12 and Appendix 1
- An assessment of reserves – Section 13 and Appendix 2
- Financial Implications – Section 14
- Consideration of other factors and professional advice – Sections 15 to 20

4. Delivering the Council's Strategic Framework Ambitions and investing in its priorities

4.1 The current Medium-Term Financial Plan takes account of the Strategic Framework set alongside the uncertainty of Government funding. In summer 2023, the Council undertook its first Quality of Life Survey sampling 5,500 residents who broadly represented the make-up of Cambridgeshire's population [Quality of life survey 2023 - Cambridgeshire County Council](#). The results of the

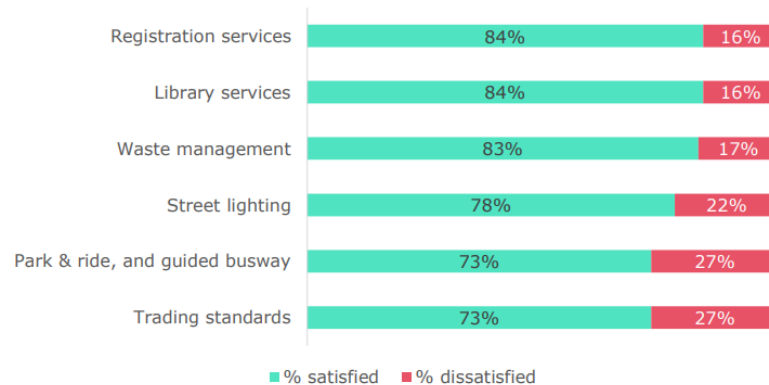
survey have been used to inform and develop the financial plan. As such this report sets out an updated Business and Financial Plan that covers the remaining years of the Strategic Framework and beyond.

4.2 The Strategic Framework sets out the Council's vision to create a Greener, Fairer and more Caring Cambridgeshire. As the strategy is implemented, changes to the Business Plan approved by Council February 2023 are to be expected and the following bullets summarise those changes. The following paragraphs then note what progress has been achieved in the last nine months as well as plans and prioritisation of funding for the coming years.

4.3 At the same time the Council has seen a revision to its Financial Plan. This was reported to this Committee's last meeting 31 October 2023 ([Link to the Strategy, Resources and Performance Committee 31 October 2023 - Item 5 Business Plan](#)). The key changes to the financial plan for 2024/25 and beyond, as also set out at Section 7, reflects:

- The revised forecast for the increasing inflationary and demand costs associated with demands for care for vulnerable people, including adults and children with complex care needs and special educational needs and disabilities (SEND).
- The additional pressures faced on the cost and demand for services outside of care, for example waste, highways and transport.
- A greater than assumed impact of pay inflation both on the Council's pay bill and the cost of providers to the Council.
- The forecast increase in the Financial Plan costs which are in part matched by the necessary revision to the assumed level of Council Tax. Whilst a 2% increase was forecast in February 2024 the significant increase in costs highlighted now lead to a need for an Adult Social Care Precept at 2% for 2024/25 and a further 2.99% on Council Tax to ensure the services valued by our residents such as libraries, street lighting, waste and trading standards are maintained and not cut. However, a Council Tax of up to 2% is still assumed for 2025-29.

Service users are most satisfied with registration, libraries and waste management

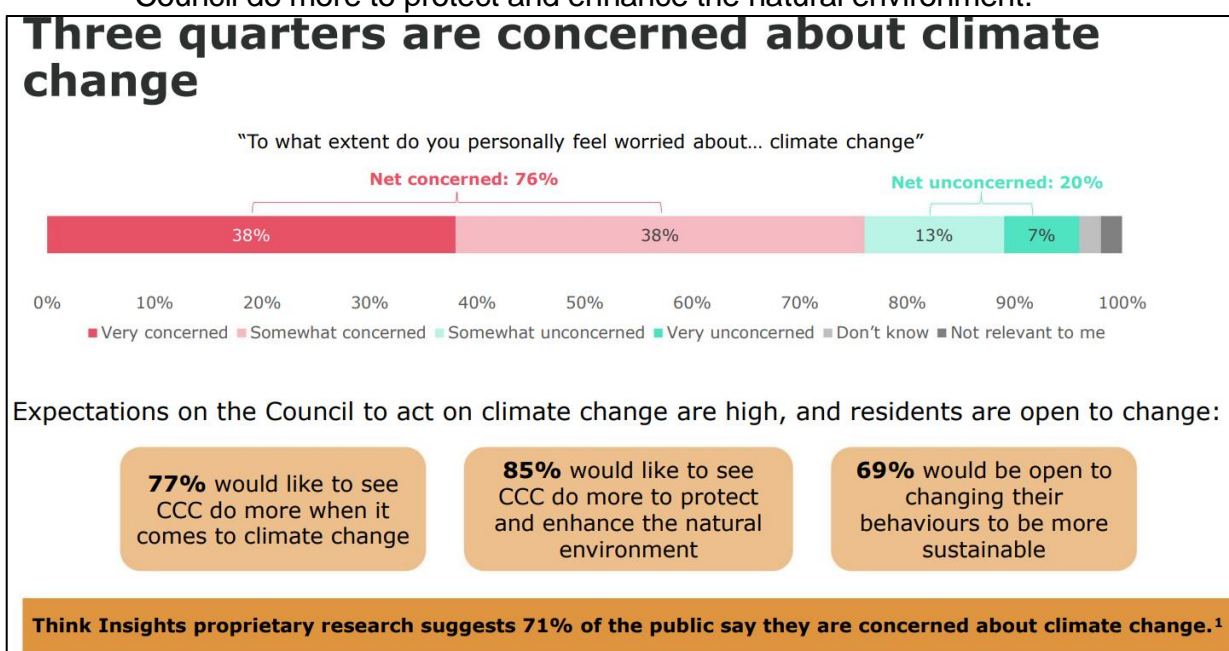


- 4.4 In relation to the Council's priorities in the Strategic Framework, the Business and Financial plan confirms the commitment to continue to resource these services:

Ambition 1 - Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes.

- 4.5 The Council is proposing to commit £15.9 million (revenue, capital and reserves) to delivering this ambition across 2024/29.
- 4.6 The commitment made in 2023/24 and before has already seen the following successes:
- 22 Council building heating systems have been replaced with low carbon heating systems, saving an estimated 370tCO₂e per annum at a cost of £6.6 million. £3 million of this coming from external grant funding.
 - The latest assessment confirms that Carbon Emissions (scope 1, 2 and 3) of the Council have been reduced by 49% since 2019.
 - A new home energy efficiency and low carbon heating service has been launched for residents in Friday Bridge in Fenland.
 - The 'Action on Energy Cambridgeshire Partnership' between the Council, City Council and District Councils secured £11.5 million for off-gas grid residents to take action to reduce energy costs. This supports the retrofit of 550 low-income households to help with the cost-of-living crisis.
 - The construction of the St. Ives Smart Energy Grid has begun and is planned to open in Spring 2024 comprising solar canopies, battery storage, EV charging and is supplying clean green electricity locally.
 - 62 Cambridgeshire schools have been retrofitted with energy measures saving more than £1.1m on annual energy bills and cutting carbon emissions of 1,312 tCO₂ per annum.
 - The Council has introduced a climate and nature-based performance target for all staff as well as a requirement for all staff to undertake essential learning on the climate emergency.

4.7 The Quality-of-Life Survey showed that 76% of respondents were concerned about climate change with 85% stating they would like to see the County Council do more to protect and enhance the natural environment.



4.8 The Council's continued focus and recognition of the Quality-of-Life Survey findings have led to further prioritisation of funds to meet this priority in 2024/25 which are set out throughout this report.

4.9 Beyond 2024/25 the Council will continue to embed its approach to net zero into its overall change programmes in relation to highways, property, fleet, transport and waste management. Furthermore, the council will be approving and implementing strategies to enhance nature and biodiversity across the County in 24/25.

Ambition 2 - Travel across the county is safer and more environmentally sustainable.

4.10 In 2023/24 £27 million of investment in the Council's roads and transport has seen:

- £5.3 million in early surface treatment and surface dressing programmes to improve the County's roads in over 90 locations.
- £3.6 million to proactively manage the increase in potholes arising from extreme weather.
- £0.9 million secured to develop five new Active Travel schemes across the County.
- The delivery of 20 new 20mph schemes in partnership with Town and Parish Councils.
- The creation of eight new highways civil engineering apprenticeships.
- The delivery of 54 draining maintenance schemes.

- The delivery of approximately 60 Local Highway Improvement projects, many of which focussed on addressing road safety and speed reduction on behalf of local communities.
- Approximately £8million spent on 14 major carriageway maintenance upgrades and around £3million on 25 individual footpath and cycle path improvements to enable safer, more sustainable travel for people moving across the county.
- £1million spent on designing 15 projects and delivering five projects) to achieve significant drainage upgrades across the county and investigating a further 10 notable problem sites to develop a forward plan for investment in the future.
- Improving safety at dangerous junctions for pedestrians and cyclists on Barton Road (£600k) and Storeys Way (£170k) and continued work with communities and elected representatives to design and progress more than 20 projects which are focussed on more sustainable and safer travel through new infrastructure or upgrades to existing infrastructure.
- Road safety improvements to the Wheatsheaf Crossroads.
- The completion of the physical works to deliver the Kings Dyke crossing.
- Further development of the business cases for improvement schemes to the A10 Ely to A14, A141 and St Ives Improvement, March Area Transport Strategy and a crossing over the A10 between Ely and Witchford.
- The re-establishment of the Joint Area Committee for Highways in Cambridge.

4.11 Despite this, it is recognised that there is more to do, and the Quality-of-Life Survey identified that 76% of respondents were dissatisfied with the condition of Cambridgeshire's roads and footpaths. This budget provides new priority led investment to recognise the deterioration in our highways network, as well as the need to improve connectivity and ensure that more funding is available for preventive work with £6 million being invested in 2024-26 for Highways (£3 million in 2024-25 and a further £3 million in 25-26, both recurring), on top of £2.3 million of additional Government grant funding for 2024/25 and £70 million already in the capital programme (including the new £20m capital investment).

4.12 Of the above, £2 million in 2024/25 and a further £2 million in 2025/26 will fund £40 million of capital spend, making a total prioritisation of nearly £50 million across 2024-26. This specific additional proposed allocation will enable more resources to be directed to address:

- Drainage cleansing and management
- Weeds and vegetation clearance and management
- Management of potholes
- Improvements to Public Rights of Ways
- Preventative works on the roads, footpaths and cycleways
- Maintenance of signs, road marking and traffic signals

- 4.13. Across the Medium-Term Financial Plan this will bring significant improvement to our roads network, for example, delivery of schemes such as:
- March and St Neots Future High Street Schemes,
 - Soham-Wicken Non-Motorised User Route
 - Completion of road safety schemes at Wheatsheaf Crossroads and Swaffham Heath.
- 4.14. Further delivery of schemes, identified in the Transport Delivery Plan, are subject to further funding approvals including the next stage of business case development for A10 Ely to A14 and A141 and St Ives Improvement following development of the Outline Business Case and delivery of schemes identified in the March Area Transport Strategy.

Ambition 3 - Health inequalities are reduced.

- 4.15. The Council will spend £40.9 million on Public Health as well as other investment through Adult Social Care and Early Years in 2023/24; this budget proposes increases to adult social care budgets as set out elsewhere in this report.
- 4.16. In 2023/24 these funds have ensured:
- The Health Visiting service ensuring 85% of families now receive their new birth visit within 14 days, up from 39% at the end of the last reporting year. There has also been a significant improvement at the 6-8 week contact with 77% now seen within 8 weeks, again up from 39%. For both key indicators, the overall percentage of families seen remains very high at 97% and 95% respectively when you include those families seen later than the mandated period. We also achieve the breast-feeding target of 57% at 6-8 weeks.
 - The Cambridgeshire commissioned Drug and Alcohol Treatment Service provided by Change Grow Live, which continues to perform well against national indicators. The service achieved a successful completion rate of 21.11% of those referred for treatment, marginally higher than the national completion rate of 20.32%.
 - Successes in our support offer for people who want to lose weight with 45% (target 30%) achievement of Tier 2 Weight Management adult service users who complete the course and achieve a 5% weight loss. Our health trainer offer has also been effective at reducing inequalities by achieving its target of 30% of adults referred to the service from deprived areas.
 - Public Health has invested in several Adults' services, contributing £447k in 2023/24 towards services which have addressed health inequalities, including:
 - The Good Life Service which provides a range of support and activities to decrease social isolation and loneliness, improve mental well-being and self-management of mental health, including information and signposting, good mood cafes, peer support and online self-help and counselling. The Community Navigator service reaches out to people at risk of poor health

and wellbeing, to support them and overcome barriers to access activities that support them to remain independent, safe and well. 99% of those accessing the service feel more independent and able to access support and information when they need it and 91% feel more connected to community of their choice.

- 260 of the 283 care settings across Cambridgeshire, graded Good or Outstanding at their most recent CQC inspection.
- Ten settings that were in intervention due to a Requires Improvement or Inadequate inspection outcome have been reinspected throughout the year, all with an outcome of Good or better.
- The current percentage of two-year-old children taking up funded education and child places in Cambridgeshire is 73.5%, 6% up on last year.
- Forest School Level 2 and Level 3 courses (funded in partnership with Cambridgeshire Skills) are now fully booked until Autumn 2024.
- The SEND support in Early Years, which focuses on improving outcomes for children and families. 706 children have been referred to the Early Support Pathway.

4.17. The Quality-of-Life survey showed that 40% of residents struggled with physical health problems. Going forward into 2024/25 we recognise that there is a growing demand, and the need to balance health equalities remains a key ambition for the Council. As such these proposals would see prioritisation of funding for;

- £38.1 million to enable Adult Social Care to meet inflation, demographic and increasing pressures to ensure they can continue to provide quality services to support Cambridgeshire people.
- £90K in community initiatives to support families with children who self-harm or have eating disorders.

4.18. As we go forward through into 2025/26 and the later part of this decade, we need to be mindful of the continued challenges we face with an ageing population considering how we strengthen community capacity and resilience, as well as improve our care and support offer. As a result, we will be working with our partners across the public, independent and voluntary sector to change the way we work across the whole care and health landscape of the county, such as bringing care closer to communities, exploring digital solutions, increasing reablement and developing accommodation options.

Ambition 4 - People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs.

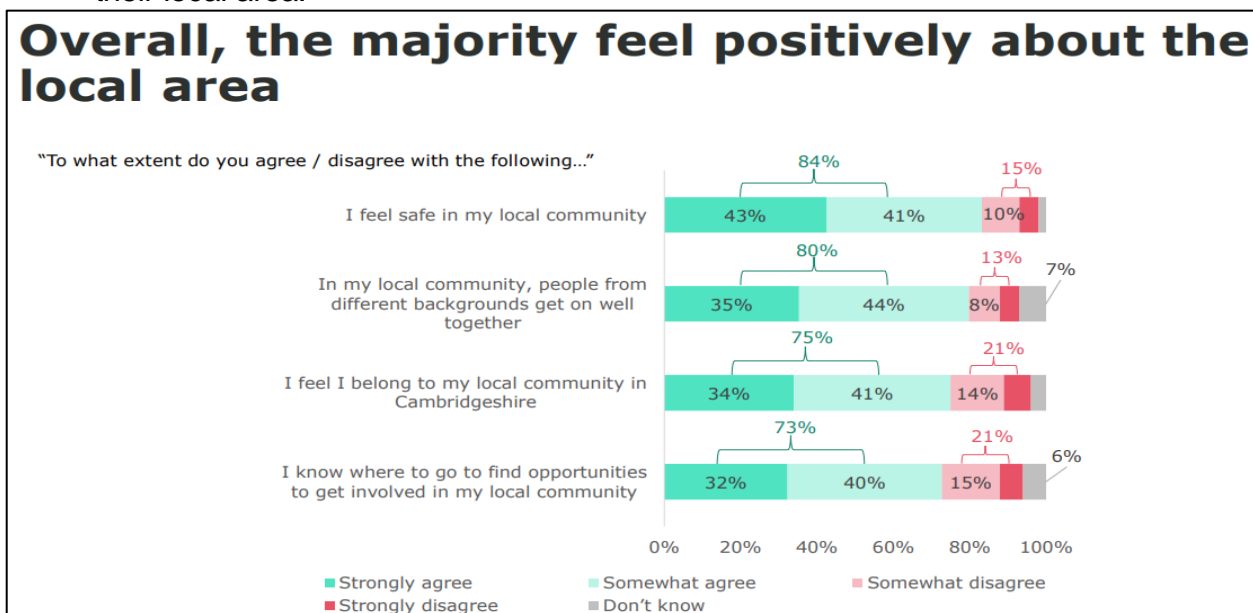
4.19. The Council is spending £507 million gross in 2023/24 on Adult Social Care and Children's Services as well as £40.9 million on Public Health.

4.20. Key investments made at last year's budget have meant that in 2023/24 the Council

has:

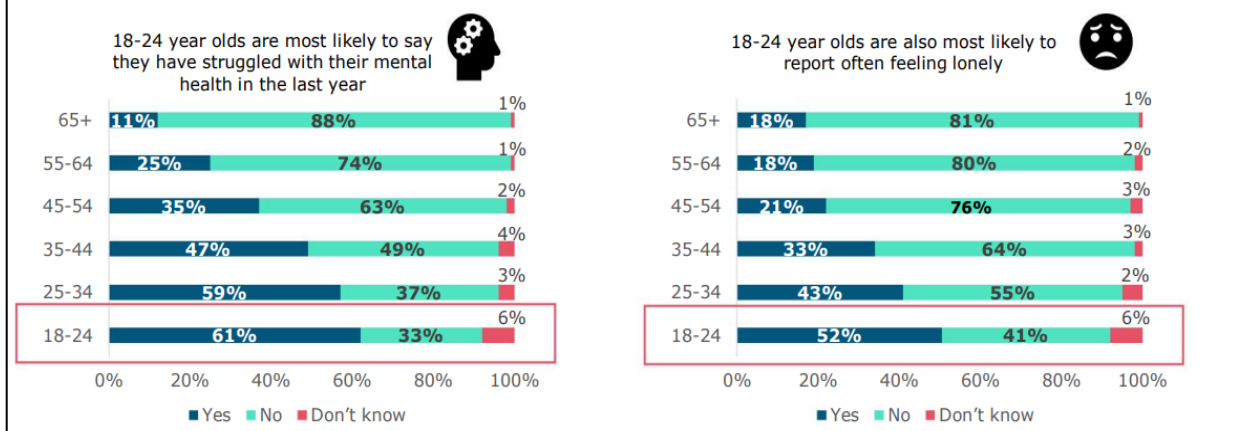
- Launched a new children’s social work academy as well as a new adult’s workforce academy, to improve recruitment, retention, and development of the social care workforce, both those employed by the Council and by other providers. This includes supporting a countywide Care Certificate.
- Launched individual Service Funds in East Cambridgeshire, enabling more people to have greater choice and control of how their care and support is provided.
- Begun to deliver a Support Programme, which is designed with people who use it and aimed at, putting people in control of their lives and how they are supported.
- Launched a mental health campaign for LGBTQ+ young people.

4.21. The Quality-of-Life Survey shows that the majority of people feel positively about their local area.



4.22. However, the survey also showed that our younger residents report they are struggling with their mental health.

Younger residents in particular report the lowest levels of mental wellbeing



- 4.23. For 2024/25 the budget proposes an additional prioritisation of £320k to address children’s mental health, which has worsened post pandemic. The funding will be used to employ trained specialists to work in and with schools to design and deliver programmes of activity working with children and young people, teachers and parents with evidence-based interventions that are known to address anxiety. In light of the findings from the Quality-of-Life survey, work will continue to explore options for further expanding provision on mental health in 2024/5.
- 4.24. The budget also provides for support to children and young people’s mental health. In addition, it is proposed that a further £12.7 million revenue is prioritised in children’s services to reflect the demand and inflation pressures, including the level of complex cases. The budget will also prioritise £3.6 million capital in increasing the number of children in care placements in Cambridgeshire.
- 4.25. Going forward the Council recognises that there is a need to continually improve its children’s safeguarding and care teams. As such there is a change programme being developed to focus on key improvements, including increasing fostering, our own care facilities and ensuring that we have the right capacity to assess and respond to the increasing demand for children’s services.
- 4.26. The Council will continue to invest in supporting adults with learning disabilities, physical disabilities, mental health issues, and older people to enjoy healthy, safe and independent lives. In 2024/25 this will include:
- £35 million to fund inflationary and demand pressures; of which,
 - £4.5 million to reflect increases in demand seen for older people’s services in 2023/24, over and above the current budget.
- 4.27. In addition, the Council is continuing to invest in Independent Living Support (ILS) for older adults, including those with nursing needs, alongside those for people with learning disabilities and autism, designed to help people with a wide range of supported needs retain their independence. As noted at Table 10 in Section 8 the capital programme includes £68 million of programmed works for adult services over

2024-29.

4.28. Looking beyond 2024/25 the Council will focus on managing demand and increasing independence through the following priorities:

- Prevention agenda, aligned with a broader digital approach to promote more self-service and options to support people before they experience crisis.
- Expansion of Care Together to offer a prevention and early intervention model for all ages which is delivered locally.
- Learning disabilities and mental health – maximising opportunities for independence, including increasing the local accommodation offer, improved pathways to move between services, in local communities.
- Hospital discharge pathways – supporting effective 'home first' principles and maximising independence.
- Reviewing our in-house opportunities to ensure efficiencies and effectiveness of operations, including value for money and opportunities for growth and diversification.

Ambition 5 - Helping people out of poverty and income inequality.

4.29. As the Quality-of-Life Survey showed, there is significant concern around the current cost of living crisis, with 86% of residents being concerned and 47% of those having made a change because of this (limiting heating, food or medicines). Delivering on this ambition has never been more key. In 2023/24 the Council has spent £9.4 million to deliver the following:

- The real living wage to be extended to more of the adult social care workforce, including personal assistants (PAs) - £1.3m.
- £7 million in direct support to families who are struggling financially, including holiday food vouchers for more than 22,000 Cambridgeshire children.
- The continued operation of the Council's Anti-Poverty Hub to focus upon and manage the processing and issue of voucher support, as well as providing income maximisation support to enable people to be supported to access welfare and benefits support.
- £150,000 on health literacy skills to reduce health inequalities and improve outcomes.

4.30. In 2024/25, despite there being significant uncertainty about the future of any national financial allocation for the Household Support Fund to continue from Government, the Council locally plans to prioritise:

- £3 million to continue to provide holiday food vouchers for those on free school meals, reprioritising £1.5 million into the base budget and £1.5 million for each of the next two years coming from reserves, and thereafter fully funding £3 million in the base budget. We will continue to lobby Government to recognise the benefits of this scheme to our young children's health, education and wellbeing.
- £2.2 million into an Anti-Poverty Strategy and action plan in 2024/25 funded from

reserves. This will be a collaborative piece of work with our public, voluntary and community sector partners, which will lead to the development of a place-based Cambridgeshire Anti-Poverty Strategy, rather than a strategy solely for the County Council. It will be informed by those who have experienced the impact of poverty on their lives. Through this work we will target investment where it can be most effective in helping people out of poverty. This will include ensuring people can maximise taking full advantage of the range of support that continues to be available to them, including income maximisation. Where we can, we will simplify processes and remove organisational barriers so people can access this support more easily. By understanding the needs of those in poverty we will better understand what we can do to make positive changes to the social, economic and environmental factors that affect the lives of people who are currently experiencing these social inequalities. The recommendations from the planned review and benchmarking of Adult Social Care charges will also be considered in the context of the Anti-Poverty Strategy.

Ambition 6 - Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.

4.31. The Council currently spends £5.2 million within Place and Sustainability on delivering services to support this ambition, alongside this there is £13.4 million spent within Strategy & Partnerships on community-based services, including libraries. These funds are helping to:

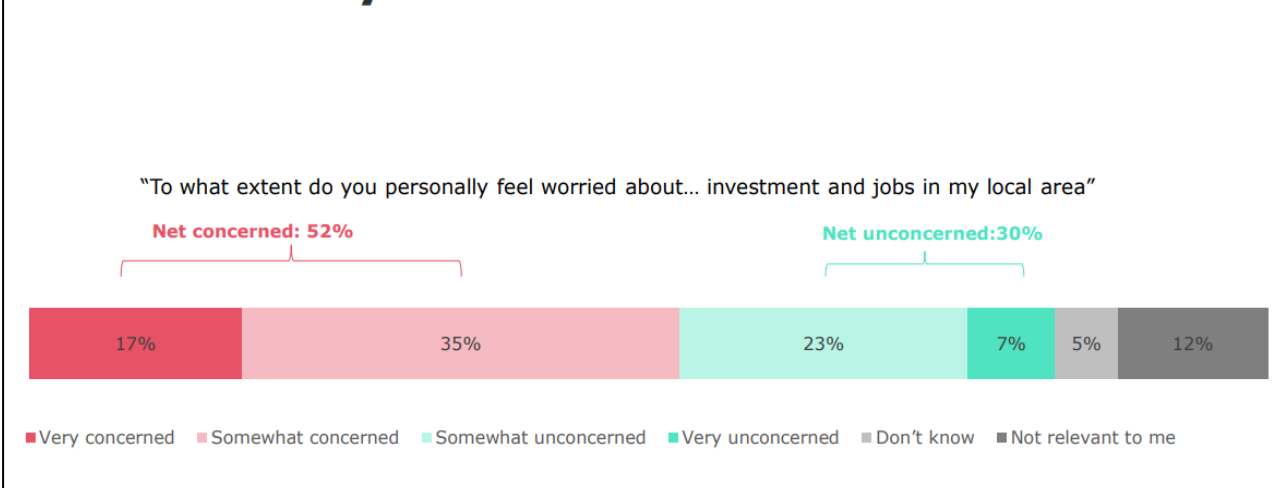
- Reposition our library service as the front door to wider council and partner services which are closer to our communities.
- Enable our libraries to be a place of refuge for people who have been displaced from their home country as a result of conflict or oppression. In addition, our libraries will provide a place of sanctuary and safety for people affected by domestic violence.
- Create additional micro-enterprises to help deliver community-based care.
- public and support them during the most important points in their life through services like trading standards, registration and support for the Coroner service.
- Enable the registration service to support social justice by working with others to prevent forced marriages.
- Ensure trading standards works to ensure social justice by enforcing consumer protection legislation and preventing criminal exploitation of the public so that the most vulnerable do not become victims and repeated victims of crime.
- Ensure 84% of our residents remain satisfied with their Library services.

4.32. We have also launched a number of pilot programmes across the County to assess how we can work closer with our communities. This has resulted in:

- The continued roll out of the Care Together programme, introducing an approach to commissioning care and support in the community, with dedicated commissioners established in each district across Cambridgeshire. The programme is supporting the creation and growth of voluntary, community and social enterprises to support people to remain living independently for longer in their communities. The programme is also reshaping the way we deliver homecare to become more personalised, focused on individual outcomes and being locally delivered, introducing new and different providers into the market with a number of local care microenterprises already established and delivering.
- The re-establishment of the Joint Area Committee for Highways in Cambridge.

4.33. The Quality-of-Life Survey did identify that half of residents responding were worried about the local economy.

Half of residents are also worried about the local economy



4.34. So, in 2024/25 the budget proposes to continue to invest and invest further in:

- Care Together, which will continue to be extended across more communities within the county, to offer choice and control to more people; working alongside providers to grow and increase their services within localities.
- Our libraries, linked to the rationalisation of our offices prioritising our libraries as places from where our staff can work alongside delivering a wider range of services and support for our communities.
- Investment in infrastructure through the capital programme will support the delivery of both housing and employment sites which will support sustainable economic growth across the County.

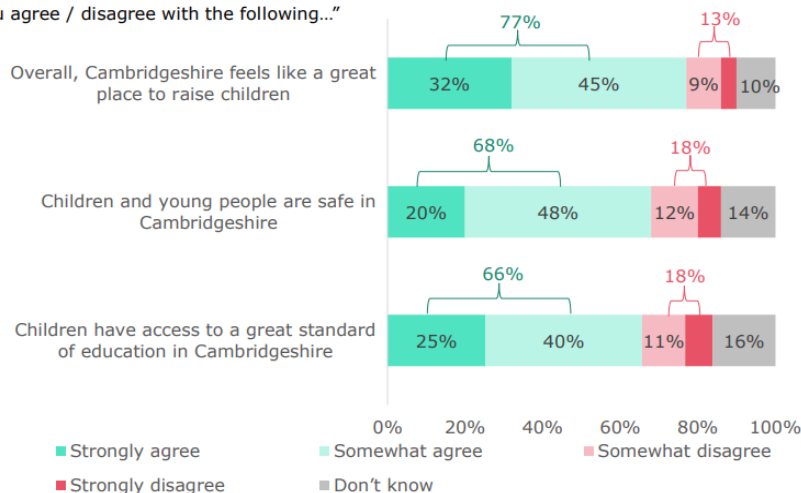
Ambition 7 - Children and young people have opportunities to thrive.

4.35. The Quality-of-Life Survey showed that overall the majority of our residents see that Cambridgeshire is a good place to raise children, however 46% of respondents who

use services for children with special educational needs or disabilities were not satisfied.

And Cambridgeshire is seen as a good place to raise children by the majority

"To what extent do you agree / disagree with the following..."



- 4.36. In caring for Cambridgeshire's children and young people the Council has seen a 18.5% increase in children requiring Education, Health and Care Plans (EHCPs) giving rise to a pressure in 2023/24 of £10.1 million on Dedicated Schools Grants budgets. It is currently working with the Department for Education (DfE) to address the overspend in this area and that will need transformation in the way we deliver services. Work has already begun and that includes approval and funding (c£50million capital) for two new special free schools in March and Gamlingay providing for 270 places.
- 4.37. In addition, the service is continuing to strengthen its care provision through:
- Becoming the third County Council in the country to recognise 'care experience' as a protected characteristic.
 - Providing council tax support to our care experienced young people.
 - Helping 516 families to address multiple disadvantages through a whole family approach, delivered by keyworkers, working for local authorities and their partners.
- 4.38. The Council will continue to invest in supporting our children and younger people to fulfil their potential. In 2024/25 this will include £12.7 million to fund inflationary and demand pressures in children's social care and education services.
- 4.39. Looking beyond 2024/25 the Council will:
- Continue to increase its in-house fostering service, growing it by 25% within two years. This will create improved outcomes for children and young people, whilst generating longer-term savings and efficiencies from external placements.

- Develop a comprehensive residential accommodation strategy for children and young people in care aged 0-25.
- Focus on improving social care practice and supporting families to make and sustain positive changes that enable children and young people to remain at home in a safe environment.
- Develop our sufficiency and corporate parenting strategies to deliver a system of continuous improvement and sustainability focussed on improving outcomes for all children in our care.
- Work with our school partnerships to improve education performance and outcomes for children across the county, especially our most vulnerable learners.
- Reduce our reliance on agency staff by half to 15% by the end of 2024/25.

Efficient and effective organisation

4.40. It is vital that to deliver our seven ambitions, and maintain an effective organisation, the Council needs to focus on plans that ensure it is operating efficiently and is prepared for the future, including more digitally enabled operations and closer working with our partners and our communities. To enable this, the business plan includes:

- £3.7 million in a change and digital reserve, to enable future organisational, digital and technological improvements.
- £1.5 million of savings, when delivered, from better management and use of our estate, are invested during 2024 to redesign the way we work across the organisation, investing in training and the working environment.
- £1.32 million from the Just Transition Fund into libraries 'plus' to help us to redesign what we deliver through our libraries. This prioritisation replaces the previous capital funding for libraries and will enable the library service to deliver against an ambition to be Closer to our Communities.

4.41. The Council will continue to secure efficiencies from challenging the way it works, including standardising our processes and using technology to avoid delays and speed up access to our varied services. The Council has invested in developing its in-house capacity to review its systems and is in the next phase of developing its digital strategy. This continued focus to reduce unnecessary costs will form the bedrock of future saving plans.

5. 2023/24 Forecast Outturn

5.1. The Council has received regular updates on its financial performance throughout 2023. The Council's budget has been revised for changes such as additional grants received during the year and has thus a revised net budget of £501 million. The current forecast at Period 7, whilst predicting an overspend, is an improvement on the Period 5 forecast with various management actions and elected member

decisions taken throughout the year to deliver an improved financial position. The latest position at Period 7 (October 2023) forecasts a smaller overspend of £5.6 million on the council's net budget. An update will be provided to 30 January 2023 meeting of this Committee. The following table summarises the variances as at Period 7.

Table 2: Summary Outturn forecast for Services as at Period 7 2023/24

Directorate	Gross Budget 2023/24 £000s	Income Budget 2023/24 £000s	Net Budget 2023/24 £000s	Forecast Outturn Variance £000s
Children, Education and Families (non DSG)	163,788	-34,943	128,845	10,670
Adults, Health and Commissioning	343,526	-129,830	213,696	-365
Place and Sustainability	103,615	-35,291	68,324	3,256
Strategy and Partnerships	26,512	-7,534	18,978	118
Finance and Resources	47,805	-33,620	14,184	-121
Capital Financing	58,884	-20,742	38,141	-1,586
Corporate and Funding Items	19,731	-710	19,021	-6,408
CCC Core Spending Total	763,861	-262,670	501,191	5,565
Children, Education & Families (DSG)	156,780	-156,780	0	10,149
Public Health	41,587	-41,587	0	-652
Total including ring-fenced budgets	962,228	-461,037	501,191	15,062
Funding delegated to maintained schools	132,391	-132,391	0	
Total Budget	1,094,619	-593,428	501,191	

5.2. The main variances at Period 7 are as follows:

- Overspends on children's placements totalling £5.6 million – there is a national shortfall of placements for children with the highest needs which is pushing up prices everywhere. We are also projecting a £1.3 million overspend on children's staffing, as a result of a similar national issue in recruitment to social worker posts, which requires increased use of agency staff to provide the service. There is also a £3.4 million overspend forecast on home to school transport services, due to high inflation and increasing needs of children requiring transport.
- Delayed income arising from the energy generation schemes totalling around £4 million – construction work has not been fully completed and therefore the income generation has not been secured for this year, although the income will be secured in future years. This pressure is partially offset within Place and Sustainability by additional income.
- We are forecasting an underspend on the capital financing budget. Better than expected cashflow, partly as a result of capital expenditure being skewed towards the second half of the year, has reduced our requirement to borrow this year.
- Additional funding, particularly business rates and related grants, have provided some overall mitigation to the position, and we are maximising the use of grant funding against existing budget lines to produce a beneficial impact.

5.3. The current Dedicated Schools Grant forecast, due in the main to shortfall in high needs funding, is an overspend of £10.1 million this year, for a total projected deficit of £39.3 million. The Council is part of the Safety Valve Programme and is working with the Department for Education to manage future costs.

5.4. There are £19.6 million of longer term (>90 days) debts outstanding. Although metrics for percentage of income collected within 90 days is still meeting the target level, the absolute amount of overdue debt has risen by approximately £7m over the last 30 months. This reflects how rising levels of client contributions billed by the Council, and macro-economic issues (including the cost-of-living impacts on wider household finances and inflation), interact with wider demand patterns and service issues facing the wider public sector. The Council is investing and driving improvement in the way it collects income. As part of this, management action is being taken to reduce some of bad debt provision in 2024/25 (£0.5 million).

5.5. Monitoring of the capital budgets shows schemes are broadly on target to be within the programmed spend profile at year end. It is expected that in most cases planned expenditure will be carried forward to next financial year, however, Section 8 of this report identifies how the capital programme is being managed to ensure our cost of borrowing remains affordable.

6. 2024/25 Funding

- 6.1. The Council draws its funding from two main sources – Council Tax and government grants. The Council's government funding allocated for 2023/24 comprises of three elements; the first two make up what is referred to as Cambridgeshire's Settlement Funding Allocation (SFA), which is the Department for Levelling Up, Housing and Communities (DLUHC) calculation of what the Council's spending should be compared with other councils across the country. SFA consists of:
- Revenue Support Grant (RSG) – now just £27k
 - Baseline Funding – Business Rates Retention Scheme (BRRS).
- 6.2. A third element of government funding is from additional grants, such as the social care support grant.
- 6.3. The suggestion is that the draft Provisional Settlement will be published by Government on the day of this Committee (19 December 2023) and as such we are presently estimating the level of Government grant based on DLUHC's policy statement issued on 5 December 2023 ([Local government finance policy statement 2024/25](#)). We will provide further updates either at the Committee or more likely the Service and Policy Committees and the next meeting of this Committee in January 2024.
- 6.4. This funding and the impact for Cambridgeshire are set out in more detail in the following paragraphs. Section 11 of this report sets out the calculation of the proposed Council Tax precept, and Section 8 assesses assumptions on the funding for capital programmes including schools.

Government Grant - Settlement Funding Allocation (SFA)

- 6.5. At this stage of the year, we have no information from government about any growth in SFA allocations. We cautiously estimate a small level of growth. The Council's budget set against these assumptions is reported in the following table, but the final level of business rates income usually varies from that projected in the settlement funding assessment, and so some local projections are factored in as well.

Table 3: SFA movement 2023/24 to 2024/25

	2023/24	2024/25	2023/24 to 2024/25 Change £m	2023/24 to 2024/25 Change %
Total SFA	67.9	68.8	0.9	1.4%

- 6.6. Going forward there are plans to radically overhaul this grant funding, but this has been deferred by Government and is not now likely until 2025 at the earliest, with any changes to our grant not happening until 2026/27 at the earliest.

General government grants

6.7. The Government has increasingly given councils specific, but un-ringfenced, grants to provide some support to emerging pressures, particularly relating to social care and its own priorities. For 2024-25, we are expecting to receive £59.6 million of these general grants – the largest of these are (subject to confirmation in the local government finance settlement):

- Social care support grant - £34.4 million
- Compensation grant for frozen business rate levels, and for business rates relief schemes - £16.1 million
- Services grant - £2.7 million

This funding forms part of the council's base net budget, underpinning the budget levels of all services.

Government ring-fenced grants and contributions

6.8. In addition to this the Government is expected to be issuing a smaller number of specific ring-fenced grants for Dedicated Schools Grant, social care pressures and market support, our private finance initiatives and adult learning and skills. We also receive a key contribution from government, via the NHS, through the Better Care Fund which supports adult social care. The Dedicated Schools Grant and the Improved Better Care Fund (IBCF) grant are both expected to increase in line with government commitments above inflation, and adult social care market support grants are being expanded. The Public Health Ringfenced Grant (PHRG) was announced on 5 December 2023 and will see a £0.4 million increase to £29.7 million, which although welcome is £0.2 million less than we had forecast. Other grants are assumed to be flat cash pending further government announcements.

6.9. Ring-fenced grants usually require new expenditure to meet grant conditions, and so there is not a direct link between the increase in ring-fenced grants and any change in our budget gap. Where conditions allow, we do seek to maximise the use of ring-fenced grants against existing or already planned pressures. For example, increases in some social care grants offset the already planned demand increases, and so produce a net benefit to our financial position.

6.10. It is not clear yet whether the Household Support Fund will be continuing following confusion in statements from the Chancellor of the Exchequer and delays in the Provisional Settlement announcement.

Adult Social Care Precept

6.11. Given the continued demand pressures, the increasing cost of care for older people and the impact of the National / Real Living Wage, the Government indicated a continuation of the local freedom for upper tier councils to continue to raise a separate ring-fenced Social Care Precept of up to 2% on every household to support adult social care services. This remains part of the overall council tax increase, and so the 2% is an increase on the current total level of council tax, not on the previous year's ASC precept.

- 6.12. The total forecast pressures facing Adult Social Care in 2024/25 is set out in more detail at section 7; the gross demand, inflation and pressures, i.e. before grant and savings, facing these services is £38.1 million. A significant amount of the Adult Social Care budget relates to staffing costs in provider organisations delivering care services. Changes in the National Living Wage / Real Living Wage have a significant impact on the levels of inflation that need to be funded to these providers.
- 6.13. Even with the grant and levy, the pressures faced in Adult Social Care still exceed the demand forecast. The service is seeking to make efficiencies in 2024/25 and beyond through transformation of the service in order to ensure sustainability is in line with a longer funding position. This is to ensure that where costs continue to be forecast that exceed funding, the service works on prevention and efficiencies to mitigate as far as possible the impact on the overall Council budget.

Council Tax

Taxbase

- 6.14. Year on year the Council has seen additional income from council tax resulting from an increase in the number of properties in the County subject to Council Tax. Our funding assumptions are that the taxbase will increase by around 1.8% between 2023-24 and 2024-25 yielding an additional £5.8 million of funding. District councils update their taxbase projections over the autumn and early winter and we will apply the results as we receive these predictions. The current draft budget factors in taxbase projection changes from two district councils.

Discounting

- 6.15. The level of Council Tax collected in 2023/24 and forecast for 2024/25 has nationally been impacted by the cost of living, however across most of Cambridgeshire this is not reflective where collection rates have remained on the whole higher than the average. It is noted that the County Council was supportive of Huntingdonshire District's proposed changes to its Council Tax Support Scheme which, it is estimated, will help more residents out of poverty. Whilst this is at a cost of c£0.7 million it supports our ambition to help our residents out of poverty and enable income equality. Overall, this decision is offset by the increase in properties and assumptions around debt. This means that overall the Council's income from Council Tax is £5.1 million more than forecast at February 2023 before any increase in the tax rate.

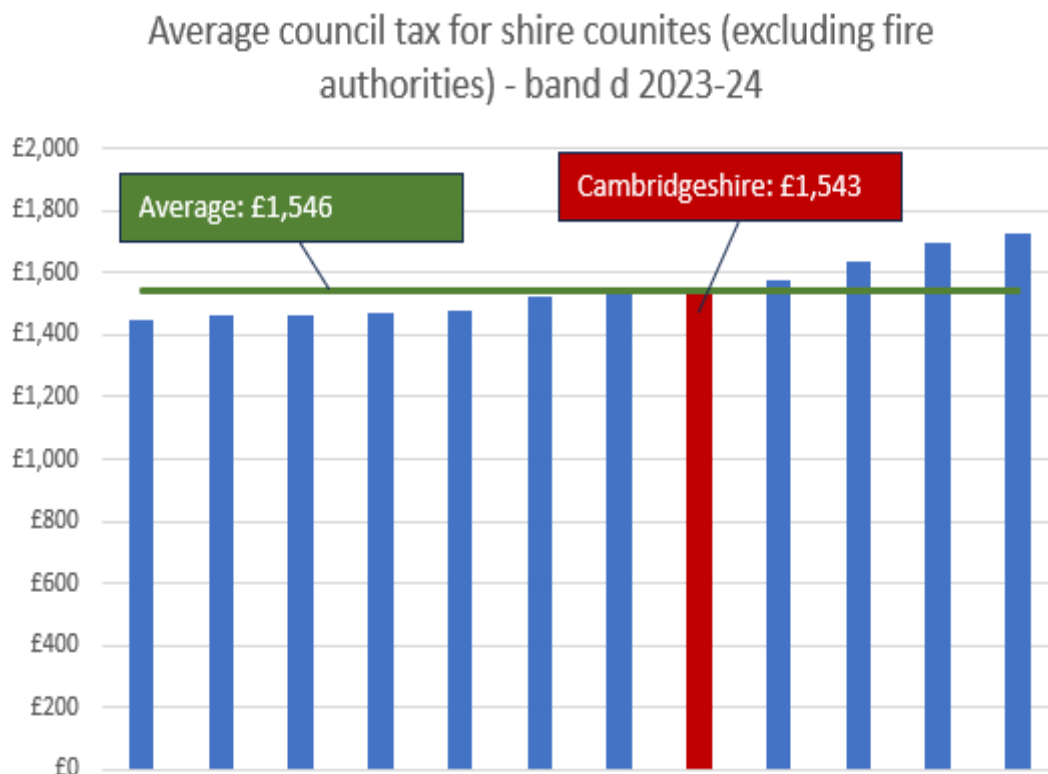
Uplift

- 6.16. The Department of Levelling Up, Housing and Communities (DLUHC) policy statement confirmed that we are able to increase the rate of general Council Tax by up to 3% without having to hold a referendum, with an additional 2% allowed for Adult Social Care precept. The MTFP agreed in February 2023 assumed a 2% increase in all years of the plan.
- 6.17. After applying the overall forecast change in the tax base and other adjustments when the Council applies a 4.99% increase (2.99% Council Tax plus 2% Social Care Levy) this gives rise to a net £398 million Council Tax expected to be collected in 2024/25, as shown in Section 11 of this report. That is £25 million more than

forecast in February 2023.

- 6.18. Overall, as Chart 4 shows, the County Council's level of Council Tax remains average when compared to comparative councils:

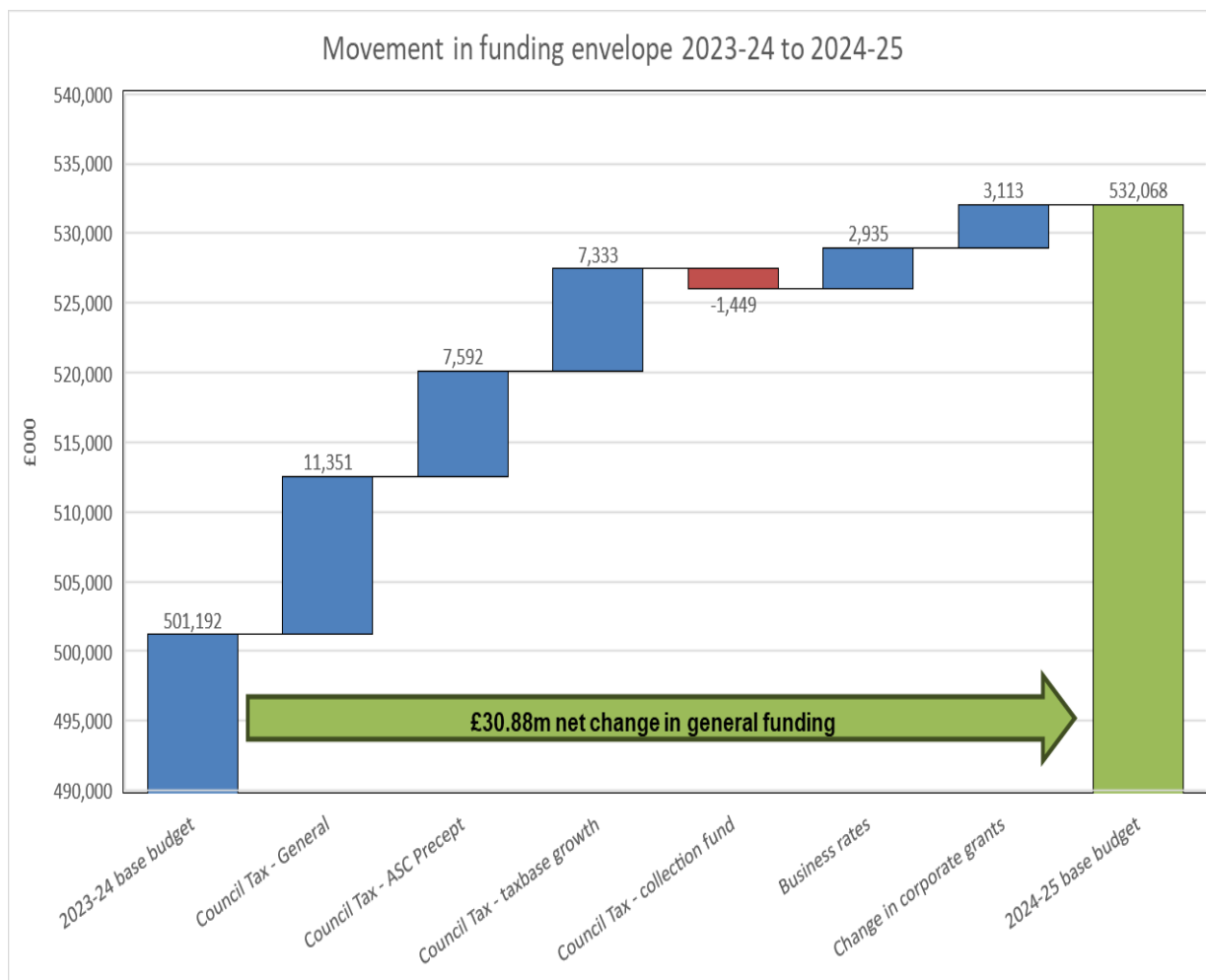
Chart 4: 2023/24 Council Tax Band D County Council comparator



Overall funding levels

- 6.19. After adjusting for movements in government grant, the proposed levels of Council Tax and Business Rates income, the net impact is that the Council projects it will have £532 million of funds available in 2024/25 (£501million in 2023/24), that is a net increase from 2023/24 of £31 million.

Chart 5: Change in CCC's Core Government and Council Tax Funding 2023/24 to 2024/25



6.20. However, as the next section identifies, the level of demand, inflation and investment exceeds this amount and so efficiencies as set out in Section 7 are also required.

7. Level of prioritisation to drive the business plan

7.1 Changes to assumptions on spend have occurred largely due to inflation and demand pressures since the MTFP was reported to Council in February 2023. There have also been further prioritisations to deliver the Strategic Framework. The gross level of growth has increased from £44 million to £89.9 million, of which £74.2 million is funded by base budget and £15.7 million is funded by reserves).

7.2 The £89.9 million is set out by the type of pressure in Table 4a and across the Council's Directorates in Table 4b:

Table 4a: Total gross pressures faced in 2024/25 by type of increase

Type of Pressure	As assumed in 2023-28 business plan £000	Latest projections - base budget £000	Latest projections - reserves funded £000	Latest projections total £000	Change £000
Inflation	21,228	37,106	0	37,106	15,878
Demand and demography	13,065	16,873	0	16,873	3,808
Pressures	6,279	10,529	6,491	17,020	10,741
Prioritisation	3,388	9,697	9,246	18,943	15,555
Total	43,960	74,205	15,737	89,942	45,982

Table 4b: Total gross pressures faced in 2024/25 by Directorate

Directorate	As assumed in 2023-28 business plan £000	Latest projections - base budget £000	Latest projections - reserves funded £000	Latest projections total £000	Change £000
Adults, Health and Commissioning	21,074	38,673	2,830	41,503	20,429
Children, Education and Families	5,820	18,858	4,910	23,768	17,948
Place and Sustainability	4,963	6,268	3,586	9,854	4,891
Strategy and Partnerships	58	1,017	4,411	5,428	5,370
Finance and Resources	5,726	1,953	0	1,953	-3,773
Public Health	0	785	0	785	785
Capital Financing	6,204	6,083	0	6,083	-121
Corporate Items	115	568	0	568	453
Total	43,960	74,205	15,737	89,942	45,982

Adults, Health and Commissioning (AHC) - £27.9 million gross pressures from 2023/24 to 2024/25, with net increase of £12.5 million after grants, other income and savings

7.3 Overall, there is a gross forecast pressure of £38.7 million. The main reasons for the pressure relate to the increased cost of care services for all client groups which is already being seen due to the overall increase in numbers of service users and the cost of more complex care needs (£12.1 million), alongside pay inflation, including provider uplifts, and general inflation across AHC. This has driven the increase since February 2023 projections, and the level of investment is as follows:

Table 5: Gross and Net prioritised spend proposed to improve Adults, Health & Commissioning (AHC) services:

Heading	2024-25 £000	Comments
Opening 2023/24 gross budget	339,882	
Base adjustments	2,921	Adjustment to budgets made during 2023/24 due to increases in ringfenced grant funding.
Revised opening 2023/24 gross budget	342,803	
Inflation	22,925	AHC inflation pressures, including staffing. ASC contract inflation due to the impact of Real Living Wage and Consumer Price Index inflationary increases.
Demography and Demand	12,069	Additional funding to ensure we can meet the increased demand for care and rising level of needs across all AHC care types. We are expecting to support an additional 226 older people, 83 people with a physical disability, 34 people with mental health needs and 47 people with a learning disability.
Pressures	3,131	Full year pressure of unfunded growth in older people placement numbers and costs in 2023/24.
Prioritisations	548	Prioritised to support capacity to deliver number of savings initiatives, including development of learning disabilities accommodation offer, mental health community offer and management of block contract capacity. Plus investment to support continuing payment of the Real Living Wage in provider organisations. Further details are set out in table 3 of appendix 1B
Savings	-10,806	See Section 9 and Appendix 1C of this report for more details.
Closing 2024/25 gross budget	370,670	
Opening 2023/24 income budget	-124,755	
Changes to income budgets	-18,233	Increases to assumed income and changes to ring-fenced grants. These increases relate to client contributions which for those paying part of their care cost rise in line with pensions increases. For those paying the full cost of their care, contributions rise in line with provider inflationary increases. A significant portion of our fees and charges also relates to contributions from Cambridgeshire and Peterborough Integrated Care Board to the Learning Disability pooled budget which rise in line with costs under current pooled budget arrangements
Closing 2024/25 net budget	227,682	
Total growth 23/24 to 24/25	38,673	
Change in gross budget 23/24 to 24/25	27,867	
Change in net budget 23/24 to 24/25	12,555	2023/24 Net budget is £213.696 million
Change in net budget %	5.8%	

Refer to budget tables for detailed changes (Appendix 1B)

Children, Education and Families (CEF) - £16.1 million gross increase in base budget with net increase of £15.5 million after grants, other income and savings

7.4 CEF has seen considerable pressures, demand and inflation in particular on Children’s Safeguarding and Care, as well as Home to School Transport in 2023/24. The proposed 2024/25 budget takes account of the current and forecast position for these areas, which explains the significant increase from the February 2023 budget projections. This is demonstrated in Table 6:

Table 6: 2024/25 Gross and Net prioritised spend proposed to improve Children, Education and Family (CEF) services:

Heading	2024-25 £000	Comments
Opening 2023/24 gross budget	259,287	
Base adjustments	-103,293	Adjustment to reflect the Dedicated Schools Grant (DSG) which will now be presented in a separate budget table.
Revised opening 2023/24 gross budget	155,994	
Inflation	7,972	CEF inflation estimates, including staffing, Children in Care Placements and Home to School Transport.
Demography and Demand	4,759	CEF demand estimates, including Children in Care, Children with Disabilities and Home to School Transport.
Pressures	3,981	Identified pressures including residential disability provision, Home to School Transport, contribution to combined budgets, SEND and Social Care capacity, and Children in Care placements. Both SEND and Children in Care placements to be funded from reserves.
Prioritisations	2,146	Prioritised to support Cambridgeshire care leavers and holiday vouchers for those eligible for free school meals.
Savings	-2,760	See Section 9 and Appendix 1C of this report for more detail.
Closing 2024/25 gross budget	172,092	
Opening 2023/24 income budget	-198,202	
Changes to income budgets	170,843	Separation of the DSG as well as increases to service income targets and changes to ring-fenced grants.
Closing net 2024/25 budget	144,733	
Total growth 23/24 to 24/25	18,858	
Change in gross budget 23/24 to 24/25	16,098	After adjusting for removal of DSG budgets
Change in net budget 23/24 to 24/25	16,182	After adjusting for removal of DSG budgets Net budget for 2023/24 is £128.845 million
Change in net budget %	12%	

Refer to budget tables for detailed changes (Appendix 1B)

Place and Sustainability - £5 million gross increase in base budget with net increase of £0.9 million after grants, other income and savings, and factoring in transfer of services

7.5 The Directorate manages a range of services including Highways and Transport, the Connecting Cambridgeshire Programme, Strategic Planning, Waste Disposal, Regulatory Services and management of the Natural and Historic Environment. Overall, the services face significant pressures from contract inflation, and changes in national legislation. Furthermore, there are proposals for investment in Highways,

Transport, Energy Projects and Waste. Table 7 summarises the key factors driving costs and the need for savings.

Table 7: 2024/25 Gross and Net prioritised spend proposed to maintain and improve Place and Sustainability (P&S) services:

Heading	2024-25 £000	Comments
Opening 2023/24 gross budget	105,757	
Base adjustments	-3,933	£3.4m relates to transfer out of Domestic Violence budget to Strategy & Partnership Directorate
Revised opening 2023/24 gross budget	101,824	
Inflation	2,491	This includes contract inflation for the Highways and Transport (£1.050m) inflation for the contracts for support services to the Coroner (£126k) and pay inflation for staff across the directorate (£633k).
Demography and Demand	45	Demand pressure in Coroners
Pressures	321	P&S Pressures including that relating to additional costs for Waste Disposal (inclusive of funding from reserves)
Prioritisations	3,411	Prioritised finding into highways, footpaths, cycleways, signage and weeding.
Savings	-1,202	Savings including Street Lighting energy savings from LED investment. See Section 9 and Appendix 1C for more detail.
Closing 2024/25 gross budget	106,890	
Opening 2023/24 income budget	-34,431	
Changes to income budgets	-223	All changes to income budgets including inflation, income pressures and new income targets
Closing net 2024/25 budget	72,236	
Total growth 23/24 to 24/25	6,268	
Change in gross budget 23/24 to 24/25	5,066	
Change in net budget 23/24 to 24/25	910	2023/24 Net budget is £68.324 million
Change in net budget %	1%	7% increase after allowing for the transfer of services

Refer to budget tables for detailed changes (Appendix 1B)

7.6 Alongside providing for inflationary and demand pressures to maintain services in Place and Sustainability, the proposals include further investment in the following areas:

Highways

7.7 Highways is one of the key services provided by the County Council and impacts on every resident, business, and visitor in the County. The Council's aim is to maintain the condition of our roads, footways and pavements to support access to employment, education, leisure and to essential services such as health care. Furthermore, the Council is promoting active and safe travel to promote physical and mental wellbeing and contribute to the environment and carbon reduction agenda.

7.8 In addition, it is vital to the delivery of the Council's Strategic Framework that the council is able to attract inward investment and support a sustainable and inclusive economy, and to ensure residents benefit from well-maintained transport networks.

- 7.9 Over the last few years, the Council has used specific grants, capital and developer contributions to support the provision of these services. The services continue to face demand and cost increases due to contract and sector inflation. The Department for Transport has so far announced a further £2.3 million of additional grant for Cambridgeshire in 2023/24 and 2024/25.
- 7.10 This budget proposes to invest a further £3 million of revenue funding into local highways. This will enable a further £1 million in revenue maintenance and £2 million to leverage a £20 million upfront capital investment. This is then repeated in 2024/25.
- 7.11 The £1 million of additional revenue maintenance is proposed to be allocated to support the delivery of the following :
- Drainage Management
 - Vegetation and Weeds Management
 - Cycleway Clearance
 - Pothole Management
 - Junctions and Roundabout Maintenance
- 7.12 The £2 million revenue to support £20 million of additional capital investment is proposed to be allocated to enable the delivery of:
- Drainage improvements
 - Planned maintenance of roads and pavements
 - Road markings and signs
 - Structures
 - Public Rights of Way
 - Traffic Signals
- 7.13 The Council also recognises that sometimes the most efficient way to maintain our highways is to support greater local engagement and action. The proposal is that the draft investment programmes will be subject to engagement with local members, parish and town councils so that programmes are informed by local priorities.

Street Lighting

- 7.14 The £13,283k of capital investment being made in street lighting to replace the existing lighting with LED lights is projected to reduce the electricity costs of running street lighting by £977k in 2024/25 followed by a further £414k in 2025/26 and £268k in 2026/27. In addition, this will reduce carbon emissions by 5,262,486Kg of CO₂ per year once the project is completed.

Waste disposal

- 7.15 While the number of households in the County is increasing, this demographic pressure is currently being offset by a decreasing amount of waste produced by individual households each year, resulting in largely the same total of waste arising from year to year, although this could change in future years.
- 7.16 In addition, the Council is currently paying increased costs for the disposal of waste owing to the fact that changes in environmental legislation mean that the facilities at Waterbeach cannot be fully utilised, so some waste is currently being diverted to

other waste management facilities. These costs are currently being met from the Waste Private Finance Initiative (PFI) Budget and Reserves.

- 7.17 The Council's arrangements for the Waste disposal are currently managed through a PFI contract. The current capital budget includes provision of £20.367m to enable changes to be made to the contract and the facilities to enable the council to meet environmental legislation requirements, reduce its current running costs and to potentially improve the environmental performance of the Council's current waste disposal arrangements. The Council's reserves include an amount set aside for risks associated with this contract and waste disposal changes.

Energy Projects

- 7.18 The Business Plan contains capital investment to develop projects that generate renewable energy systems that not only reduce carbon requirements but also generate revenue income for the Council through the selling of electricity to the national grid. As a result of capital investment against all projects, income of £5.2m is estimated to be delivered each year in FY 2024/25 and £8.6m in FY 2025/26 once all projects are active for a full financial year. Going forward, this income will be subject to market movements especially with an unstable electricity market. Revenue funding is also identified in the Business Plan for the annual operational costs and debt charges.

Strategy and Partnerships - £0.2 million increase in base budget with net increase of £3.4 million after grants, other income and savings, and factoring in transfer of services

- 7.19 The Directorate manages a range of services from HR, Legal and Governance, Policy and Communications to Libraries, Skills and Communities.

Table 8: 2024/25 Gross and Net prioritised spend proposed to maintain and improve Strategy and Partnership (S&P) services:

Heading	2024-25 £000	Comments
Opening 2023/24 gross budget	21,521	
Base adjustments	4,064	Permanent budget adjustments agreed in 2023-24. Domestic violence services transferred between years from Place & Sustainability
Revised 2023/24 opening gross budget	25,585	
Inflation	924	Inflation increase estimates, predominantly staffing.
Demography and Demand	0	n/a
Pressures	33	Identified pressure linked to the additional Democratic Services support for the Assets and Procurement Committee.
Prioritisations	60	Prioritised support for internal audit function.
Savings	-838	Identified savings including operational savings and application of grant reserves. See Section 9 and Appendix 1C of this report for more detail.
Closing 2024/25 gross budget	25,764	
Opening 2023/24 income budget	-5,251	
Changes to income budgets	-820	
Closing net 2024/25 budget	19,693	
Total growth 23/24 to 24/25	1,017	
Change in gross budget 23/24 to 24/25	179	
Change in net budget 23/24 to 24/25	3,423	After accounting for services changing directorates the budget is growing by only 1%
Change in net budget %	21%	

Refer to budget tables for detailed changes (Appendix 1B)

- 7.20 The proposal is to use the reserves to invest £2.2 million in 2024/25 to support developments to prevent poverty and support people out of poverty; as well as £1.32 million to invest and grow Libraries Plus that will enable our services and communities to work closer and more efficiently out of our libraries.

Finance and Resources - £2 million gross increase in base budget with a gross increase of £0.7 million after savings

- 7.21 The Directorate is responsible for Finance, Property and Digital services and the key challenges facing these services arising from higher inflation.

Table 9: 2024/25 Gross and Net prioritised spend proposed to maintain improve Finance and Resource services

Heading	2024-25 £000	Comments
Opening 2023/24 gross budget	55,354	
Base adjustments	-9,083	Transfer of cross-council budgets to the Corporate & Funding items line
Revised opening 2023/24 gross budget	46,271	
Inflation	1,349	Inflation increase estimates, predominantly staffing and IT and Property related contracts.
Pressures	344	Rebase lining property budgets
Prioritisations	260	A continued prioritisation in improving our procurement support and operations, property functions, and contact centre operation.
Savings	-1,282	Office accommodation and a reduction in the bad debt provision along with a number of other savings. See Section 9 and Appendix 1C of this report for more detail.
Closing gross 2024/25 budget	46,942	
Opening income 2023/24 budget	-36,029	
Changes to income budgets	3,023	Base adjustments in 2023-24 to correct gross/net budgets
Closing net 2024/25 budget	13,936	
Total growth 23/24 to 24/25	1,953	
Change in gross budget 23/24 to 24/25	671	
Change in net budget 23/24 to 24/25	-5,389	2023/24 Net budget is £14.184 million
Change in net budget %	-28%	A close to net nil change after allowing for the movement of budgets between services

Refer to budget tables for detailed changes (Appendix 1B)

Cost of borrowing

7.22 The Capital Programme set out at Section 8 of this report identifies that there will be a further borrowing requirement of £101.5 million for 2024/25. Accounting for the cost of borrowing, including the minimum revenue provision, this will add £3.9 million net to our current revenue costs, and this has been built within the budget to fund in 2024/25.

Pay inflation: £7.6 million.

7.23 The main Council pay award for the Council's directly employed workforce is set nationally between representatives from the employers' and trade unions. The 2023/24 settlement was reached in November 2023 and was in line with that year's forecasts. It is assumed that in 2024/25 the pay settlement will be a 5% uplift overall (and that this will be the inflation rate for non-local government pay scales). As such the budget numbers include a £7.6 million uplift for the impact of pay awards and other increases such as increments in 2024/25 which is passed out to services.

8.0 Capital

8.1 The proposed capital programme for 2024-29 is set out at tables 4 and 5 of Appendix 1B, along with the indicative sources of funding available. The programme

for 2024/25 proposes a total value of £213.4 million of works. This maintains a medium-term capital programme (2024-29) in the region of £519 million, with over £1.1 billion being spent across the full programme.

Table 10 – Summary Capital Programme

Directorate	Previous years	2024/25 £,000	2025/26 £,000	2026/27 £,000	2027/28 £,000	2028/29 £,000	Later years £,000	Total pre 2024 - post 2029 £,000	Total 2024-2029 £,000
CEF	148,167	95,885	83,227	34,128	12,725	4,836	26,487	405,455	230,801
AHC	816	13,907	21,679	11,070	15,258	13,491	21,327	97,548	75,405
P&S	276,257	96,229	45,777	19,284	19,311	19,334	17,361	493,553	199,935
F&R	147,184	5,547	2,288	1,116	1,116	1,008	4,320	162,579	11,075
S&P	10,562	1,810	7	-	-	-	-	12,379	1,817
Total	582,986	213,378	152,978	65,598	48,410	38,669	69,495	1,171,514	519,033

8.2 The funding for this programme is largely from grants and borrowing:

Table 11 – Summary of the Capital Programme Funding

Directorate	Grants £,000	Developer contributions £,000	Other £,000	Receipts £,000	Borrowing £,000	Total £,000
CEF	107,827	120,519	2,129	-	174,980	405,455
AHC	45,630	-	-	-	51,918	97,548
P&S	258,454	32,911	31,644	-	170,544	493,553
F&R	915	-	127,191	46,251	11,778	162,579
S&P	373	688	16	11,302	-	12,379
Total	413,199	154,118	160,980	57,553	385,664	1,171,514

8.3 It is noted that a large number of externally funded grants have yet to be identified beyond 2024/25, so the figure is likely to significantly increase in later years. The programme is largely built up from government and other grants received or due to be received. Where grant allocations for 2024/25 are also still to be announced or finalised, particularly for education, estimates have been used which will need to be adjusted once grant levels are announced. Additionally, other sums may become available during the year from a variety of sources which can be added to the programme during the quarterly reporting of the capital programme in 2024/25.

8.4 In addition to Government grants, additional sums in the form of capital receipts from sales of assets and borrowing are able to be added to the programme. Capital receipts assume a total of £1.0 million in 2024/25 received to fund part of the planned expenditure. This has assumed that all known receipts are achieved and applied to the current capital programme.

8.5 The total programme for 2024/25 as it currently stands requires £213.3 million of funding which includes £101.5 million from borrowing. Given the financial pressures on the revenue fund, this borrowing assumption in 2024/25 has been assessed as affordable within the current provision for financing.

Table 12: Projected debt charges (cost of capital) compared to prudential limits

£m	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
2024-25 Draft Business Plan [excluding invest to earn]	41.9	45.0	47.8	45.2	41.6	39.5
Recommended limit	42.2	43.0	43.9	44.7	45.6	46.5
(Headroom: annual)	-0.2	2.0	3.9	0.4	-4.0	-7.0
Recommended limit [3 years]	129.1			136.8		
(Headroom: 3 years)	5.7			-10.6		

- 8.6 The table above shows that the cost of capital is expected to continue rising fast for the next two years with increases exceeding £2.5m in both 2025-26 and 2026-27. Although the capital programme has been prioritised to ensure that the expected cost of capital is within the prudential limit set by the capital strategy for 2024-25 and in the later years of the plan, it can be seen that in 2025-28 the budgeted cost is currently in excess of the prudential limit. Assuming costs of borrowing remain as currently projected, this will mean further prioritisation of investment may be necessary in future planning rounds.
- 8.7 The other major driver of borrowing across future years increases is the prioritised investment in highways and schools and schemes designed to improve the provision of children's and adults' care.
- 8.8 By maintaining a more prudent and lower borrowing forecast for 2024-29 it has a positive knock-on impact to the general fund expenditure as regards the cost of repaying borrowing.
- 8.9 At the same time as continually challenging the programme, finance officers have been carrying out treasury management reviews to take opportunities to reprioritise, re-profile and better manage cash over borrowing to fund schemes. The focus is to ensure capital financing costs are squeezed downwards wherever possible. The effect of reprogramming of the capital programme has the impact of pushing the costs into later years, and an estimate of this has been made within the budgeting. This will prevent the Council from borrowing money too early and having to pay unnecessary interest repayments. Work was undertaken to assess the ability to apply more capital receipts from disposal of assets. In addition, officers continue to explore proposals to manage its minimum revenue provision.

9. Saving and income proposals

Savings

- 9.1 The Council's proposed budget for 2024/25 includes £17.6 million of saving proposals.
- 9.2 As part of the process of setting the budget, managers have been assessing their expenditure and income forecasts. The savings have then been split between those where officers have authority to take actions within the existing Council Policy Framework and processes termed 'service decisions' (this includes consultation where appropriate with the public and / or Trade Unions and staff); and those where decisions require a change in policy and approval by elected members. Where Council took decisions in 2023/24 or are in the process of consultation, any related savings have been assumed within the base already and the updates will be through separate Strategy, Resources and Performance Committee papers.
- 9.3 At this stage, the decisions for Strategy, Resources and Performance Committee to consider as part of this budget paper related to savings are broken down by directorate in total as below and in more detail at Appendix 1C:

Table 13: Breakdown of Proposed savings 2024/25

Directorate	£ million	Detail
Children, Education and Families	2.8	<p>A range of opportunities which focus on managing demand for services, with a focus on prevention, early help and ensuring placement sufficiency, with key areas relating to:</p> <ul style="list-style-type: none"> Children in Care External Placement Reviews – ensuring robust financial and accountability processes are in place through the panel process. Passenger Transport – continuing the review of high-cost single routes for SEND and management of transport decision making through policy, which is sensitive to and balances the needs of pupils and the Council's finances. <p>• The full breakdown of saving opportunities are contained in Appendix 1C.</p>

Table continued,

Adults, Health and Commissioning	10.8	<p>A range of opportunities which focus on managing future demand for services, with a focus on prevention and maximising independence, with key areas relating to:</p> <ul style="list-style-type: none"> • Learning Disabilities Pooled budget – increased health contributions towards the cost of the pooled budget, due to the termination of the Section 75 pooled budget arrangements on the LD Pool. • A review of Hospital Discharges, with a view to increasing people benefiting from a home first approach. • Prevention – Reablement – by having a fully staffed reablement service, we will have more capacity to support people to regain independence, preventing, reducing or delaying the need for long term support. • Mental Health residential and community – updated homecare framework to reduce the use of spot purchasing. Alongside development of an early intervention and putting people in control of their lives, to promote early intervention, strengthen prevention and crisis intervention. • Decommissioning of block contracts for homecare – savings from the decommissioning of contracted block cars providing care to people in their own homes, often upon discharge from hospital, as we move to a new more efficient model of delivery. <p>The full breakdown of saving opportunities are contained in Appendix 1C.</p>
Place and Sustainability	1.2	<p>A range of opportunities focused on creating efficiencies in delivery of services whilst maintaining quality of provision.</p> <ul style="list-style-type: none"> • Developing and implementing a materials recycling facility for Highways. • • Streetlighting energy savings achieved through the LED investment. <p style="text-align: right;">Table continued.</p>

		The full breakdown of saving opportunities are contained in Appendix 1C.
Strategy and Partnerships	0.838	A range of savings achieved through contract re-negotiation and the deletion of some vacant roles. Increasing income through reviewing fees and charges, paid for online access to archives and continuing to seek out opportunities for grant funding. The full breakdown of saving opportunities are contained in Appendix 1C.
Finance and Resources	1.282	It is proposed that a rationalisation of the Council's office accommodation post pandemic and changes to the way we work, including prioritising investment in the ways we work with our communities through Libraries Plus will save a net £0.5 million in 2024/25, increasing with an ambition to reduce the overall estate costs by a third of today's costs in 2028/29.
Corporate & Funding Items	0.500	We will review the level of our bad debt provision in light of work undertaken to clear some of our oldest debts following investment into the debt team. Initiatives include additional management and supervisor capacity, improved digitalisation and channel shift for invoicing and payment collection, and a focus on clearing a historic backlog in financial assessment.
Total	17.562	

- 9.4 These savings and income increases have been assessed and considered realisable, although there may be some further movement in some as work progresses which means a small element could need to be found from other areas or reserves.
- 9.5 The proposals are coming from three main sources; pay, non-pay and cost avoidance (reducing growth projections through implementing change). Of the pay savings, every effort will be made to first remove vacant posts and assess the ability to redeploy staff. This both supports employment and reduces any costs of redundancies.
- 9.6 The Council remains prudent and an element of provision for non-delivery of savings has been provided for in the General Fund Reserves discussed in more detail at Section 13 of this report.

Income

- 9.7 The Council is forecasting £288 million of fees and charges, ringfenced grants and other income, summarised below, with detailed analysis of fees and charges proposals set out at Appendix 3:

Table 14 – Summary of Fees and Charges for 2024-25

Item	£000
Fees and Charges by directorate	
Children's, Education and Families	12,390
Adults, Health and Commissioning	92,343
Place and Sustainability	27,707
Finance and Resources	33,006
Strategy & Partnerships	3,944
Capital Financing	13,752
Public Health	8,961
Fees and Charges Subtotal	192,103
Ringfenced grants and contributions	
Public Health Grant	29,918
Better Care Fund	21,147
improved Better Care Fund	15,170
Market Sustainability and Fair Cost of Care Fund	8,139
PFI Grant - Street Lighting	3,944
Adult Social Care Discharge Fund	3,545
PFI Grant - Waste	2,570
Adult Learning & Skills Grants	2,080
ASC Market Sustainability and Improvement Fund - Workforce	1,985
Leaving Care Post 18	1,900
Unaccompanied Asylum Seeking Children (UASC)	1,800
Pupil Premium Grant	1,364
Arts Council Funding (Music Grant)	810
Youth Justice Grant	500
Care Act (New Burdens Funding) Social Care in Prisons	330
Bikeability Grant	260
Staying Put Implementation Grant	210
Ringfenced grants & contributions subtotal	95,673
Fees, charges & ringfenced grants total	287,777

10. Dedicated Schools Grant

- 10.1 The Education and Schools Funding Agency is expected to announce the provisional Settlement in December 2023. The provisional DSG allocations for Cambridgeshire are broken down as follows:

Table 15: Gross DSG Blocks, (prior to Academy Recoupment)

Blocks	£m (Provisional allocations)
Schools Block	477.7
Central Schools Services Block	5.2
High Needs Block – provisional allocation based on the national funding formula for High Needs	107.2
Early Years Block	39.6
Total	629.7

- 10.2 The Schools Block DSG is comprised of the Primary and Secondary Sector National Funding Formula (NFF) units of funding for Cambridgeshire set by the DfE as confirmed in October 2023, applied to the October 2023 pupil census plus an historic allocation for the funding of premises costs. This is then delegated to all mainstream schools both maintained and academies through Cambridgeshire's Local Schools Funding Formula (LSFF). The Schools Block also includes an allocation from the national Pupil Growth Fund, based upon the new national DfE formula, for designated and approved pupil growth to support basic need revenue cost requirements. The provisional figures are calculated using October 2022 census data and will be updated on receipt of the final DSG settlement in mid-December 2023.
- 10.3 The Central Schools Services Block comprises a NFF formulaic element for ongoing responsibilities for statutory services provided by the County Council on behalf of all maintained schools and academies and a sum for continuing historic commitments. However, current DfE policy has reduced the historic commitments element of the allocation by another 20% for all Local Authorities (LAs).
- 10.4 The High Needs Block is based on the DfE NFF and the provisional figures include an additional allocation of £3.0 million, which is Cambridgeshire's share of the national £440 million increase in 2024/25, to support High Needs placement and top up pressures being experienced in all LAs and the mainstreaming of former specific grant funding. Although welcomed, this 2.9% increase is not sufficient to support the future expected ongoing significant cost pressures in the High Needs DSG.
- 10.5 The Early Years Block providing funding for 2-year-olds targeted support, 3 and 4-year olds for the universal and extended entitlement and other early years funding is provisionally allocated at £39.6 million being based upon the January 2023 census. This provides for minor increases to the DfEs NFF hourly rates. Subsequently it will be updated for the effect of the January 2024 census.
- 10.6 The Cambridgeshire Schools Forum (CSF) met on 3 November 2023 and voted unanimously to support the 1% (circa £4.77m) transfer from the Schools Block to the High Needs Block to support ongoing pressures as part of the 'Safety Valve'

agreement. The final decision, however, sits with the Secretary of State and as such a disapplication will be submitted by the 17 November deadline to request this transfer.

- 10.7 The CSF will meet again on the 13 December 2023 and 12 January 2024 where they will be asked to endorse the proposals for the LSFF for 2024/25 and approve as required for, under their responsibilities in the School Forum (England) Regulations 2021, the service de-delegations for maintained mainstream primary schools and centrally retained services for all schools. CYP Committee will then meet on the 16 January 2024 to approve the LSFF for mainstream schools prior to the required submission of the LSFF to the Education and Skills Funding Agency (ESFA) by 19 January 2024.
- 10.8 At the end of the 2022-23 financial year, Cambridgeshire had an accumulated deficit of £51.2m on its Dedicated Schools Grant from pressures around spending on high needs block activity. Negotiations began with the Department for Education (DfE) in May 2022 with Cambridgeshire County Council entered into a Safety Valve agreement with DfE in March 2023. Details of this deal can be [found here](#). The Safety Valve programme provides additional resources to Local Authorities to deliver a sustainable position for our children and young people with Special Educational Needs and Disabilities, without impairing their education. We established our SEND Transformation Programme in 2021 to have a focus on delivering better services, with early intervention. This programme formed the basis of our proposal to the DfE and now aligns with the Safety Valve Programme conditions. An update on the deal and our progress was shared with the CYP committee in October. The deal will mean a n investment of around £100m into deficit repayment and the building of new specialist provision to support the demand for provision in the county.
- 10.9 The forecast deficit from 2023/24 is estimated to be in the region of around £40 million which will need to be carried forward into 2024/25. The current position shows an in-year variance, and we are working closely with the DfE to drive this down and recover the position across the next three years as part of its 'Safety Valve' agreement. The intention is to return a zero balance at the end of the 2026/27 financial year where expenditure equals income, and the accumulated deficit has been removed.
- 10.10 We have made a number of changes to the way we support SEND especially focusing upon early intervention and prevention. The transformation programme covers four strands:
- Improving our approach to supporting SEND within Education
 - Supporting our schools and settings to meet the increasing need of our children and young people.
 - Meeting the needs of our children and young people in the appropriate settings
 - Working effectively in the local area with our partners.
- 10.11 As part of the DfE Safety Valve process, we undertook a thorough review of all spend on the high needs block. Each year the DfE publishes the guidance for the completion of the Section 251 statement which outlines what funding can be used to fund education services. Two areas have been identified as not meeting the

definition of being a high needs block activity as relating to former legislation about the extended childcare for children with additional needs. A total of £344k is currently spent supporting these areas and there has not been a review for a significant period of time. As a result, this provides an opportunity to review their delivery. The two areas are:

- After Schools Clubs – There are currently 12 special schools in Cambridgeshire and only five receive funding to support the costs of providing after school clubs. The funding (£120k) currently provides a subsidy for the provision for 122 of the 1452 children in our special schools. We saw one school withdraw from this offer as a result of financial liability to deliver, and the challenges of staff recruitment. In addition to the core funding (£120k) the council also funds the changes in transport which costs around £94k a year.
- Childcare Access Funding - Childcare Access Funding (CAF) has existed since 2006 in response to the Governments Extended Schools agenda, an initiative to increase access to childcare and wraparound care for families including children with Special Educational Needs and Disabilities. The scheme provides funding to childcare providers to support the additional costs for school aged children (4 to 14+) to access out of school hours childcare (before and after school clubs, holiday schemes and care with childminders) with the very highest level of special needs. Only 1 of 5 statistical neighbours researched have any equivalent to CAF advertised on their website. Most only offer short breaks in line with their statutory responsibility. We have seen a decline in take up.

10.12 Both schemes are legacy arrangements which have not been reviewed for some time. The sustainability challenges in the DSG present an opportunity to create a new targeted scheme to replace to the two separate schemes using the funds previously allocated from the general fund for transport. Any change will be subject to full consultation and a proposal for a new scheme to enable access to childcare will be brought to the Children and Young People's committee in the spring. The funding contribution from the DSG will end in March 2024.

11. Council Tax calculation

11.1 The overall position for 2024/25 reflected in this report is therefore:

Table 16: 2024/25 Council tax provision required:

	£m
2023/24 Revised Base Budget	501.192
Plus demand, inflation, pressures and investments – See Section 7	74.205
Spending requirements	575.397
Less Net savings & reforms (as set out at Section 9) and income changes:	-34.777
Transfer from Earmarked Reserves (<i>as noted at Sections 9 and 11</i>)	-6.539
Net budget requirement	534.081
Financed by	
- General (un-ringfenced) government grants	-59.584
- Settlement Funding Allocation (paragraphs 6.4 to 6.6) plus adjustments for local share of business rates	-74.395
- Council Tax collection fund adjustments (paragraph 6.15)	1.449
Amount to be found from the Collection fund through Council Tax (paragraphs 10.7 to 10.9)	-399.537
Total Financing	-532.068
Budget Gap	2.013

11.2 The Local Government Finance Act 1992 (as amended by the 2003 Act) sets out the powers and duties of the Council in setting the annual Council Tax. The key requirements under Part IV of the 1972 Act are that:

- Council Tax is set at Full Council – Section 33.
- Council Tax is set at a sufficient level to meet its proposed budget requirements for the ensuing year – Sections 32 and 33.
- The level of Council Tax is set before 11 March to enable circulation of Council Tax bills to enable people to pay on and after 1 April- Section 30(6).
- The Chief Finance Officer must report on the robustness of estimates and the proposed adequacy of reserves – Section 25. Given the current position on consultation and the provisional financial settlement this will be provided to the Committee at the end of January, but initial comments are set out in Section 13 and the reserves specified in more detail at Appendix 2.

11.3 The Government has confirmed through a DLUHC Policy Statement that the level of

Council Tax could be (before it triggers a referendum) 4.99%, with a split of 2% Adult Social Care Levy and up to 3% general requirements.

- 11.4 The original assumptions employed in setting the Medium-Term Financial Plan in February 2023 were that Council Tax for Cambridgeshire County Council would be set as follows:
- 2024/25 - 2%
 - 2025/26 - 2%
 - 2026/27 - 2%
- 11.5 At this stage, following the impact of inflation and the increase in demand particularly on care services, the Financial Plan has been updated for an increase in Council Tax to 2.99%, plus 2% for Adult Social Care Precept in 2024/25. This is around the national general rate of inflation but is significantly less than the average level of inflation the Council has experienced across a range of services due to provider uplifts and demand pressures. It is also in line with our peer and regional local authorities. Looking forward it is assumed that the rise will be fixed at 2% as originally planned in future years, reflecting that 2024/25 is an exceptional year for the impact of national inflation.
- 11.6 Overall, this still means that Cambridgeshire is likely to remain at around the average for Council Tax for comparative county councils without fire responsibility.
- 11.7 The latest estimates from District Councils of the average Band D tax base are 245,273 for 2024/25. The County Council's Council Tax Requirement has been identified as £399 million (this is inclusive of the social care precept); The Band D Council Tax proposed for 2024/25 is estimated at £1,619.82 (£1,542.87 in 2023-24). That represents a change of £76.95, or an average of £6.41 per month.
- 11.8 Across the bandings that equates to the following:

Table 17: Banding analysis for 2024/25 County Council precept

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£1,079.88	£1,259.86	£1,439.84	£1,619.82	£1,979.78	£2,339.74	£2,699.70	£3,239.64

12. Medium Term Financial Plan (MTFP)

- 12.1 As part of our good financial management, the Council has an MTFP that is updated annually as part of the process of setting the Budget and Council Tax levels. The Plan sets out both the process and assumptions in aligning the Council's financial resources with its Strategic Framework which in 2024/25 will be in its second year of five and remains unchanged. However, a number of factors locally and nationally have changed since the MTFP was last considered by Full Council in February 2019:
- The level of Inflation, including interest rates, has remained higher than was originally forecast. For certain sectors such as construction, transport and

children's care those levels have been far higher than Retail Price Index (RPI) or Consumer Prices Index (CPI) due to national and external factors. This has led to an increasing pressure in 2024/25. Looking longer term, whilst it is anticipated we will see further falls in inflation, that is expected to be slower now over the later years of the MTFP.

- We are seeing demand increase in our care services post pandemic. For example, the return to residential care and higher and more complex levels of need in adult care is a factor in increasing costs. Likewise, the increase in complex needs for our children and young people, particularly related to mental health is giving rise to increasing costs above those originally forecast in the MTFP in February 2023.
- Changes in key markets including transport has seen increasing costs in the provision of Home to School Transport, particularly alongside an increasing demand in rural areas.

12.2 Due to these external factors the Council Tax level for 2024/25 is proposed at 4.99% (inclusive of 2% for the Adult Social Care precept). However, looking forward to 2025-29 the Council is at this stage, assuming no higher than 2% increases in Council Tax. A large part of that is down to the change programme set out below to manage these external pressures, whilst also improving the service and thus value for money.

12.3 In nearly all other scenarios the MTFP has been updated on an iterative basis on the assumption of the five year demand models that are produced, inflation projections that are bespoke for each inflation line but that use CPI inflation as a basis and that the current level of funding will be maintained, other than business rates increasing in line with CPI inflation and a reduction expected in New Homes Bonus, and included as part of this report at Appendix 1A. The following paragraphs summarise some of the key challenges and approaches.

12.4 The MTFP assesses both the funding Cambridgeshire County Council expects to receive and the cost of doing tomorrow, what it does today, to identify what if any, gap exists. The latest forecast is based on certain assumptions that could change (the longer the forecast the greater the risk of change). Factors on both sides of the equation mean that the gap shown below may change because the Government's grant funding is still being reviewed and we do not have clear forecasts beyond 2024/25; and we are still unclear of other external factors.

12.5 The assumptions at present for 2025-29 are set out in more detail below, the summary though, based on information available today, is that it is forecast that there will be a total of around £101 million of savings, reforms and income generation that will need to be found to balance the budget in those years at a 2% Council Tax. Of that, £11.978 million has been identified leaving a residual gap of £89 million.

Table 18: Funding Gap Forecast 2025-29

	2025/26	2026/27	2027/28	2028/29	Total
	£000	£000	£000	£000	£000
Core funding	547,796	565,367	583,190	601,649	2,298,002
Transfer from Reserves	2,381	2,439	291	-655	4,455
Total Funding projected available	550,177	567,806	583,480	600,993	2,302,457
Less - Projected Net Budget Requirement	581,273	592,375	607,157	622,763	2,403,569
= Funding Gap 2025-29 before savings	-31,096	-24,569	-23,677	-21,770	-101,112
Savings identified	-8,212	-3,936	249	-79	-11,978
Residual budget gap	-22,884	-20,633	-23,926	-21,691	-89,134

12.6 As noted in Section 5, the Council continues to challenge the way it works, from processes and policy to the use of technology. This will be critical to ensure we can manage the business effectively within resources available.

12.7 The following paragraphs set out more detail behind the MTFP assumptions as of today that culminate in the current £89 million funding challenge.

Funding

12.8 The Government has yet to issue a Provisional Settlement consultation. However, it is assumed for this report that with regard to the level of Council Tax and Business Rates that Policy Statement issued on 5 December 2023 by the DLUHC regarding 2024/25 will remain unchanged. This assumed 4.99% Council Tax and September CPI uplift (6.7%) for the Business Rates.

12.9 However, looking beyond 2025 there are no available assumptions, in a large part due to the uncertainty surrounding the timing and outcome of the next General Election. What is clear is that there will be no review of local government funding before then and that any radical changes, if any where forthcoming, would be unlikely to impact funding until 2026/27 at the earliest. As such going forward it is assumed that the SFA will increase in line with CPI, and that all other grants will remain but at flat cash basis.

12.10 The main source of the Council's income will remain Council Tax. The local taxation (Council Tax and Adult Social Care Precept) will account in 2024/25 for around 70% of all our general funding income.

12.11 It is assumed that the Council Tax levels for 2025-29 will be no higher than inflation or capped at:

- 2025/26 – 2%
- 2026/27 – 2%
- 2027/28 – 2%
- 2028/29 – 2%

- 12.12 We are assuming that the Council Tax base (i.e. new properties register to pay Council Tax not currently built or paying Council Tax) will continue to increase. There is a small risk to this increase in council tax base with regard to the number of Council Tax Support scheme claimants. However, future year increases in the number of new properties range from 2.15% down to 1.73% at this stage due to prudence in the projection of future growth by district councils.
- 12.13 The MTFP already had assumed £11 million use of reserves for 2024-28 to support the funding position. The latest MTFP maintains these assumptions. Specific reserves use to support priorities are on top of this.
- 12.14 The MTFP funding assumptions thus at this stage forecasts that the Council will experience a positive cash flow for the four years 2025-29, subject to the outcome of any future Fair Funding Review. The funding increase expected in 2025-29 is £68 million, as follows:

Table 19: Funding increase forecast 2025-29

	2025/26	2026/27	2027/28	2028/29	Total
	£000	£000	£000	£000	£000
Council Tax at 2%	8,085	8,416	8,725	9,043	34,163
Council Tax base increase	7,267	7,534	7,44	7,725	29,114
Change in grant / Reserves used to support funding	3,580	70	-2,136	-934	-1,163
Business rates	1,575	1,609	1,643	1,678	6,331
Total	20,508	17,629	15,674	17,513	68,444

Challenges to our spending

- 12.15 If all things were equal the Council would be able to use the additional funding income for new service provision and to fund growth. However, the scale of cost pressures facing the Council is more than the projected increase in income. The potential increase in the base budget are as follows:
- **Priority decisions** – these are policy decisions to invest monies from another Directorate, or from external funding into a new service or area that will deliver a change; and that supports the Strategic Framework delivery.
 - **Growth in demand** – this is recognition that some demand cannot always be prevented, and as such we have to allocate funding – see next steps below regarding how we fund some of this.
 - **Cost Pressure** – this is the recognition that inflation cannot always be avoided. It could also be recognition of a prior year base budget ‘issue’ that needs to be addressed, an example that could include an over statement of income target not achieved – see next steps regarding how we plan to fund some of this.
- 12.16 Examples of each of the above areas over the last 12 months and for 2024/25 are:

- **Prioritised Investment** – Strategic Initiatives increase in the revenue budget to fund, for example, highways (£1.5m in 2023-24), free school meal vouchers (£1m of council resources committed in 2023-24 and then £3m baselined in from 2024-25), and Just Transition Fund investments of over £14m planned in from 2023-24 to 2028 (detailed in Section 7)
- **Growth** – £25m of inflationary and demand pressures in adult social care in 2023-24 and £38m in 2024-25.
- **Pressures** – Pay inflation of 5% for staffing budgets (over £7m) in both 2023-24 and 2024-25

12.17 The reason we recognise investment, growth and pressures is so that we understand the scale of the task. If we simply gave a service the same cash budget as the previous year, that service would still have to make savings to stand still as pay costs or contract prices may have risen. Without this analysis we cannot be sure we are setting robust and open budgets. The next step is to assess what is a 'priority' and needs to be funded and what is 'not a priority' and will not be funded and each service must make changes to stay within its current (prior year) base budget.

12.18 The focus of the spending challenges faced in year 1 as set out in Section 7 of this report for 2024/25 are set out in 6.2 above.

12.19 This results in a gross funding requirement increase in 2024/25 to meet all of these challenges of £74.2 million.

Table 20: Funding pressures faced 2024/25

Service	Contract inflation £000	Pay inflation £000	Growth (demand) £000	Growth (Priorities) £000	Growth (pressure) £000	Total Growth £000
Adults, Health & Commissioning	20,507	2,418	12,069	548	3,131	38,673
Children, Education & Families	5,613	2,359	4,759	2,146	3,981	18,858
Finance & Resources	612	737		260	344	1,953
Place & Sustainability	1,858	633	45	3,411	321	6,268
Public Health	610	175				785
Strategy & Partnerships	45	879		60	33	1,017
Financing Debt Charges				3,364	2,719	6,083
Corporate & Funding Items	210	450		-92	-6,539	-5,971
Total Growth £0	29,455	7,651	16,873	9,697	3,990	67,666

12.20 Looking ahead to 2025-29 we are forecasting that without change, including prevention and actions, the growth and pressures on spend will continue at similar levels. As such the un-mitigated growth for 2025-29 would be £154.3 million as per Table 21 below. However, as set out above this has to be constrained by the funding envelope giving a net gap of £89.1 million as per Table 18.

Table 21: Funding Pressures 2025-29

Type	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000
Contract inflation	10,827	13,262	14,866	15,468
Growth (demand)	18,203	19,161	19,842	20,698
Growth (Prioritisation)	8,587	3,647	-2,241	-3,103
Growth (pressure)	469	-1,657	-1,882	-4,124
Pay inflation	5,295	5,480	5,673	5,871
Grand Total	43,381	39,893	36,258	34,810
Overall total	154,342			

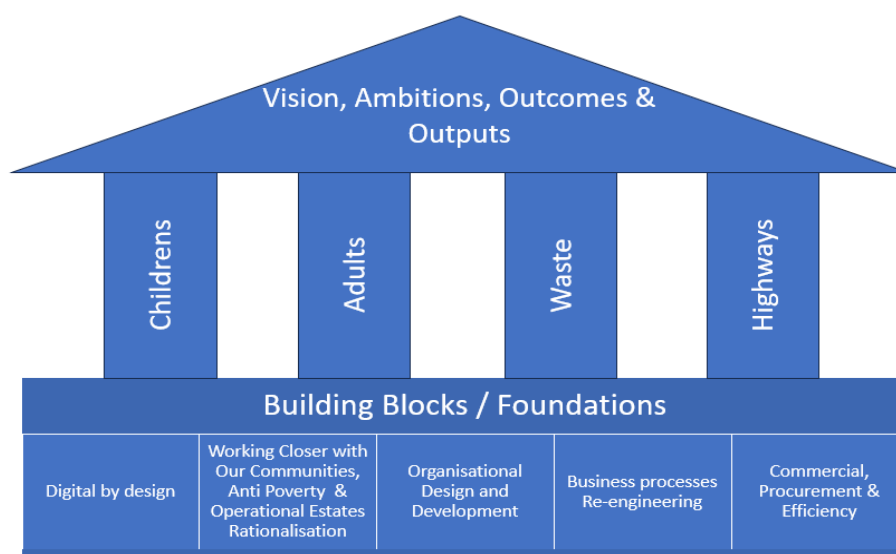
12.21 Clearly, at this stage, the accuracy of this forecast pressure is somewhat less certain towards the later years, and the next Government's view of funding for local government will have a huge impact on this modelling. For example, a move to 100% retained business rates would see the Council secure around £40 to £50 million more funding. However, without any further assumptions on funding there is a need for the Council to start to plan as to how it will meet this challenge. As a result, the following paragraphs set out a change plan to help prevent and reduce costs, securing continued improvements in value for money. The scale of the task means that these will need to be well planned to meet the challenge and will need strong governance and project management by the Corporate Leadership Team (CLT) and Members.

Change programmes

12.22 As part of preparing for the 2024/25 budget, officers have also been outlining a change programme focused on the Strategic Framework priorities and addressing the projected budget gap. The key programmes are:

- **Children's Social Care** - A focus on prevention and early help through increasing capacity and resilience of our fostering in-house offer; promoting independence and reducing reliance on care through development, our leave in care offer and a focus on reunification and step-down planning. Alongside this is programme of work to support stronger market engagement and commissioning to ensure in-county placement sufficiency, including a strong focus on contract management.
- **Adult Social Care** – A focus on prevention, ensuring we are maximising opportunities to maximise people's independence in their own homes for as long as possible. This includes a roll out of the Care Together programme to deliver an all-age locality-based prevention and early intervention model, working collaboratively with Public Health. Alongside this, is a large programme of change to support our Learning Disabilities offer, including increasing our local supported living provision, community, and enablement offer. To support the range of change ahead of us, we are also undertaking a review of in-house opportunities to ensure effectiveness of operations, value for money and opportunities for growth. Reviewing hospital discharges, to ensure best use of the most appropriate pathways, focused on Home First ethos, to maximise opportunities for people to remain independent.

- **Highways** – ensuring the service is customer focused and responds to the needs of customers and residents as well as challenging the way we commission and deliver the service to ensure we deliver better value for money.
- **Waste** – shaping a change to the Council’s waste disposal arrangements to be more efficient, flexible and environmentally friendly.
- **Commercial, procurement and efficiency** – challenging how we commission, tender and contract manage all of our third-party contracts to secure efficiencies, reduce costs and maintain or improve outcomes.
- **Closer to Communities** - redesigning our library service and looking at how and where we engage with our residents to improve their engagement in service re-design to build a sense of belonging and empowerment. Linking this with our estate rationalisation, work on anti-poverty and our improved digital access to services to help us to deliver these at standstill or less cost.
- **Operational Estate rationalisation** – we will make sure our estate is the right size for our needs and current usage and ensure we have the best future fit of land and property to best serve our ambitions.
- **Digital by Design** – to enable more user-friendly digital access to the council that provides simple automated first point of digital resolution, using artificial and robotic solutions and data warehousing to improve our continual learning, improvement and cost reduction.
- **Business process re-engineering** – linked to other programmes, in particular the digitisation of services, we will also review how we buy services and achieve income and how we process these transactions to drive out efficiencies, challenging the ways we work.
- **Organisational Design and Development** – alongside new ways of working we will review how our services are designed, and how they operate, to ensure efficient decision making and improved productivity.



- 12.23 As a result, the MTFP will be aligned to these corporate programmes to deliver savings. However, at this stage we are defining, scoping and setting out the goals of these change programmes. This will include the need to provide through reserves, and possibly capital, funds to enable and resource the programmes. In the next year CLT will, through Members, update the MTFP for the targets each programme will be set to meet the financial challenge 2025-29.
- 12.24 We will annually update the MTFP forecasts and assumptions to revise the goals and compare those against the corporate change programmes, as well as any changes in the Government's funding proposals.

Reserves

- 12.25 The Council's General Fund reserves are currently forecast to be £25.1 million at 31 March 2024 (after allowing for funding of the in year 2023/24 overspend). This has resulted in a real focus on savings as the Council cannot allow overspends or underachievement of income to occur on a recurring basis.
- 12.26 As part of setting the MTFP we have appraised the earmarked reserves (EMRs) and challenged the future need as well as fit with the Strategic Framework. These reserves include a number of items that are not available to the Council such as schools and PFI which are fully committed. The proposed EMRs is presented to Strategy, Resources and Performance Committee that supports both the Strategic Framework, and risks associated with managing the organisation, including the change programme. The full reserves are set out in more detail in Appendix 2 and an assessment is summarised in the following Section 13 of this report.
- 12.27 Overall, the Council has a robust MTFP to allocate resources to set and deliver balanced budgets for the remaining year of the Strategic Framework, starting with 2024/25, that supports the delivery of the Council's priorities.

13. Assessment of reserves

- 13.1 The Council has had a Corporate Risk Register for many years and developed a Risk Framework to identify and monitor risks going forward. This register has continued to be updated during 2023/24 and has formed the platform in preparing the Section 151 Officer's assessment of risk.
- 13.2 The Council's General Fund estimated reserve at 31 March 2024 based on the forecast outturn at Section 5 of this report from the current forecast outturn is estimated to be £25.1 million. As such, action to address this year's overspend is one of the Council's key priorities.
- 13.3 The General and Funding Risk Earmarked Reserves are for use where other actions cannot deliver savings or urgent ones of needs arise unexpectedly. The Council will seek to manage within resources by proposing alternative savings first rather than drawing on reserves which are only available as a one off and do not address recurring saving needs.
- 13.4 The following key assumption have been made in considering the level of reserves:

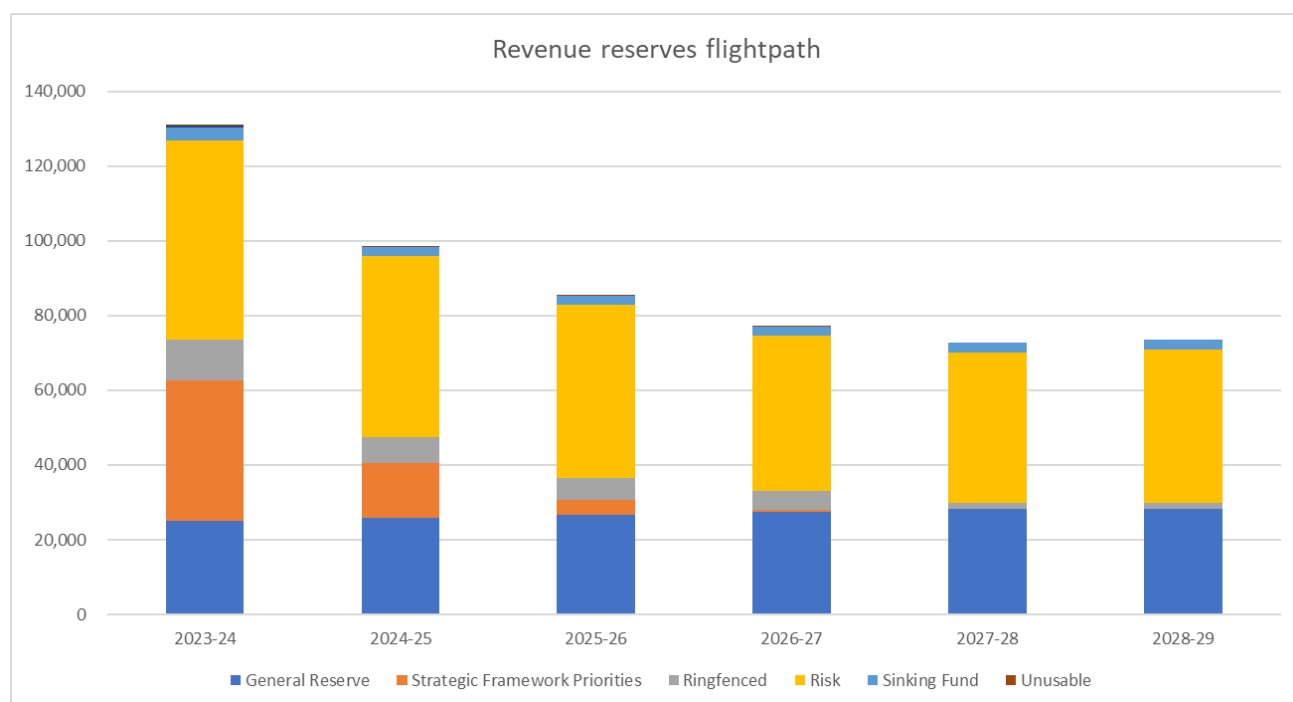
- Service savings – the risk assessment continues to provide for non-delivery of savings. The risk remains around corporate target risks and this has in part been covered in this allocation against the General Fund as a last resort, but principally would be sought from other savings or earmarked reserves.
- The lack of certainty over funding beyond 2024/25, and the significant level of grants, in particular that relate to social care, has increased the funding risk. As such an element of risk has been included to provide for a shortfall in Government funding in the coming and future years.
- Provision has also been made for unexpected demand due to unforeseen events around care or weather.

- 13.5 Based on an assessment there is no opportunity for a further call on general fund reserves or earmarked reserves in 2024/25, or later years.
- 13.6 The key risk identified this time as noted above are related to unpredictable costs and demand trajectories in social care, the council's high needs block deficit and linked delivery of the Safety Valve programme, volatility in local taxation projections supplied by billing authorities and the council's commercial investments including its equity and loan with its housing company This Land.
- 13.7 The Council has also set aside significant amounts within its Earmarked Reserves (EMRs) for risk and delivering its Strategic Framework. The forecast movement and balances in these reserves is summarised below and shown in more detail at Appendix 2. This identifies that the Council's EMRs are forecast to significantly reduce by 31 March 2029, placing further pressure on the General Fund and far less scope to carry out ambitions or change from internal resource funding.
- 13.8 There are also a number of reserves that are not able to be redistributed for County Council purposes. These include the Dedicated Schools Grant and the forecasts below for use of these funds take account of government funding allocated to date which at this time is less than forecast expenditure due to the deficit held by schools overall. It is anticipated that the government's intention is to review DSG allocations in light of forecast pressures with the aim of increasing funding for DSG.

Table 22: Summary of reserves 2024-29

Reserve category	Forecast closing balances					
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
General Reserve	25,097	25,986	26,740	27,472	28,154	28,154
Strategic Framework Priorities	37,449	14,499	3,867	644	80	80
Ringfenced	11,027	7,048	5,820	5,067	1,561	1,561
Risk	53,394	48,343	46,426	41,333	40,334	40,989
Sinking Fund	3,443	2,333	2,473	2,614	2,754	2,754
Unallocated	500	0	0	0	0	0
Unusable	264	198	132	66	0	0
Total Revenue Reserves	131,174	98,407	85,459	77,196	72,883	73,538

Chart 6 – Reserves forecast movement 2024-2029



13.9 The trajectory for all of our reserves identifies that over the MTFP whilst the level of earmarked reserves fall considerably, overall reserves are considered to be sufficient to meet potential risks and demonstrate a prudent level, but there is no further room for use of reserves to balance the MTFP.

13.10 The policy level for the general reserve set in the 2023-28 business plan is that it should be pegged at 4% of gross, non-schools budget. The current assumption is that the overspend in 2023-24 is funded from the general reserve, and so it will be below policy level. We are undertaking a full review of the level of general reserve that is required, balancing it alongside the extensive reserves that are held for more specific risks and contingencies. We will aim to set a general reserve at a value that provides for the remaining general risks we face, rather than pegging it to a specific percentage of our budget.

14. Financial Implications

14.1 In accordance with Section 25 of the Local Government Act 2003 and CIPFA Code of Practice, this section of the report sets out the Section 151 Officer’s assessment of the major areas of risk in the 2024/25 base budgets / Medium Term Financial Plan, and recommended budget options. It is presented in order to provide elected members with assurances about the robustness of assumptions made, and to assist them in discharging their governance and monitoring roles during the forthcoming year.

14.2 Members are required under the 2003 Act to have regard to the Chief Financial Officer’s report when making decisions about the budget calculations.

14.3 Section 25 of the Act also covers budget monitoring, and this is a procedure which also helps to confirm the robustness of budgets. Current financial performance is taken into account in assessing the possible impact of existing pressures on the

new year budgets. It also provides early indications of potential problems in managing the current year budget so that appropriate action may be taken. Members are asked to note therefore that the balanced budget forecast, has been included in our risk-based assessment for balances. Budget monitoring is reinforced through close financial support to managers and services. These processes and controls will continue to be built upon for 2024/25, to maintain tight financial control.

- 14.4 In assessing the assumptions in the setting of the 2024/25 Council Tax, Executive Directors have provided details of their service responsibilities and aims, together with explanations of current pressures and other issues. These narratives were set alongside each Executive Director's and Service Director's base budget calculations to put the figures in context and to help inform the formulation of this budget and the Council Strategic Framework. My assessment of all this information, following the risk assessment set out, is that the budget calculations are fair and robust, and based on information known at the time of this draft budget and proposals reserves are adequate to reflect known circumstances. Due to the likelihood of change in some factors due to both scrutiny feedback and the draft Provisional Settlement announcements a more detailed analysis will be provided to the next Strategy, Resources and Performance Committee.

Assumptions around the base budget

- 14.5 The financial assumptions are set out in detail in sections 7 to 10. These take account of key factors such as demographic and inflation rates of change.

Conclusions

- 14.6 The Council's Strategic Framework, supported by its Financial Plan and the budget for 2024/25 sets a clear direction for the coming year, and the budget proposals within that are robust. The council is assessed as financially viable with sound and strong financial standing.

15. Alignment with ambitions

- 15.1 The purpose of the Business Plan is to consider and deliver the Council's vision and Ambitions. Section 4 of this report (from 4.4) contains information about what we have achieved so far towards each of our ambitions, and what we are committing towards the ambitions going forward. The business cases, which are due to be presented at January committees, also identify which of the following ambitions that they contribute towards:

- Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes.
- Travel across the county is safer and more environmentally sustainable.
- Health inequalities are reduced.
- People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs.

- Helping people out of poverty and income inequality.
- Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.
- Children and young people have opportunities to thrive.

16. Significant Implications

Resource Implications

- 16.1 The proposals set out the response to the financial context and the need to review our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget will be described in the financial tables of the business plan. Proposals will seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

Human Resources Implications

- 16.2 The Service Director: Human Resources has been involved in the process surrounding savings in the Directorates and with human resource implications arising from the proposals. This has included / will include consultations with the recognised trade unions and relevant employees in relation to any proposed restructuring of services to deliver savings. The Council has positive and constructive information, consultation and negotiating relationships with the recognised trade unions. The pay uplift for 2023/24 was made in line with the national pay negotiations and agreement. Further engagement and consultation with unions and employees will continue throughout this process.

Procurement/Contractual/Council Contract Procedure Rules Implications

- 16.3 There are no significant implications for the proposals set out in this report. Details for specific proposals will be set out in Revenue Budget Proposal Form. All required procurement activity will be fully compliant with the Council's Contract Procedure Rules.

Statutory, Legal and Risk Implications

- 16.4 Legal Advice

The Monitoring Officer considers that the proposals for consultation and decision making on the budget fulfil the statutory requirements set out below with regard to setting the amount of Council Tax for the forthcoming year and to set a balanced budget:

- S30 (6) Local Government Finance Act 1992 (the 1992 Act). This section requires that Council Tax must be set before 11 March, in the financial year preceding that for which it is set.

- S32 the 1992 Act. This section sets out the calculations to be made in determining the budget requirements, including contingencies and financial reserves.
- S33 the 1992 Act. This section requires the Council to set a balanced budget.
- S25 (1) Local Governance Act 2003 (the 2003 Act). The Chief Finance Officer of the Authority must report to it on the following matters: - (a) the robustness of the estimates made for the purposes of the calculations; and (b) the adequacy of the proposed financial reserves.
- S25 (2) the 2003 Act. When the Council is considering calculations under S32, it must have regard to a report of the Chief Finance Officer concerning the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

The legislation that governs local government will continue to be reviewed across this parliamentary term and the business plan will be kept under review to see if changes are needed as the changes in legislation are made available and clarified. Members will be given separate guidance in relation to their responsibilities in setting the budget.

16.5 Risk assessment

Services have considered risk in developing the proposals for investment and savings shown in the financial plan and these will be reflected in their usual risk management arrangements.

There is a risk that budget proposals will impact on delivery of the Council's Strategic Framework, but this will be monitored, and appropriate action taken.

There is a risk that assumptions within these proposals are incorrect. Due diligence has been undertaken, as well as assessment within the reserves to mitigate such risks.

Equality and Diversity Implications

16.6 Equalities assessment

The Strategic Framework sets out Cambridgeshire's approach to strengthening the county and how it will interact with its customers and improve access to services and information. It contains specific investment to support vulnerable adults and children in Cambridgeshire. The equalities implications of the long-term strategies already approved were considered as part of the development of those strategies.

In order for the Council to fulfil its legal requirements under the Public-Sector Equality Duty, individual Equality Impact Assessments will be done on the delivery plans for the respective budget decisions at the stage when plans for implementation are drawn up. These can be made available to all elected members during the decision-making process so that the full equality implications of proposals are understood, inform final decisions and due regard is paid to the Equality Duty.

Engagement and Communications Implications

- 16.7 Our Business Planning proposals are informed by the Council's public consultation and will be discussed with a wide range of partners throughout the process. The feedback from consultation will continue to inform the refinement of proposals. Where this leads to significant amendments to the recommendations a report would be provided to Strategy, Resources & Performance Committee.

Engagement on proposals

- 16.8 The proposals will also be subject to review and scrutiny by a range of stakeholders, including elected members through the Committees held in January 2024, Trade Unions meetings; Schools Forum consideration of the Dedicated Schools Grant changes; key stakeholders including partners and the public.

Localism and Local Member Involvement

- 16.9 As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities. We are working with members on materials which will help them have conversations with Parish Councils, residents, the voluntary sector and other groups about where they can make an impact and support us to mitigate the impact of budget reductions.

Public Health Implications

- 16.10 Any public health implications will vary depending on the detail of each of the proposals. Any positive or negative impacts will have been considered for each proposal as part of its development. The Quality-of-Life Survey provides some useful information on physical and mental health outcomes that could usefully inform ongoing business planning.

Climate Change and Environment Implications on Priority Areas

- 16.11 The climate and environment implications will vary depending on the detail of each of the proposals. Any positive or negative impacts will have been considered for each proposal as part of its development.

17 Source Documents

- 17.1 Appendices:

Appendix 1: Combined Finance Budget Tables (Revenue and Capital)

- 1A – Summary Financial Plan Update 2024-29
- 1B – Detailed Finance Tables 1-3 (revenue) and 4-5 (capital)
- 1C – Summary of saving proposals by directorate

Appendix 2: Earmarked Reserves

Appendix 3: Fees and Charges

Appendix 4: Strategic Framework

Appendix 5: Glossary of terms

17.2 Background Papers:

In the opinion of the proper officer (in this case the Monitoring Officer) the following are the background papers relating to the subject matter of this report:

- Previous Strategy and Resources Committee Reports, as well as February 2023 Council papers

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Stephen Howarth

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement and Commercial? Yes

Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? Yes

Name of Legal Officer: Emma Duncan

Have the equality and diversity implications been cleared by your EqIA Super User? Yes

Name of Officer: Faye McCarthy

Have any engagement and communication implications been cleared by Communications? Yes

Name of Officer: Christine Birchall

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: Joe Lacey-Holland

Have any Public Health implications been cleared by Public Health? Yes

Name of Officer: Jyoti Atri

If a Key decision, have any Climate Change and Environment implications been cleared by the Climate Change Officer? Yes

Name of Officer: Emily Bolton