

## STRATEGY, RESOURCES AND PERFORMANCE COMMITTEE: MINUTES

Date: 11th December 2025

Time: 10.00a.m. to 12.47p.m.

Venue: Red Kite Room, New Shire Hall, Alconbury Weald

Present: Councillors Nethsingha (Chair), Beckett, Boden, S Fisher, Goldsack, Hathorn, Martin, Meschini, Murphy, A Whelan, Wilson, Wyatt (substituting for Councillor Dupré), and Young

### 26. Apologies for Absence and Declarations of Interest

Apologies were received from Councillors Dupré, Ioannides and Tong. There were no declarations of interest.

### 27. Minutes – 23rd October 2025 and Action Log

The minutes of the meeting held on 23rd October 2025 was agreed unanimously as a correct record and signed by the Chair. The action log was noted.

### 28. Petitions and Public Questions

No petitions or public questions were received.

### 29. Integrated Finance Monitoring Report for Period 7 2025-26

Following further mitigations and tighter controls, the Council continued to forecast an overspend in the revenue budget at an improved position of £10.3m. This forecast overspend reflected pressures in supporting children in care, learning disabilities, home to school transport and lower than expected income; these pressures would have an impact on the budget setting process for next year. The forecast in-year pressure in the Dedicated Schools Grant (DSG) was £35m with a cumulative £96.3m deficit projected. This deficit was ringfenced until March 2028 through Government regulations, but it was still costing the Council £3.5m in debt financing costs. Although the Government had announced its intention to take on responsibility for this funding from 2028, it could potentially leave local authorities with responsibility for the cumulative deficit. A balanced position was forecast for the Capital Programme with funding expected to be fully spent.

Members noted the following responses to their questions:

- the level of general reserves was reviewed regularly with the last review taking place in October as part of the updated Medium Term Financial Plan (MTSP). It was acknowledged that the use of reserves was critical in terms of the Section 151 Officer's assessment of the financial sustainability of the Council. However, the

Section 151 Officer had not felt the need, at this time, to raise the issue of a Section 114 Notice with the Chief Executive and the Monitoring Officer. It was noted that the Committee would receive the Section 25 report containing a detailed assessment of the Council's reserves and its financial sustainability position at its next meeting. The provisional Local Government Finance Settlement was not expected until 18 December. It was hoped that the Government would announce how it would help fund the legacy DSG debt which was a major concern for authorities.

- the Section 151 Officer considered all reserves before triggering a Section 114 Notice. At the moment there was not sufficient provision to fund the current £10m overspend from the General Reserve so it would either need to be funded as part of the 2026/27 budget or from earmarked reserves but if funding could still not be identified then the Section 151 Officer would consider the need for a Section 114 Notice. However, it was important to note that this was not the current situation.
- the current overspend was acceptable given the level of mitigating actions and spending controls such as "Essentials Only" and the Financial Transparency Panel, which had not been in place for the previous overspend. Given these strong mitigating actions, the Section 151 Officer was confident that the overspend would continue to come down so that the position could be borne by the General Reserve.
- a number of unavoidable pressures such as services for vulnerable adults and children as well as growth requests had been factored into the 2026/27 business plan as pressures to provide some rebalancing. One Member commented that it was important for all Members to recognise the seriousness of the Council's financial position as part of decision making.
- the DSG cumulative deficit was projected to be around £100m by the end of the financial year. This deficit was ringfenced through government regulations, so was therefore not impacting on the Council's general fund balance. However, the cost to the Council of financing this debt was £3.5m as it had to borrow externally earlier at historically high rates. This cost would not be necessary if the funding allocated from government met the cost of funding high needs. The Chair highlighted the impact of this overspend on all council services.
- the government's recent DSG announcements confirmed that it would absorb Special Educational Needs and Disabilities (SEND) costs from 2028/29. The forecast deficit per annum across all local authorities at that point was likely to be £6b whilst the Government had only identified £2b. It was therefore not clear how that gap would be reflected in the reform of the SEND system set out in the delayed White Paper scheduled for early 2026. It was expected that there would be an announcement as part of the provisional Local Government Finance Settlement regarding how the legacy deficit would be managed, which could include grant funding authorities to capitalise that sum and fund the Minimum Revenue Provision consequences of that action. Members would be updated following the announcement of the settlement. It was noted that 100 councils and two thirds of upper tier authorities were in the same position as Cambridgeshire. The Chair proposed, with the agreement of the Committee, to write to the Government and local MPs to explain the impact of the current situation on the Council's revenue

budget with a brief comment on the burden placed on successor authorities following Local Government Reorganisation (LGR). **Action Required.**

- acknowledged that a disaggregation dividend had been forecast following the ending of the pooled budget with the Integrated Care Board (ICB) and associated costs of services for people with Learning Disabilities (LD) following the decoupling at the end of March 2025. However, as the disaggregation had taken place some of the case recording had not been sufficient to get the ICB to justify funding health contributions towards cases which it had funded when in a pooled arrangement. The Council was disappointed that the ICB had taken this approach because the joint funding arrangements had been established in good faith with many cases dating back years. A number of the cases had been placed in dispute and NHS England had so far reviewed six, which had provided the Council with a helpful framework. Whilst NHS England had stated that based on the current evidence a funding split could not be justified, it had been critical of the ICB as the detailed description of the individual cases had highlighted the need for a health contribution. Members were informed that all cases were being reviewed and the Council was beginning to see some favourable movement. Once the funding split had been agreed, the ICB would backdate to the 1 April 2025.
- explained further that the disaggregation dividend had not been realised partly due to the paperwork and agreed funding split but also due to the Council's approach particularly in relation to the transition of young people into adulthood. This work needed to take place to ensure the Council was getting better outcomes for people with LD. It was not clear at this stage whether that would result in an aggregation dividend. Although, it was anticipated there would be significant changes in the budget arrangement resulting from work taking place. The Chair highlighted that demography and inflation in relation to this budget had been considered as part of the business planning process, so even if there was no disaggregation dividend, the costs would have been worse if the disaggregation had not occurred. In response, a Member expressed disappointment at the lack of savings.
- acknowledged the disappointment that there had not been any favourable movement in the LD budget. However, it was important to note that disaggregation had been the right approach as it had enabled the Council to review its practices and ensure people's outcomes were met. This had also been a good learning experience for other pooled arrangements and had helped improve contract management. The Council and ICB were now working more constructively on commissioning arrangements, use of the market, provision, and how people were assessed. The Chief Executive highlighted the operational benefits within social care of separating the pooled budget. Although the Council had wanted to keep an integrated service in place, the ICB had been unwilling to commit to a shared team. Disaggregation had also resulted in the outstanding NHS debt being paid to the Council.
- acknowledged the disappointment expressed by Members that Home to School Transport was not being considered by the Cambridgeshire and Peterborough Combined Authority (CPCA) as part of its bus franchising work. It was noted that the CPCA was part of a working group considering route optimisation and crossover which had resulted in a small number of changes being put in place.

There was also a task and finish group looking at contract arrangements including single occupancy transport which was the main driver of this cost. It was noted that 470,000 children across the country used home to school transport with 40% reflecting children with SEND who were the main users of single occupancy transport.

- confirmed that there was independent travel training for young people in progress. The Council was also working with similar authorities to gather intelligence to inform the work of the task and finish group. One Member informed the Committee of the significant amount of joint work being carried out to stabilise the Home to School Transport budget and increase the outcomes for young people. The Chair highlighted the importance of the work on franchising at the CPCA to be joined up with the Home to School transport system. Another Member raised the need to consider the impact of supporting young people from split families when considering franchised services.
- reported that it was difficult to identify the impact on the budget if all Education Health and Care Plans (EHCP) were resolved because as children started their EHCP there were also children leaving. Within each EHCP there would be children who could have their needs met at local schools, special schools and some who would require high cost independent placements. It was hoped as part of government SEND reforms, that most children would be able to attend provision close to home. Members were reminded that the backlog was caused by increasing demand and a shortage of Education Psychologists. The Executive Director for Children, Education and Families agreed to work with Finance to see whether an estimate could be provided. **Action Required.**
- explained that when the energy projects had been initiated a number of assumptions had been made which had been included in the business planning process resulting in a shortfall. All the projects were now complete and generating income. North Angle Solar Farm was fully generating energy but the National Grid was not able to receive it. These lessons had been applied to the business planning assumptions for next year and different measures were being put in place with the National Grid to get a clear agreement regarding the level of generation which could be accepted. Lessons had been learnt from the process which meant that all complex projects were now led by the Complex Infrastructure Team. A full gateway review was undertaken before the initiation of any projects monitored by a Directorate Capital Programme Board. Attention was drawn to the Assets Board within the Change Portfolio, which undertook a further gateway review reported to the Change Board chaired by the Chief Executive.

Individual members raised the following issues in relation to the report:

- highlighted the work taking place in relation to Home to School Transport. Work on efficiency was likely to result in a reduction in unit costs per child. Attention was drawn to the need for the Council to continue using its policies such as Active Travel and independent travel training to ensure a safe and sustainable route to school for every child.

It was resolved unanimously to note the report.

### 30. Draft Business Plan and Budget Setting 2026-27 – 2028-29

The Chief Executive introduced a report setting out the draft 2026-29 Business Plan and Budget, which also included a refreshed draft Strategic Framework. Given the lateness of the provisional three year Local Government Finance Settlement a number of assumptions had been made using the best professional assessments in a very challenging budget round. As a result, he thanked the Finance Team and the Executive Directors and their teams for all the work to date. It was noted that work was still continuing to address a budget gap of £6.4m in the draft budget for 2026-27 which needed to be closed in order to set a legal budget. No provision had been made for LGR. The report contained the results of the Phase 1 Engagement Survey with residents, and Phase 2 had already commenced and would conclude on 7 January 2026.

The Executive Director of Finance and Resources drew attention to the 2026-27 budget which included £72m of pressures, demands and investments needed. A council tax increase of 4.99% had been assumed included 2% for Adult Social Care. The Council therefore needed to find just under £39m to address the budget gap. Appendix 1b) set out how this budget gap would be addressed by each Directorate and included the savings, investments and income. Each Policy and Service Committee would scrutinise the Business Plan with feedback reported to Strategy, Resources and Performance Committee to enable a recommendation to Council in February. Attention was drawn to the Capital Programme, which was lower in future years due to the lack of certainty of grant funding. Section 7 included an initial assessment of reserves but a detailed update would be provided to committee in January. Members were advised that the report did not reflect the CPCA Mayor's recent request for a 1% increase in the transport levy. The report did include a MTFP position up to 2031 although this was likely to be impacted by LGR disaggregation in April 2028.

Individual members raised the following queries in relation to the report:

- questioned the administration's vision for Cambridgeshire. The Chair reported that the Council's vision had not changed radically with changes reflecting a change in administration and the political situation. There were likely to be further changes before the next meeting to include more focus on how the Council delivered rather than delivery, and on issues such as highways maintenance.
- highlighted the fact that a number of priorities were missing. Attention was drawn to the need for sound finances to support the delivery of the vision. There was therefore concern that a lot of the vision was on non-statutory spend whilst the priority should be statutory spend such as EHCPs. It was also important that any vision ensured that the Council was still able to operate on a sound financial basis in four years' time. The Chief Executive acknowledged the points raised and drew attention to the Council's change strategy (Our Future Council), which talked about building solid foundation principles. He raised the need for explicit linkage regarding what had already been approved in the change strategy and changes to the strategic vision.

- expressed concern about focusing solely on the Council's statutory obligations as the "nice to have" tended to be the foundation for prevention thereby reducing the cost of statutory obligations in the future.
- expressed concern that the strategic vision made no reference to LGR, particularly as Steve Reed MP Secretary of State for Housing, Communities and Local Government had written to Chief Executives detailing what they should do now in terms of preparation. The Council's budget also made no provision for the preparation of LGR, which was likely to cost the authority a lot of money. It was suggested that every decision report to committees should assess the impact of LGR. The Leader acknowledged the points raised but highlighted the fact that it was premature to make sensible preparations in next year's budget before the Government's preferred option was known. However, the Council could make more explicit in the strategic vision the need to drive the delivery of more services down to a local level with local control and in partnership with other organisations, as LGR would not change communities. The Chief Executive drew attention to the Council's change strategy (Our Future Council) where LGR was woven into each of the five thematic programmes. The Executive Director of Finance and Resources reported that the Council had some estimates based on the experience of other local authorities who had gone through reorganisation. However, all Cambridgeshire authorities including Peterborough City Council would need to work together to progress this information collegiately.
- welcomed the work of officers on the Strategic Framework review but there needed to be a focus on delivering services well locally and with a resident focus. It was therefore important to involve local towns and parishes in order to improve the Council's response. There was also a need to include planning for the future over five, ten and thirty years within the business plan.
- highlighted the need for work on the change strategy linked to LGR to come into the Member arena and be included explicitly in the business plan. There was therefore disappointment that the business plan for 2026/27 and the MTFs made no provision for the additional cost of LGR covering both internal and external resources. The Council would have to move quickly once the preferred option was announced which would involve resource. The Leader reminded Members that they had considered the change strategy in 2024 which would be updated. The Executive Director of Finance and Resources reported that he had referenced in the report that the committee would receive a further update on the overspend position which needed to be assessed against the level and availability of reserves, and could possibly include the collegiate position regarding LGR. It was noted that funding for LGR would need to sit within earmarked reserves which required a clear and strong plan. At the moment it was not clear what that burden would be and there was a lot of uncertainty regarding prioritisation of systems. The Chief Executive added that the Council was currently using existing capacity to address the requirements of LGR with only some discrete external resource.
- reminded the Committee that £1m had been committed in the current financial year to fund LGR and asked whether a similar sum could be committed in 2026-27. The Chief Executive reported that up to £1m had been set aside from reserves but not expended because the Council had received some grant funding. At the moment it

was proposed to take any future funding for LGR from the Change and Digital Reserve.

- questioned whether the Council was still keeping to the 2030 and 2040 climate targets. It was noted that the 2030 target had been prorated to 2028 and the 2045 target remained unchanged.
- expressed concern about the removal of health and income inequalities, food poverty and social justice but welcomed the inclusion of more resource to help people maximise their income. However, there was further concern that this would not recompense for some of the issues which had been removed.
- queried how the lane rental scheme would operate. The Deputy Chief Executive and Executive Director for Place and Sustainability explained that it was a mechanism to control road/street works particularly those delivered by utility companies. The Council needed to designate a key route as part of a lane rental scheme which required consultation before approval by the Secretary of State. Once introduced, the Council could charge organisations an increased fee and control the manner and timeframes. It was scheduled for 2027/28 to allow for consultation and engagement and government approval.
- questioned how realistic the £2m stretch target was for children in care placements. The Executive Director for Children, Education and Families reported that officers would continue to focus on contracts, care package management, kinship arrangements and the Council's increasing mainstream foster care cohort. Work would take place with Newton and ten other local authorities on analysis as to how children entered care and the targeting of support as early as possible to prevent them entering care as they got older by supporting vulnerable families. It was important to note that this target was accompanied by a risk reserve.
- queried the fact that Sections 6.2 and 2.7 were contradictory in relation to Fair Funding. The Executive Director of Finance and Resources commented that both statements were consistent but could not reflect the outcome yet of the Fair Funding announcements in relation to grants.
- highlighted a new pressure regarding investment to support the payment of the Real Living Wage. The Executive Director of Finance and Resources drew attention to priorities and investments which reflected the announcement of the Real Living Wage Commission.
- welcomed the presentation of the draft budget in December to enable detailed scrutiny and encouraged all opposition groups to submit a budget amendment at full Council.
- queried the impact of the CPCA Mayor's 1% increase in the Transport Levy. The Executive Director of Finance and Resources highlighted the late timing of this request which amounted to £200,000, but both the County Council and Peterborough City Council had the power of veto. He confirmed that he would provide a written answer in relation to the maximum amount which could be

requested. **Action Required.** The Leader reported that she was annoyed about the way this late request had come forward.

It was resolved unanimously to consider:

- a) the revised Strategic Framework vision, ambitions and priorities, with amendments delegated to the Chief Executive in consultation with the Chair and Vice Chair;
- b) the draft 2026-29 Business Plan and Budget, including:
  - i. Medium Term Financial Strategy (Appendix 1a)
  - ii. Financial Tables 1-5 (Appendix 1b)
  - iii. Capital Strategy (Appendix 1c)
  - iv. Fees and Charges (Appendix 2)
  - v. Phase 1 Engagement Survey Results (Appendix 3).

### 31. Economic Strategy 2026-28

The Committee received a draft new Economic Strategy and associated action plan, in order to maximise the impact across all relevant council services and activities, to help make the local economy in Cambridgeshire more sustainable and inclusive. Attention was drawn to the three core aims of the Strategy which had been structured around the five key roles the Council played in relation to the local economy. It was proposed that the Committee should receive an annual progress report together with any new actions identified. It was noted that the actions proposed would be met within existing resources but external resource would be sought if funding was required. The draft Strategy would be shared with the Council's partners before being presented to committee in March, and a workshop had been arranged for all Members in January.

In welcoming the Strategy, individual members raised the following queries:

- the need for the CPCA, the County Council and the City and District Councils to work together on an Economic Strategy rather than in silos. It was acknowledged that the Strategy at this stage had been internally focussed but the next step was to engage with external partners so it was hoped that the next iteration would contain more actions for local partners. The Deputy Chief Executive and Executive Director of Place and Sustainability reported that the draft Strategy had been mindful of the Local Growth Plan to avoid duplication; this document therefore reflected the added value the Council could provide. All the Place Directors and leads for Economic Development met on a monthly basis to make sure all the actions and strategies linked together. It was noted that the final draft would clarify the working arrangement with partners and the need for significant investment to unlock growth.
- the need to find places for young people to live locally when promoting economic growth. There was also a need to make clear that cycling in the city of Cambridge was fundamental to economic growth.

The Chair commented that this new Economic Strategy was important recognition of the Council supporting growth across its area, and would be helpful for partners in relation to supporting each other's strategies.

It was resolved to endorse the approach for the new, draft Economic Strategy 2026 - 2028, along with its accompanying Action Plan and provide comments to officers to help finalise the document ready for approval in early 2026.

### 32. Treasury Management Outturn Update 2025-26

The Committee considered a report on the Treasury Management Outturn Update 2025-26 to ensure that public money across the Council's cashflows, borrowing and investments was utilised and deployed effectively and in compliance with the Treasury Management Strategy. Attention was drawn to Table 1 in Section 3.2, which showed that the Council was on track for compliance against the prudential and treasury indicators. The current level of borrowing was approximately £820m with the Council continuing to finance debt through short term borrowing. However, it was important to note that the Council continued to benefit from long-term loans taken out many years ago at lower interest rates. Treasury Investments and the Collective Investment Fund were performing well.

One Member drew attention to the sharply increasing proportion of the Council's debt maturing in under twelve months and queried how much was short term borrowing and how much was long term borrowing where the interest rate was likely to be significantly different when refinancing. The Head of Finance agreed to review how this information could be presented in the future to make the difference clear. It was noted that the large majority of this debt was short term borrowing.

The same Member highlighted the close relationship between capital expenditure and capital financing but when considering the treasury and prudential indicators queried why the annual capital expenditure had gone down from £160.8m to £149.5m yet the annual capital financing had increased from £94.8m to £115.8m. The Head of Finance explained that the majority of the Council's capital programme was financed by government grants reflect in the capital financing figure.

It was resolved unanimously to note the Treasury Management Quarter Two Update for 2025-26 and endorse it for consideration at Full Council.

### 32. Agenda Plan, Training Plan, Appointments to Outside Bodies and Internal Advisory Groups and Panels, and the Appointment of Member Champions

The Committee considered its agenda plan, training plan, and the nomination of Councillors L Beckett and Bulat for appointment to the Huntingdon Bid Board.

It was resolved unanimously to note the agenda and training plans, and resolved by a majority to appoint Councillor L Beckett as the Council's representative to the Huntingdon Bid Board.

The Leader reported that this was the last meeting for Sue Grace, Executive Director of Strategy and Partnerships, who was retiring at the end of the year. She thanked her for her long service and extensive contribution to the Council.