

Business Plan and Budget 2025/26-2029/30

To: Assets and Procurement Committee

Meeting Date: 22 January 2025

From: Executive Director of Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: N/A

Executive Summary: This report summarises the draft 2025-30 Business Plan and Budget, as presented to the Strategy, Resources and Performance Committee on 17 December 2024, related to this Committee including progress updates on the Council's Strategic Framework and seven ambitions.

Recommendations: The Committee is recommended to:

- a) Consider and scrutinise the proposals relevant to this Committee within the Business Plan and Budget 2025-26 to 2029-30 put forward by the Strategy, Resources and Performance Committee, 17 December 2024.
- b) Recommend changes and / or actions for consideration by the Strategy, Resources and Performance Committee at its meeting on 28 January 2025 to enable a Business Plan and Budget to be proposed to Full Council on 11 February 2025.
- c) Receive the fees and charges schedule for this Committee included at Appendix 2.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1. The Strategic Framework 2023-28 sets out the Council's high-level approach for achieving the vision of a greener, fairer and more caring Cambridgeshire through seven 'ambitions':

- **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
- **Ambition 2:** Travel across the county is safer and more environmentally sustainable
- **Ambition 3:** Health inequalities are reduced
- **Ambition 4:** People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs
- **Ambition 5:** People are helped out of poverty and income inequality
- **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
- **Ambition 7: Children and young people have opportunities to thrive**

1.2. As the primary statement of the Council's strategic direction, the Strategic Framework is the main reference point for everything the Council plans and delivers for local communities. The refreshed Strategic Framework, approved at Strategy, Resources and Performance Committee in October 2024, sets out the progress the Council has made towards delivering the seven ambitions since they were launched in April 2023.

1.3. The Council aims to achieve these ambitions by becoming 'Closer to Communities', working with residents and partner organisations to make services more responsive to the diversity of people and places in Cambridgeshire. Doing this effectively requires the Council to be an evidence-led, listening organisation that is responsive to resident priorities. The annual Quality-of-Life Survey enables the Council to have an ongoing dialogue with residents so it can understand what matters most to Cambridgeshire's people and communities. The insights generated from this annual survey, together with resident feedback from the Council's budget engagement and consultation exercises, inform the development of Council's business planning priorities and allows it track delivery progress of the seven ambitions.

2. Background

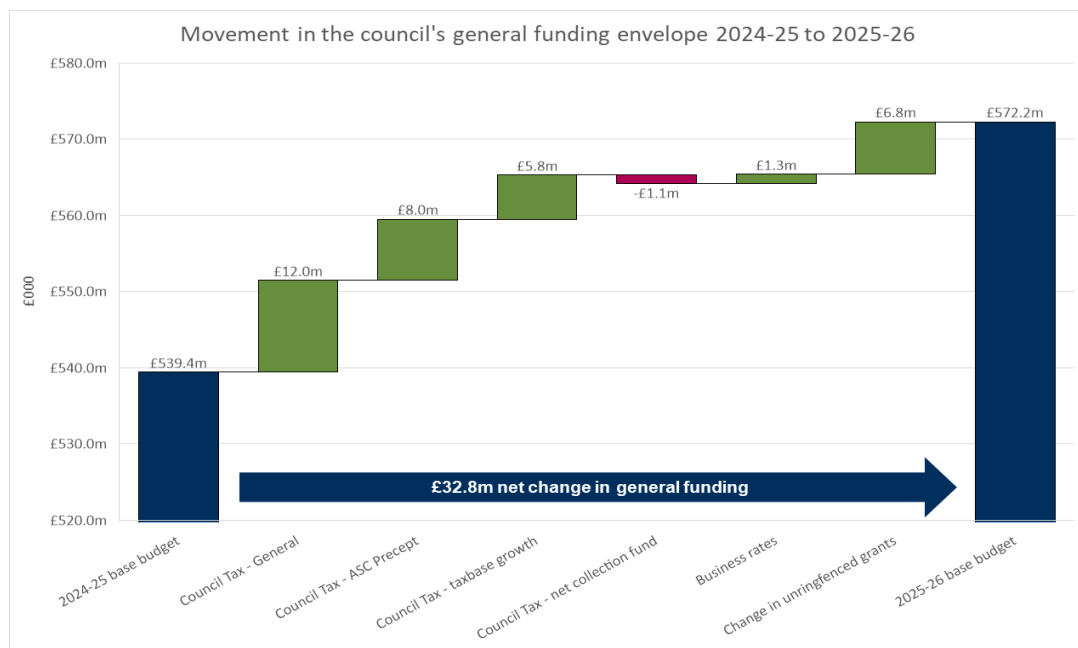
2.1 The draft 2025-30 Business Plan and Budget presented at Strategy, Resources and Performance Committee at its meeting on 17 December 2024, details how the Council will continue delivering against its seven ambitions, respond to resident feedback and set a legal budget.

2.2 This Committee, alongside other policy and service committees will consider the draft business plan and budget proposals, and any feedback will be

presented to Strategy, Resources and Performance Committee at its next meeting 28 January 2025 for consideration of recommending budget proposals to Full Council on 11 February 2025

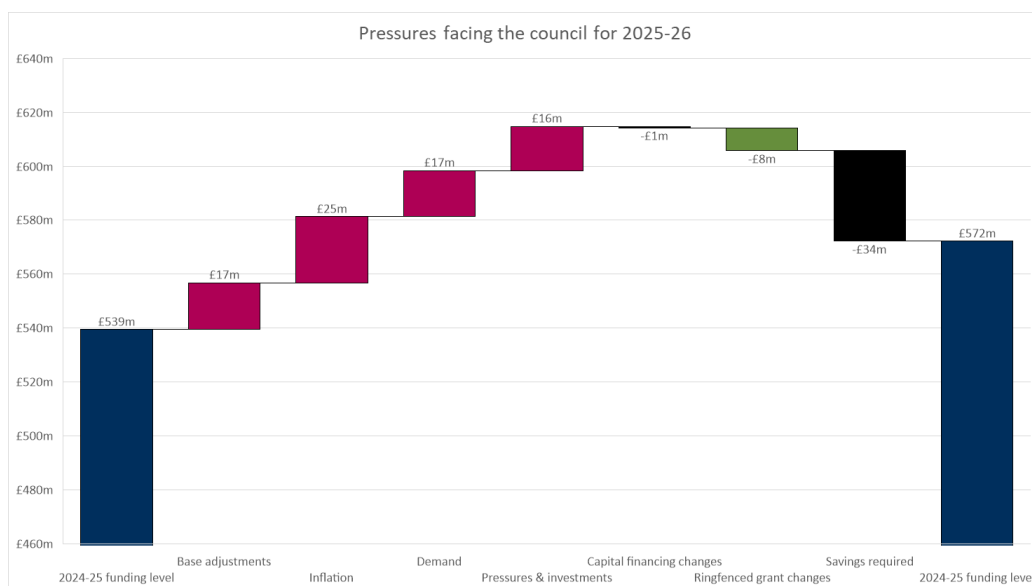
2.3 At this stage, the Council is projecting to see a net increase of general funding of £32.8 million. This comprises a 4.99% increase in Council Tax, changes to the taxbase for Council Tax, increased business rates income and a net increase in general government grants.

Chart 1 – Movement in funding envelope 2024-25 to 2025-26



2.4 Following updates to pressure projections, we reported a projected budget gap of £39 million for 2025-26 in an update to Strategy, Resources and Performance Committee on 31 October 2024, an increase of £16 million from the previous business plan forecasts. Whilst the budget of the Council is increasing year on year, allowing it to continue investing in important local services, the budget is not growing fast enough to keep pace with the pressures arising from the issues described at 2.7. Latest estimates now show over £75 million of cost pressures, offset by a £32.8 million increase in our general funding and £8.5 million increase in ring-fenced grants, giving a gap to find of £34.2 million for 2025-26.

Chart 2 - Pressures facing the Council for 2025-26



2.5 The overall impact of the additional investments the Council is making and the compound pressures set out in the table above, means that to secure a legal budget, the Council is required to find efficiencies/savings, or additional income, of £34 million for 2025-26.

2.6 To achieve this sustainably, the Council will need to change the way it operates at an organisation-wide level so that it can drive maximum economic, social and environmental value from the services it provides and commissions. 'Our Future Council' change strategy, approved at Strategy, Resources and Performance Committee in October 2024, sets out a long-term vision for reshaping the way the Council operates. The strategy will help enable the Council to remain financially sustainable over the medium to long term and retain the capability and capacity to deliver its ambitions. In addition, each of the Council's five directorates have developed proposals for the coming years that will allow the Council to continue investing in priorities that will deliver its ambitions, whilst making savings through careful recalibration of the way services are provided.

Table 1 - How the balanced budget is arrived at

	£m	£m
Pressures, investments and adjustments	75.5	
Budget Changes		75.5
Less funding changes:		
Change in ringfenced grants		-8.5
Change in general grants	-6.8	
Proposed Council Tax increase	-20.1	
Council Tax taxbase and collection fund	-4.6	
Business rates income	-1.3	
General funding increase		-32.8
Funding envelope changes		-41.3
Total gap to find		34.2
Savings identified	-32.6	
Changes in income, excluding schools	-1.3	
Add: reverse out previous year reserves budget	11.8	
Less: reserves use	-12.1	
Total Gap remaining		0.0

2.7 Against that context, the report includes a further forecast for 2026-27 to 2029-30. This brings into focus key change programmes that have begun or will begin in 2025 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. Nevertheless, the Council continues to have a budget gap in the remaining years of the medium-term:

Table 2 - Revised medium-term budget gaps

Year	2026/27	2027/28	2028/29	2029/30
Latest unidentified savings gap	£17.7 million	£10.2 million	£21.8 million	£23.6 million

2.8 The Council is continuing to invest capital funding in the county's infrastructure, such as schools, roads and social care facilities. The full capital programme for 2025-30 (and onwards to 2035) is set out in tables 4 and 5 of Appendix 1b, along with indicative sources of funding available. The programme for 2025-26 proposes a total budget of £140 million for capital expenditure, and a medium-term programme of £881 million

Table 3 - Capital Programme by Directorate 2025-30

	Prev Years £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Later Yrs £000	Total £000
Children, Education and Families	168,424	44,495	85,083	40,072	16,076	9,644	11,487	375,281
Adults, Health and Commissioning	462	8,544	19,857	18,683	15,451	15,653	29,650	108,300
Place and Sustainability	153,188	73,215	44,486	20,949	19,367	1,592	12,460	339,257
Finance and Resources	13,813	11,768	6,874	3,411	3,432	2,643	9,288	51,229
Strategy and Partnerships	4,753	1,189	170	30	-	-	-	7,117
Total Budget	340,640	139,211	156,470	83,145	54,326	29,532	62,885	881,184

- 2.9 The total programme for 2025-26 as it currently stands requires £139.2 million of funding which includes £56 million from borrowing. The cost of capital is expected to continue rising over the medium-term, exceeding £46 million by 2027-28. 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 2025-26, we are very close to the limit in all years of the medium-term and so re-prioritisation may be required if there are any further capital spend requirements.
- 2.10 Subsequent to these projections made in early December 2024, the provisional local government finance settlement was announced on 18 December 2024. This confirmed several grant allocations for the Council for 2025-26, with them broadly in line with our expectations. In particular, an increase in the social care grant of nearly £6.5 million (ringfenced to both children’s and adults care) provides funding to underpin our inflationary and demand pressures, and a new £1.5 million children’s prevention grant is likely to fund commitments in the business plan. The provisional settlement had several gaps that are awaiting the final settlement in February 2025, particularly confirming how much funding councils would get to offset the increase in employers’ national insurance, and ultimately it isn’t until the final settlement that our funding numbers can be fully confirmed. Broadly speaking though, notwithstanding that, the provisional settlement was in line with expectations and estimates made in this draft business plan.
- 2.11 At the same time, we are receiving updated taxbase and business rates estimates from district councils, and therefore a full update of the draft business plan will be presented to Strategy, Resources and Performance Committee in January.

3. Assets and Procurement - directorate overview

- 3.1 Proposals set out by the directorate for the coming years will support the Council to address several legacy issues. These include action to address the financial risks associated with the Council's directly owned companies and commercial ventures, which will be placed on a stronger financial footing with strengthened governance. Whilst these actions create cost pressures in the immediate term, they will improve the Council's financial position over the medium term and ensure that a service supporting critical infrastructure is more responsive to the needs of Cambridgeshire County Council and is able to accelerate change.
- 3.2 The directorate will continue to ensure that its estate is 'right sized' for operations, with carbon neutrality and flexible use built into the approach. Whilst there are cost pressures arising from building maintenance to ensure the safety of the Council's complex property estate, a review of the Council's estate was started in 2024 and revenue savings of £985k will be achieved from estate consolidation in 2025-26. This work will continue over the coming years with an increased scope that takes account of more Council-owned property assets and is responsive to the principles of 'Our Future Council' by facilitating the move towards enhanced place-based models of service delivery.
- 3.3 The Council has continued to strengthen its controls, processes and operations around procurement and particular focus will be made on the digital and technology contracts as part of the 'Our Future Council' work.

Table 4.1 – Highlights of proposed Finance and Resources investments and savings 2025/26 – 2027/28

Proposal and Table reference number	2025/26 £000	2026/27 £000	2027/28 £000	Detail
Property Rationalisation (Table 3 – D/R.7.004)	-1,512			A number of corporate office accommodation buildings around the county which have low levels of use. As part of the Assets Change Programme, the Council is reviewing the number and types of building within the portfolio. This will increase the use of buildings that are retained and deliver revenue savings through the release of building no longer required. At this stage given uncertainties over timing and need for buildings there is an element of this saving proposal that remains a target for delivery.

Proposal and Table reference number	2025/26 £000	2026/27 £000	2027/28 £000	Detail
This Land – income from loan interest (Table 3 – D/R.8c.002)	3,973	462	900	The Council's wholly owned company, This Land, is funded from loans provided by the Council on which interest is due. These maturity loans are currently scheduled for repayment between 2026-29 and in the later years this line reflects the income from this source reducing following this profile. More immediately the Council is due to consider the company's latest business plan which is likely to request cash flow support and therefore the 2025-26 represents our current best estimate of reduced income for next year.
Digital Contracts Review (Table 3 – D/R.7.007)	-480	-50	-300	Reductions in software and hardware costs from re-procurement and making efficiencies with the use of technology

The medium-term financial plan for services within the remit of this Committee is:

Table 4.2 – medium-term financial plan

£000	2025-26 gross to net		Net budget				
	Spend	Income	2025-26	2026-27	2027-28	2028-29	2029-30
Procurement	1,099	-45	1,054	1,028	1,027	1,025	1,024
Property Services	11,315	-8,242	3,073	3,462	3,703	3,953	4,218
Investment Activity	4,218	-16,103	-11,886	-10,407	-10,134	-9,455	-7,709
Total	16,632	-24,390	-7,759	-5,917	-5,404	-4,477	-2,467

4. Funding

- 4.1 The Council draws its funding from two main sources – government grants and locally generated revenue. For this Committee, revenue comes from fees and charges income and investment returns.
- 4.2 The total income budget for services in the remit of this Committee is £24.4m. Examples of this income includes county farm tenancies, investment income from properties or Council-owned companies, and income from one operational solar farm managed by the Property service.
- 4.3 In accordance with the Council's scheme of financial management, Executive Directors are responsible for reviewing annually the levels of fees and charges, in consultation with the section 151 officer and presenting a schedule of fees and charges to the relevant service committee. The planned fees and charges within the remit of this Committee are included as Appendix 2.

5. Capital

- 5.1 The capital programme for this Committee comprises £14.3m of expenditure in 2025-26 and a further £34m up to 2030, and £54.3m over the lifetime of the programme so far established. Full details are appended to this report. These include:
- £8.6m in 2025-26 for council buildings, both in terms of keeping them fit for purpose, contributing to community needs and decarbonising them.
 - £1m to continue the work on the East Barnwell community hub
 - £6m over three years for improvements to rationalise the Council's office estate to deliver nearly £2m of recurrent revenue savings and generate over £9m of capital receipts.
 - £1.4m over the business plan on the Council's farm estate to ensure the ongoing viability of income (just under £5m per annum) from the largest local authority farm estate in the country

Table 5.1 – Directorate Capital programme

	Prev Years £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m	Later Yrs £m	Total £m
Property services	1.0	8.6	3.7	3.8	4.0	3.1	10.5	34.8
Strategic Assets	5.2	5.6	3.9	1.0	0.8	0.6	2.4	19.5
Totals	6.2	14.2	7.6	4.8	4.8	3.7	12.9	54.3

5.2 Funding for the programme is set out as follows:

Table 5.2 – Capital funding

Funding	Total funding £000	Previous Years £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	Later Years £000
Government Approved Funding								
Specific Grants	4,308	530	2,219	1,559				
Total – Government Approved Funding	4,308	530	2,219	1,559				
Locally Generated Funding								
Agreed Developer Contributions	177	-	177	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	-	-
Prudential Borrowing	49,759	5,727	11,858	6,100	4,737	4,766	3,671	12,900
Prudential Borrowing (Repayable)	-119,751	-	-5,900	-27,879	-36,846	-49,126	-	-
Other Contributions	119,751	-	5,900	27,879	36,846	49,126	-	-
Total – Locally Generated Funding	49,936	5,727	12,035	6,100	4,737	4,766	3,671	12,900
TOTAL FUNDING	54,244	6,257	14,254	7,659	4,737	4,766	3,671	12,900

6. Significant Implications

6.1 Finance implications

The proposals set out the response to the financial context and the need to review our service offer and models 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.

6.2 Legal implications

The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget.

6.3 Risk implications

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.

6.4 Equality and Diversity implications

Each of the proposals will be developed alongside an Equality Impact Assessment, where required, to ensure we have discharged our duties in line with the Equality Act 2010, including the Public Sector Equality Duty, as well as met our commitment to implementing the Socio-economic Inequalities Duty.

6. Source Documents

6.1 [Our Future Council - Change Strategy \(October SR&P 2024\)](#)

[Business Planning and Budget Setting 2025-26 \(December SR&P 2024\)](#)

6.2 Appendices:

Appendix 1 – Indicative budget tables

Appendix 2 – A&P Proposed Fees and charges