

2025-30 Business Plan and Budget

To: Strategy, Resources and Performance Committee

Meeting Date: 28 January 2025

From: Chief Executive and Executive Director of Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Executive Summary: This report sets out the 2025-30 Business Plan and Budget, which includes background and progress updates on the business planning process and delivery of the council's Strategic Framework, a summary of resident and committee feedback, detailed proposals for achieving a legal budget, and recent financial updates.

Recommendation: The Strategy, Resources and Performance Committee recommends the following to Full Council:

- a) To approve the Business Plan for 2025-30 including the supporting budget, consultation responses and other material, in light of all the planning activities undertaken to date. (Appendix 1 to the report)
- b) To approve the directorate budget allocations as set out in each directorate table in section 3 of the Business Plan
- c) To approve a total county budget requirement in respect of general expenses applicable to the whole county area of £1,206,290,000
- d) To approve a recommended county precept for council tax from district councils of £420,986,969.57 (to be received in equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (Amendment) Regulations 1995)

- e) To approve a council tax increase for each band of property, based on the number of 'Band D' equivalent properties notified to the county council by the district councils (247,546.2), reflecting a 4.99% increase (2.99% in the basic council tax precept, and 2% in the adult social care precept):

Band	Fraction	County council tax charge
A	6/9	£1,133.76
B	7/9	£1,322.72
C	8/9	£1,511.68
D	9/9	£1,700.64
E	11/9	£2,078.56
F	13/9	£2,456.48
G	15/9	£2,834.40
H	18/9	£3,401.28

- f) To approve the Capital Strategy as set out in section 5 of the Business Plan including:
- i. Commitments from schemes already approved
 - ii. Expenditure on new schemes in 2025-26
- g) To approve the Treasury Management Strategy as set out in section 6 of the business plan, including:
- i. The council's policy on the making of the Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008
 - ii. The affordable borrowing limit for 2025-26 (as required by the Local Government Act 2003)
 - iii. The investment strategy for 2025-26 and the prudential indicators as set out in appendix 1f - Section 6 of the Business Plan
 - iv. The delegation to the Executive Director of Finance and Resources contained in the Treasury Management Strategy to alter the council's counterparty and lending list in the conduct of the council's treasury management operations
- h) To authorise the Executive Director of Finance and Resources, as the Section 151 Officer, in consultation with the Leader and Deputy Leader of the Council, to make technical revisions to the Business Plan, including the foregoing recommendations to the county council, so as to take into account any changes deemed appropriate, including but not limited to:

- i. The final tax base, forecast council tax and business rates receipts for 2024-25 from the billing authorities (due by 31 January 2025)
 - ii. The final Local Government Finance Settlement from the Government (expected early February 2025) alongside other grant announcements, outside of the settlement, primarily based on treatment proposed in this report
 - iii. Changes to the accounting code for the Treasury Management Strategy.
2. The Strategy, Resources and Performance Committee agrees to allocate funding from the Government through 'extended producer responsibility for packaging' in 2025-26 to an earmarked reserve, as per section 6.1.6 of this report.

Officer contact:

Name: Dr Stephen Moir and Michael Hudson
Post: Chief Executive and Executive Director Finance and Resources
Email: chief.executive@cambridgeshire.gov.uk
Email: michael.hudson@cambridgeshire.gov.uk

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 priorities, 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 (see Section 2.2 of this report). As further updates for this committee, the refreshed Strategic Framework now includes a redesigned page on the Mayoral Combined Authority-led 'Our Shared Ambition for Cambridgeshire and Peterborough' and a new page on the council's organisational values (see Appendix 1a – note that the pages on the budget being updated for 2025-26 depend on Full Council approval of the budget).
- 1.3. The 2025-30 Business Plan and Budget presented in this report is an updated version of the draft plan and budget that went to the 17 December meeting of the Strategy, Resources and Performance Committee, having been scrutinised at the following policy and service committees:
- Children and Young People Committee (14 January)
 - Communities, Social Mobility and Inclusion Committee (16 January)
 - Environment and Green Investment Committee (16 January)
 - Highways and Transport Committee (21 January)
 - Assets and Procurement Committee (22 January)
 - Adults and Health Committee (23 January).
- 1.4. Having also followed a period of public consultation on the draft proposals that ran from 9 December 2024 to 9 January 2025, the 2025-30 Business Plan and Budget details how the council will continue to deliver its seven ambitions and set a legal budget, whilst being responsive to resident priorities identified through the council's engagement, consultation and scrutiny activity.

- 1.5. The plans include an overview of how the council will allocate its budget over the coming five years, including proposals for the 2025-26 council tax precept, capital spend, the risks and reserves position, and investment and savings generated by the council's five directorates for the coming five years. These proposals are subject to funding from the final Local Government Finance Settlement for 2025-26, expected in February 2025. They are also likely to be impacted by the anticipated Comprehensive Spending Review in Spring 2025 and the ambitions for Local Government Reorganisation set out in the Government's recently published English Devolution White Paper.

2. Responding to the council's context

- 2.1 For 2024-25 Cambridgeshire County Council had a net revenue budget of £539 million. This has funded the delivery of local services such as social care for older people and those with learning disabilities, highways maintenance, strategic planning, education, special educational needs and disabilities (SEND), waste disposal, public health, protecting children and young people at risk of harm, improving the local natural environment, a range of community-based services including libraries, and maintaining the historic archives of the county.
- 2.2 Through these services the council strives to realise its vision of a greener, fairer and more caring Cambridgeshire by delivering the seven ambitions of its Strategic Framework. Over the course of 2024-25, the council has made significant progress on these ambitions, with achievements including:
- **Ambition 1:** Reduced the council's scope 1 and 2 (direct) carbon emissions by 42% from 2018-19 to 2023-24, with 25 council building heating systems replaced with low carbon heating, saving an estimated 435 tCO₂e per annum. In the same period, the council's scope 3 (indirect) emissions have reduced by 39%
 - **Ambition 2:** Delivered on the record investment in Highways and Transport the council made for 2024-25, with major carriageway schemes completed at Padgetts Road (Christchurch), Branch Bank (Ely), Conington Road (Fenstanton), Croydon Hill (Croydon), and Tennis Court Road (Cambridge)
 - **Ambition 3:** Commissioned a community-based Healthy Child Programme and launched Healthier Futures, a programme that identifies those most at risk of cardiovascular disease, inviting them to be weighed, have NHS Health Checks alongside blood pressure and cholesterol levels checks and commence treatment if necessary
 - **Ambition 4:** Provided over 5,000 hours of homecare capacity through our Care Together programme by creating 49 additional care micro-enterprises, which consist of local people supported to set up their own small businesses that provide their neighbours with personalised care and support, amongst other services that support independence at home
 - **Ambition 5:** Worked closely with partners to launch the Cambridgeshire Poverty Strategy Commission, led by a group of independent commissioners responsible for

developing recommendations about future interventions to address the root causes of poverty by engaging those with lived experience

- **Ambition 6:** Launched the March Library EverySpace, an innovative and inclusive Government grant-funded modification of the library space that aims to help local people connect, share, create and discover together with accessible, dementia-friendly and autism-friendly design at the heart of the project
- **Ambition 7:** Developed, commissioned and recommissioned services to support the health and wellbeing of children and young people, including support for parents of children with mental health issues, a service to address childhood anxiety and school absenteeism, and a new School-aged Health Improvement and Prevention Service.

2.3 Looking ahead to the next financial year and beyond, the plans presented in this report project growth in the net budget of £33.7 million to £573 million in 2025-26, which represents a 6.2% increase on 2024-25. This projected growth is contingent on the outcome of the final Local Government Finance Settlement for 2025-26, with numbers currently estimated based on available information. Through continued revenue and capital investments the council intends to further progress the delivery of its seven ambitions, and the 2025-30 Business Plan and Budget contains proposals including, but not limited to, the following:

- **Ambition 1:** £8.7 million capital investment to deliver upgraded household waste recycling centres in March and Milton, up to £6.8 million capital investment across school and council buildings for low-carbon heating and an additional £308k revenue investment to enable ongoing delivery of the Climate Change and Environment Strategy
- **Ambition 2:** £20 million capital and £1 million revenue investments into the county's 4,500 miles of highways network, footpaths, cycleways and drainage systems in 2025-26, plus an additional £20 million capital in 2026-27
- **Ambition 3:** Over £450k investment into children's centres to deliver services to families within their local communities and almost £100k investment into highways, using evaluation to explore options for safer cycling and walking options, to increase active travel across the county
- **Ambition 4:** Over £35 million revenue investment in adult social care over the next three years to support the local care sector, including £20 million over three years to build a strong, stable and skilled workforce through a continued commitment to pay the Real Living Wage pay increased to care staff
- **Ambition 5:** £2.2 million revenue investment to support the Cambridgeshire Poverty Strategy Commission and respond to its recommendations with evidence-based interventions to address the root causes of poverty. Extending the Household Support Fund to deliver income maximisation and holiday school food vouchers, supporting those who are suffering the impacts of the cost-of-living crisis
- **Ambition 6:** £1 million capital investment to deliver the East Barnwell Community Centre, a community redevelopment scheme including a new library and pre-school, in partnership with Cambridge City Council. £1.3 million revenue investment to create

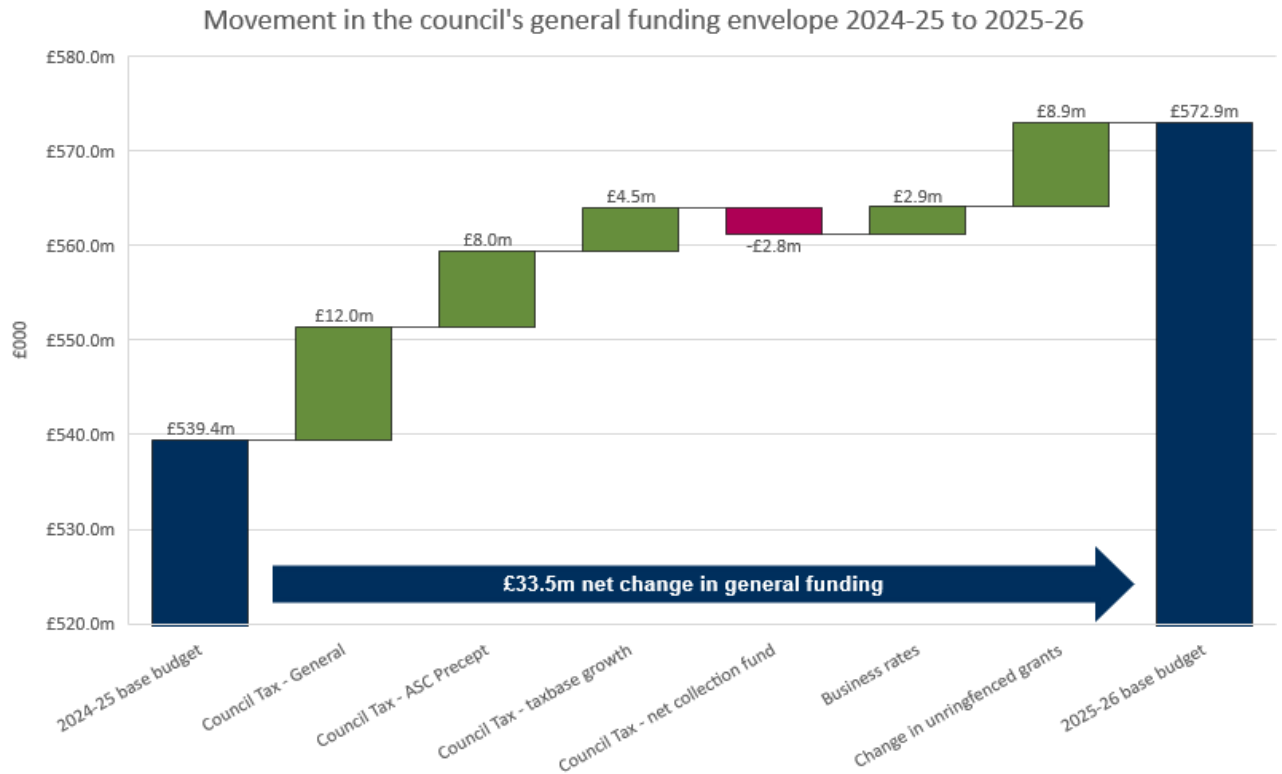
more flexible spaces for use of library facilities by communities and residents, and £350k capital investment for the mobile library fleet

- **Ambition 7:** £26 million capital investment in new primary school builds and expansions, £17 million capital investment in secondary schools to provide 2,500 new places, and £8 million capital investment to create additional high needs education places. £1.3 million revenue investment to create two in-county residential homes for children with complex needs, reducing dependence on expensive out of county provision.

- 2.4 To fund the services the council provides, it raises revenue from a variety of sources, including council tax from residents, business rates, grants from central government and fees and charges for certain services. The makeup of the council's revenue base has changed significantly during recent years. Whereas in 2010 central government grants accounted for over a third of the budget, the council is now much more reliant on locally generated funding through council tax and business rates, with these now forming over 86% of the net budget. The council is currently forecasting a £33.7 million increase in general funding for 2025-26, comprising income resulting from increased council tax (and an increase in the underlying taxbase), increased business rates income and increased government grants.
- 2.5 Much of the council's Government funding for 2025-26 was announced in the provisional Local Government Finance Settlement in December 2024. The detail of this is included in the grants section at section 6.1 below. In summary, this saw an additional £3.5 million allocated to the council above the previously assumed level, across several grants. In particular, an increased allocation of the general Social Care Grant was announced, as well as a new Children's Social Care Prevention Grant (which in the Business Plan is used to fund preventative work in children's social care already budgeted for, including the children's residential strategy, targeted support and SEND capacity). Many councils saw a much larger increase in funding, with the Government announcing a new 'recovery grant' that used deprivation as a proxy for the funding formula, resulting in disproportionately large amounts of new funding going to metropolitan districts and none going to most county councils. If Cambridgeshire County Council received the same funding per capita as a metropolitan district council did from this new grant, it would receive over £18 million.
- 2.6 The settlement also rolled several distinct grants into the Revenue Support Grant to simplify the system, which is welcome. In addition, the Government has provisionally announced funding outside of the settlement for the 'extended producer responsibilities for packaging' scheme (see more in section 6.1.6 below). It is important to note that this is just the provisional finance settlement, with the final settlement expected in early February 2025. No allocations for a compensation grant for employer National Insurance (NI) increases were announced, with these reserved for the final settlement. £2 million has been assumed for this based on information available. Based on previous years, the final settlement in respect of other grants is likely to be very close to the provisional settlement. It is proposed that any variance from the NI compensation grant or other grants is added to or subtracted from the budget line H/R.7.003 'Demand-led budgets risk', as this is a flexible risk-based allocation.
- 2.7 The Government has committed to there being a multi-year settlement for 2026-27 and 2027-28, with funding reform for local government also committed to in the medium-term. It

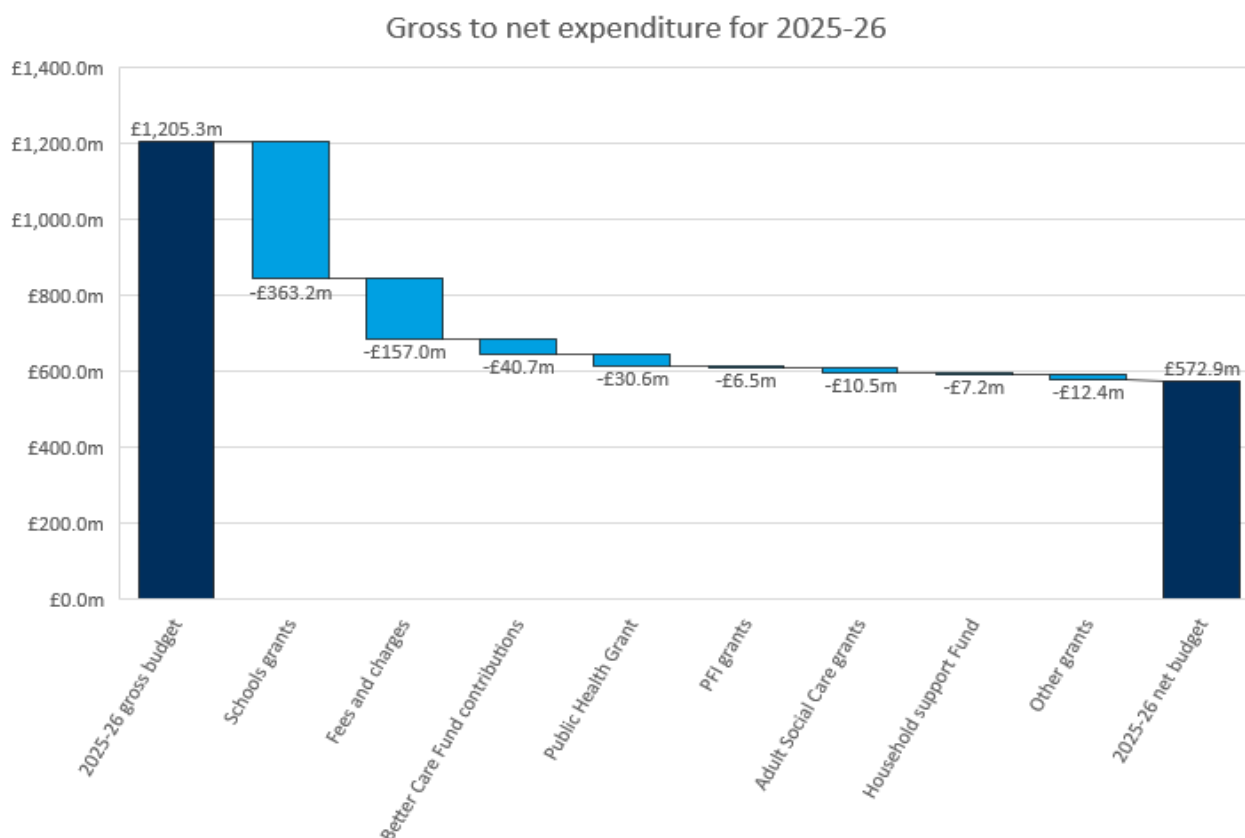
is not expected that Cambridgeshire will benefit from funding reform, given the focus in this provisional settlement on allocating funding closer to areas based on deprivation rather than taking account of other cost drivers for services like rurality.

Chart 2.1 - Movement in the council's general funding envelope 2024-25 to 2025-26



2.8 The totality of the council's gross budget, including schools and services funded by specific grants, is expected to be over £1.2 billion for 2025-26. Within that there are adjustments to the base totalling £17 million – items that adjust the opening position before pressures and savings. These are generally technical in nature, relating to funding sources, and make the starting budget more. The chart below shows how this gross budget has specific funding sources netted off to give the council's net budget:

Chart 2.2 - Gross to net expenditure for 2025-26



2.9 Each year councils in England are required to set a legal budget. This means the council must ensure the money it plans to spend will not exceed the money it expects to raise in revenue and after taking account of expected movements in reserves. Achieving this has become more difficult in recent years owing to several interrelated issues that are having a major impact on local councils across the country:

- Demand for services and increasing complexity of need: people are living longer, and this creates a larger ageing population where more people live with multiple, long-term conditions that require support from health and social care services, while in the younger population special educational needs continue to rise alongside mental health needs. This increasing complexity of need is exacerbated by health inequalities, which particularly affect a 'county of contrasts' like Cambridgeshire, where life expectancy differs both between males and females and between the north and south of the county.
- Inflation: inflation affects the cost of everything in the economy, meaning it also affects the cost to the council of providing and commissioning services. This does not just have an impact on the council's supply chain and contracts but also council staff pay.
- Market failures: markets such as children in care placements have become deeply dysfunctional through combinations of high demand, insufficient supply, provider profiteering and diminished council negotiating power.

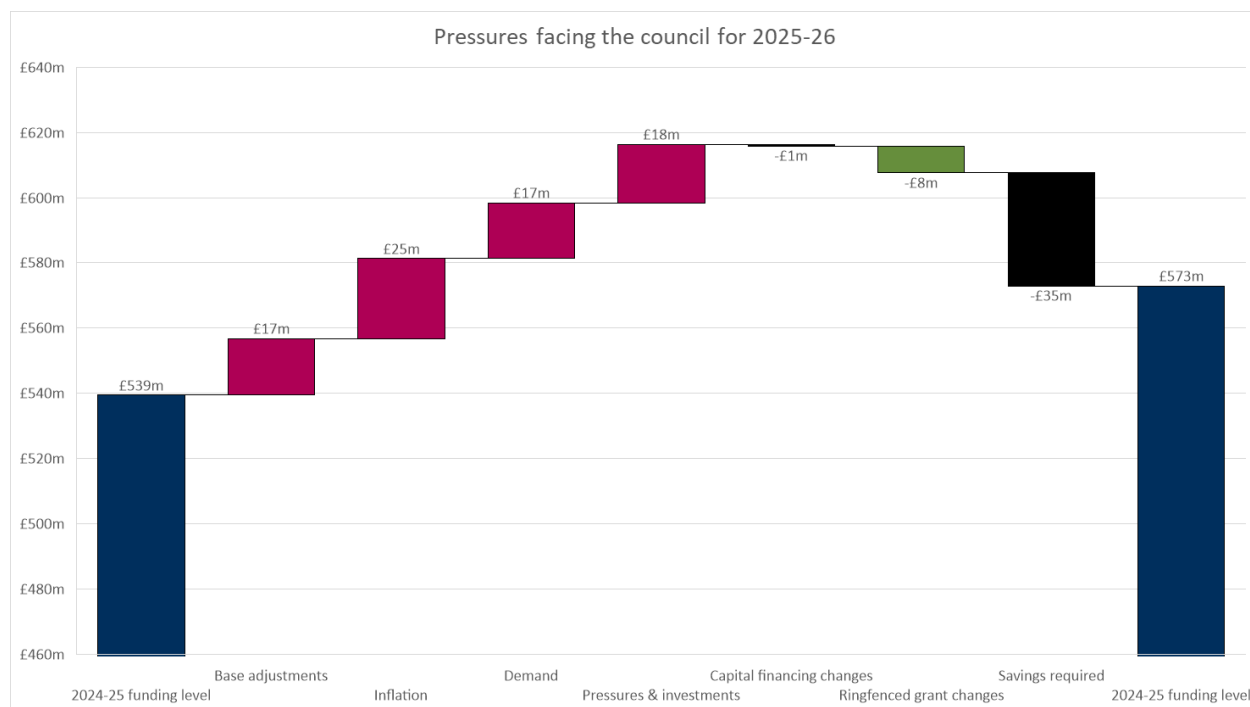
2.10 As a result of these pressures, the 2024-29 Business Plan had these budget gaps in for 2025-29:

Table 2.1 - Opening medium-term budget gaps

Year	2025-26	2026-27	2027-28	2028-29
Budget gap per 2024-29 business plan	£23.4 million	£25.7 million	£30.0 million	£24.6 million

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. A further refresh of our pressure estimates saw that gap reduce to £34.2 million in the report to December’s Strategy, Resources and Performance Committee. At that meeting, that gap was proposed to be closed through an increase in council tax, savings proposals and funding updated. Further changes have since been made to the draft budget to reflect latest information. These mainly result from adverse taxbase projections received from district councils, which overall suggest that the taxbase is growing by less than they had previously projected. This offsets much of the increased funding seen through the settlement, with the remainder used to increase the risk provision around capital financing and commercial items given the uncertain economic position, and to re-baseline the saving linked to the asset improvement programme to ensure it reflects the phasing of the work. Latest estimates therefore now show over £76 million of cost pressures, offset by a £33.5 million increase in our general funding and an £8.2 million increase in ringfenced grants, giving a gap to close of £35.1 million for 2025-26. 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 2.9.

Chart 2.3 - Pressures facing the council for 2025-26



- 2.11 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 £35 million for 2025-26.
- 2.12 To achieve this sustainably, the council will need to change the way it operates at an organisation-wide level so it can drive maximum economic, social and environmental value from the services it provides and commissions. To this end, Strategy, Resources and Performance Committee approved the 'Our Future Council' change strategy in October 2024. This strategy sets out a long-term vision for reshaping the way the council operates through a set of 'Solid Foundation' and 'Innovation' principles. These principles offer the basis for a new approach to reform the council, with a focus on cross-cutting, organisation-wide opportunities that will improve the efficiency, effectiveness and productivity of its services. 'Our Future Council' 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.
- 2.13 Underpinning the implementation of the strategy will be a centrally coordinated portfolio management structure overseen by the Change Board, chaired by the Chief Executive. The 'Our Future Council' portfolio will bring together programmes and projects of cross-cutting and council-wide change with high potential for embedding the 'Innovation Principles' and delivering financial and non-financial benefits for the council. Initially, the 'Our Future Council' portfolio will comprise five programmes, each led by a Senior Responsible Officer appointed by the Chief Executive and drawn from the Corporate Leadership Team:
- **Assets:** Maximising the use of the council's property assets to support efficient working and effective service provision
 - **Commercial and Commissioning:** Ensuring the council's commercial and commissioning activity meets the needs of our residents, delivers best value from public money and takes an active role in the economic development of the area
 - **Customer Engagement/Experience:** Reviewing how the council engages with residents across the county to ensure access to services is easy, designed around resident needs and achieves the right outcome without repeat referrals or contacts
 - **Digital, Data and Technology:** Building the required foundations to leverage the use of data and technology into the council to improve customer experience and drive efficiencies in service delivery
 - **Target Operating Model:** Redesigning how the council operates to deliver services to mainstream learning from the council's 'Closer to our Communities' pilots, breaking down disciplinary and professional silos to improve outcomes for residents.
- 2.14 Effective performance management is essential for monitoring implementation of the change strategy. The refreshed Performance Management Framework approved at Strategy, Resources and Performance Committee in October 2024 sets out how the council will provide joined up and transparent accountability for delivering 'Our Future Council', linking together service and committee performance reporting with risk management and change delivery.
- 2.15 Embedding the real, long-lasting organisational change that 'Our Future Council' seeks to deliver requires an energised workforce and organisational culture that embraces change, innovation and continuous improvement as part of the council's new 'business as usual'. The council's People Strategy and new organisational values are key to supporting the workforce and culture on which the organisation depends as it heads into the future.

- 2.16 The People Strategy, refreshed in 2023, aims to ensure Cambridgeshire’s residents get the most talented, skilled and committed people to deliver services with and for them, and in turn that the people who work for the council benefit from being part of an inclusive, supportive, progressive and values-led organisation. The strategy commits to attracting, appreciating, developing and supporting the people who work for the council, detailing how these commitments benefit employees and enable the council to achieve its seven ambitions.
- 2.17 In 2024 the council refreshed its organisational values, launching ‘Our CARE Values’. These values underpin ‘Our Future Council’ by reinforcing the ‘Solid Foundation Principles’ at the levels of organisational culture and expected behaviours, supporting the organisation to have a workforce that is Collaborative, Accountable, Respectful and focused on Excellence. With people whose contributions, skills, knowledge and experience are valued in this way, and who take pride in the kind of culture the People Strategy and CARE values commit the council to having, the ‘Future Council’ vision becomes more attainable.
- 2.18 In addition, each of the council’s five directorates have developed proposals for the coming years which 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. These proposals will enable the council to get the most out of every pound it spends, including actions to stabilise key workforce challenges, reduce fragmentation of provision, prevent the escalation of need, improve the efficiency and effectiveness of delivery and refocus services on what must be delivered to ensure the council fulfils its statutory duties. The financial details of these directorate plans can be found in Appendix 1c of this report, with their context and highlights explained in section 4 below.
- 2.19 Having proposed these plans, the budget gap for 2025-26 has now been closed.

Table 2.2 - How the legal budget is arrived at

	£million	£million
Pressures, investments and adjustments	76.8	
Budget Changes		76.8
Less funding changes:		
Change in ringfenced grants		-8.2
Change in general grants	-8.9	
Proposed Council Tax increase	-20.0	
Council Tax taxbase and collection fund	-1.7	
Business rates income	-2.9	
General funding increase		-33.5
Funding envelope changes		-41.7
Total gap to find		35.1
Savings identified	-32.0	
Changes in income, excluding schools	-1.0	
Add: reverse out previous year reserves budget	11.8	
Less: reserves use	-13.6	
Total Gap remaining		0.0

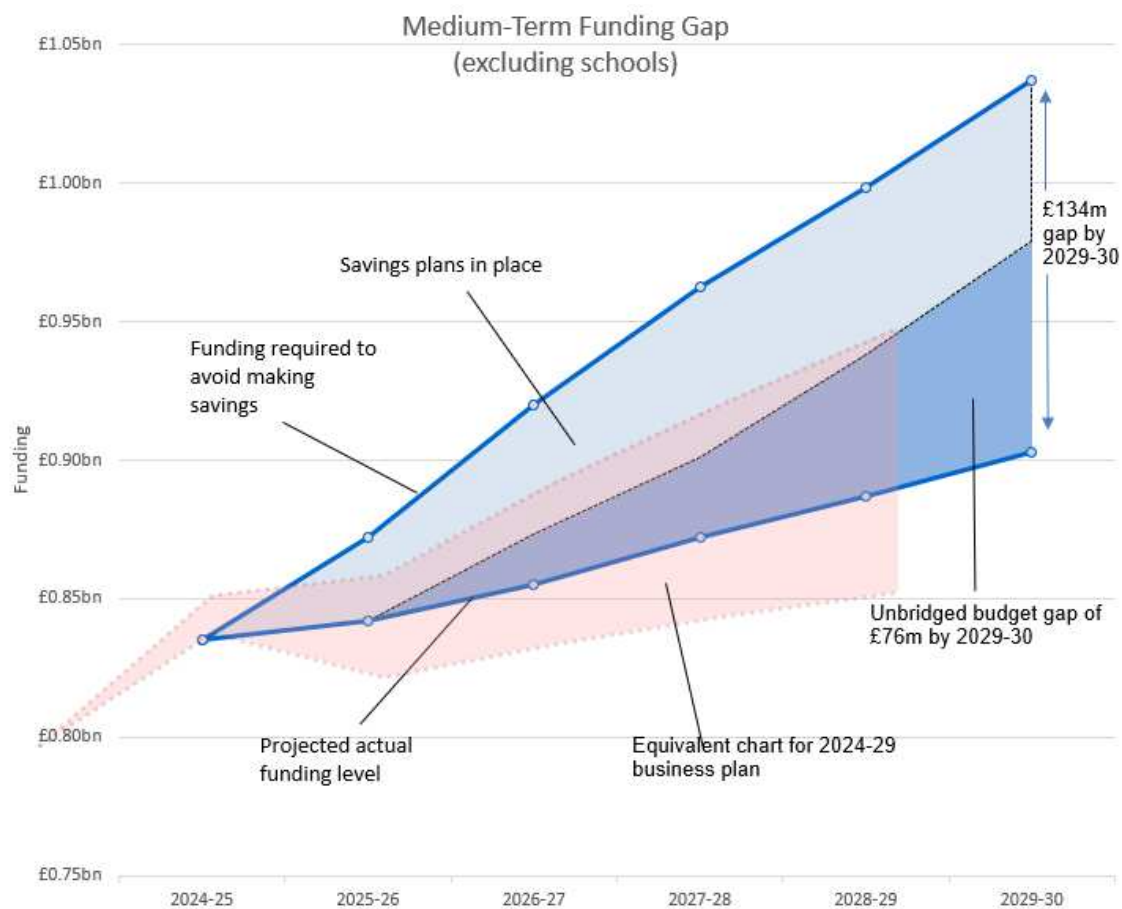
2.20 While the council has a legal budget position for 2025-26, there are budget gaps remaining in future years:

Table 2.3 - Revised medium-term budget gaps

Year	2026-27	2027-28	2028-29	2029-30
Latest unidentified savings gap	£17.9 million	£10.7 million	£22.8 million	£24.5 million

2.21 This means that the medium-term picture for the council shows an overall funding gap of £134 million over the next five years, of which £76 million is not yet addressed:

Chart 2.4 - Medium-term funding gap



2.22 The significance of this financial challenge, together with the inter-related issues described at 2.9, means the council must be more strategic in the way it plans to secure long-term financial sustainability whilst also improving resident outcomes and enhancing public trust in the organisation. The foundations of this work have already been put in place through the separation of legacy arrangements for joint leadership and service delivery with Peterborough City Council. This has enabled the county council to refocus on the specific needs of Cambridgeshire and created space to develop a vision for reforming the organisation at an accelerated rate.

2.23 The 'Our Future Council' change strategy provides this high-level vision for future-proofing the council through cross-organisational innovation, allowing the council to better navigate the uncertainties of the future and support it to adapt to emerging risks and opportunities, including Government proposals to reorganise two-tier local authorities into unitary authorities, which could see greater powers and more funding devolved to Cambridgeshire. Taken together, the 2025-30 Business Plan and Budget and 'Our Future Council' will enable the council to deliver an annual increase of 6.2% in the revenue budget in 2025-26, whilst also closing its projected £35 million budget gap for the next financial year and ensuring the organisation can adapt to the complex and changing world around it.

3. Listening to residents

3.1 The council aims to achieve its seven ambitions by becoming 'Closer to Communities', working with residents and partner organisations to make services more responsive to the diverse people and places across Cambridgeshire. Whilst the Strategic Framework sets out the council's long-term vision for Cambridgeshire, and 'Our Future Council' articulates a vision for how the organisation will change over the coming years, the council must remain responsive to the needs and priorities of residents and communities when making decisions about the way it spends public money. The refreshed Engagement and Consultation Strategy, approved at Strategy, Resources and Performance Committee in October 2024, reaffirms the council's approach to being an evidence-led, listening organisation that ensures ongoing dialogue with its stakeholders to inform policy development, budget proposals and longer-term strategic planning.

3.2 The 2025-30 Business Plan and Budget presented in this report has been informed and shaped by the needs and priorities of residents, captured through both the council's annual Quality of Life Survey and its budget engagement and consultation exercise. The Quality of Life Survey generates insight into the experience of residents across Cambridgeshire, including 'hard to reach' groups, with a particular focus on feeding contextual evidence into the business planning process and tracking the impact of the council's progress on the seven ambitions.

3.3 In the second annual Quality of Life Survey, undertaken in 2024, overall levels of happiness remain high for Cambridgeshire residents, with 72% of respondents reporting high or very high levels of happiness and fewer residents reporting struggles with mental and physical health. Residents continue to feel positive about their local community, and Cambridgeshire is seen a good place to raise children, particularly by parents.

3.4 Despite the overall positive responses, some residents report often feeling lonely, with results higher than national comparator averages. This is particularly the case for younger residents, who are more likely to report mental health struggles and feelings of loneliness. The cost of living remains residents' highest concern, with 87% of respondents concerned, and those impacted continue to adapt their behaviours towards heating and nutritious food as a result. Four out of five residents report concerns about climate change and in particular want to see the council do more to protect and enhance the natural environment.

3.5 The council is already working closely with communities and partners in the local public and private sectors to address these concerns. For example:

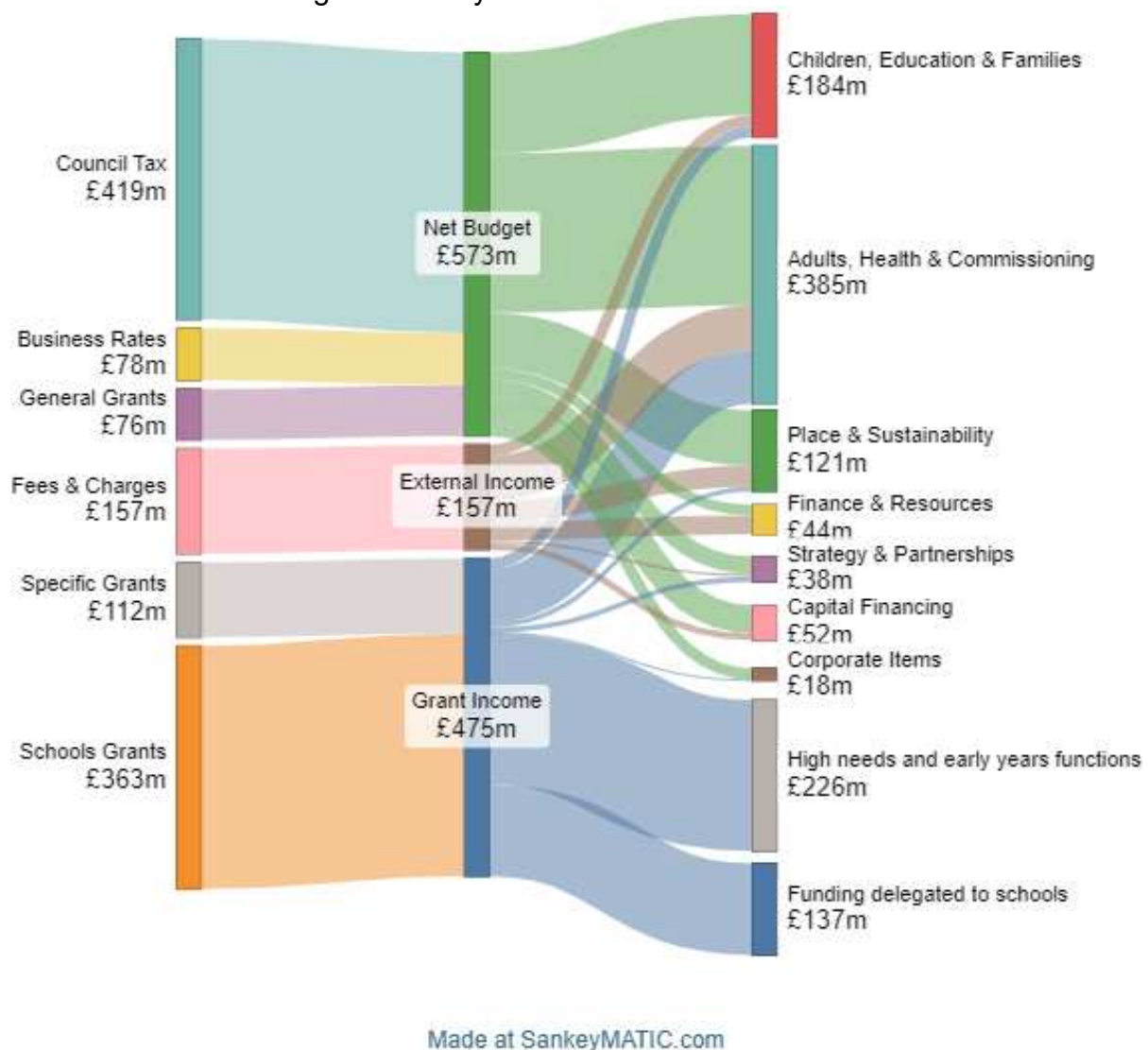
- 3.5.1 To support the mental health of young people, the council commissioned Nessie in Ed, an organisation that provides mental health support for children and young people, to deliver a programme of work to support schools and families with children who are experiencing social anxiety related to poor school attendance.
- 3.5.2 To help combat loneliness, the council has launched 'Know Your Neighbourhood', which encourages volunteering and people joining local groups and events, with over 800 people in Chatteris and March (Fenland being one of the 27 areas with the highest rates of loneliness and isolation nationally).
- 3.5.3 To help with the cost of living, the council used the Household Support Fund to deliver more than £10 million in direct support to households struggling financially, including income maximisation advice and holiday school food vouchers.
- 3.5.4 To further action on climate change, the council has worked with community flood groups across Cambridgeshire and given grants to Alconbury Weston, Tilbrook, Hilton, Eltisle, Ramsey, Caxton, Cottenham, Landbeach and Broughton for watercourse improvement works to help them respond to this growing risk.
- 3.6 The council's Business Plan and Budget engagement and consultation exercise builds on insights gained from the Quality of Life survey to engage the public and other stakeholders on key aspects of the council's proposals for the coming financial year. This year's exercise consisted of two phases: initial engagement activity (Phase 1) followed by a formal consultation that included stakeholders like parish councils and other public sector partners (Phase 2).
- 3.7 Phase 1 engagement ran from 4 November to 2 December 2024. Its survey results were reported to the 17 December meeting of Strategy, Resources and Performance Committee. Phase 1 invited residents and stakeholders to learn more about the business planning process and share their priority areas for council spending and views on council tax. There were 154 responses to this engagement survey.
 - 3.7.1 52% of respondents supported an increase in council tax of up to 4.99% to maintain or improve essential services, such as social care or roads and highways maintenance.
 - 3.7.2 To support the council to be greener, 40% of residents felt supporting growth in active and sustainable travel should be the top priority for the council. A two-year increased investment in highways amounting to £42 million agreed last year has enabled the council to invest in footpaths and cycleways as well as active travel and road safety. In addition, proposals detailed below include an extra £20 million investment in highways for 2026-27.
 - 3.7.3 Respondents felt that the top priority for creating a fairer council was to support vulnerable residents through targeted schemes, with 30% of respondents ranking this as the top priority. Proposals for 2025-26 include targeted schemes such as continuing to commission support through the Household Support Fund that help people maximise their income and gain access to household goods through the Local Assistance Scheme.

- 3.7.4 42% of respondents felt that prioritising early support to help people remain independent and living at home for longer should be the highest priority to make the council more caring. Prevention is a key 'Innovation Principle' of the council's change strategy as it supports the council to achieve many of its ambitions. As detailed in the proposals below, prevention supports vulnerable residents to maintain independence. The continued investment in 'Home First' is an example of the council's commitment to older people.
- 3.8 Phase 2 consultation ran from 9 December 2024 to 9 January 2025. This invited residents and other stakeholders to share their views on council tax and other key proposals in the council's draft 2025-30 Business Plan and Budget presented at the 17 December Strategy, Resources and Performance Committee. In addition to the survey being open to the public, it also underpinned various stakeholder consultation activity conducted by the council's senior officers. In this process stakeholders were engaged via email and/or via a meeting with relevant council senior officers and invited to share their views via the survey.
- 3.9 There were 149 responses to the Phase 2 consultation survey, including 1 from stakeholders. A full report of the survey results is presented in Appendix 1d.
- 3.9.1 The majority of respondents supported (strongly support or somewhat support) all of the proposed approaches to achieving the council's seven ambitions:
- 86% supported (strongly support or somewhat support the outlined approach to prevention, early intervention, and working 'Closer to Communities' in the way services are designed and delivered)
 - 85% supported (strongly support or somewhat support the outlined approach to children's services).
 - 83% supported (strongly support or somewhat support the outlined approach to improvements to highways)
 - 80% supported (strongly support or somewhat support the outlined approach to adult social care services)
 - 73% supported (strongly support or somewhat support the outlined approach to supporting those struggling most with the cost of living)
 - 65% supported (strongly support or somewhat support the outlined approach to climate change)
 - 61% supported (strongly support or somewhat support the outlined approach to developing a Local Growth Plan for the Cambridgeshire and Peterborough region and an Economic Development Framework for the county council)
- 3.9.2 57% (72) of respondents who answered the question supported the 4.99% increase in council tax, with 26% (33) supporting a lower increase and 17% (21) supporting no increase.
- 3.10 Insights from the Quality of Life Survey as well as the budget engagement and consultation exercises have enabled residents' concerns and priorities to be highlighted and shared across the organisation. This has allowed the council to reaffirm priority areas and to develop Business Plan proposals for investment and savings that address the issues faced by residents in line with the ambitions of the council.

4. Directorate overview

- 4.1 Whilst the council begins to implement its longer-term vision for cross-cutting, organisational change via 'Our Future Council' as detailed at 2.24, the council's directorates have a range of savings, income and investment proposals that will enable them to continue delivering the seven ambitions and begin aligning activity to the principles of 'Our Future Council'. These proposals are responsive to the evidence base generated by the Quality of Life Survey, demographic insights and feedback from the budget engagement exercise and will enable the council to set a legal budget. The proposed 2025-30 Business Plan and Budget includes £64 million total of savings and income proposals and £9.8 million of investments related to the seven ambitions.

Chart 4.1 – Overall budget summary



Children, Education and Families Directorate

- 4.2 Overall, it is proposed that Children, Education and Families will receive a £182.7 million gross budget in 2025-26, including total growth of £16.16 million. This budget will support continued investment in the wide range of services that Children, Education and Families deliver and commission, including a proposed additional £9 million for children who become

looked after, £4.7 million to support home to school transport services, £900k to increase capacity in SEND to improve the timeliness of assessments, and £340k to increase direct payment packages for children and young people with disabilities. Through these services the directorate will further realise the aim of Strategic Framework Ambition 7.

- 4.3 The delivery of services for children and families takes place against an extremely challenging national context. Councils across the country are continuing to face unrelenting growth for SEND interventions owing to legislative changes in the 2014 Children and Families Act, as well as the after-effects of the Covid-19 pandemic. In Cambridgeshire, between 2020 and 2024 there was a 70% increase in children with Education, Health and Care Plans (EHCPs), which in turn has driven cost increases in home to school transport of some 93% and in autism services of 293% over the same period. These pressures have forced 93 councils, including Cambridgeshire County Council, into special arrangements with the Department for Education to manage significant budget deficits that nationally amount to some £3.16 billion. Additional funding for SEND announced at the Autumn Budget is welcome, but it is not yet clear how this will be allocated, and it does not represent a sustainable long-term solution.
- 4.4 In addition, there have been unprecedented increases in the cost of providing Children in Care placements owing to well-publicised market failures and profiteering by some private providers. Whilst central government has recently committed to addressing these issues nationally through a policy reset of children's social care, the pressure felt locally has been acute, with the cost of placements rising by 42% between 2020 and 2024. Many of these placements have also been made outside of the county, which can be detrimental to achieving positive outcomes for these children and young people. Both the national crisis in SEND and the failed market for Children in Care are symptoms of a broken system that requires urgent Government action to fix.
- 4.5 To support children and young people in Cambridgeshire to achieve better outcomes, the directorate proposes to redesign the way services are delivered so that it gets the basics right and reduces service fragmentation, prioritising the reinvestment of resources into early intervention. By doing this the directorate will reduce demand and complexity of need over the medium to long term, improving outcomes for children and families by supporting more of them to make positive changes that avoid statutory interventions. To achieve this, the directorate will use data and insight more effectively so that it can support greater independence at an early stage, and it will also better join up services around the distinctive places of Cambridgeshire. This will ensure services align to the Place-Based 'Innovation Principle' of 'Our Future Council' and bring more services 'Closer to Communities'.
- 4.6 For example, a £490k investment is proposed to increase capacity at its integrated front door and extend improved multi-agency safeguarding support to families in East Cambridgeshire. This will enable the directorate to signpost more children and families into early intervention support offered by Targeted Support Services and prevent the escalation of need. This will be reinforced with a proposed review of Targeted Support Services to create district-based structures that break down professional boundaries across council teams, allowing those on the front line to respond more flexibly to emerging needs with a wider range of interventions. This more effective way of structuring council services will save £1 million over 2025-26 and 2026-27.
- 4.7 Where children do need to come into the care of the council, the directorate is committed to

better serving their needs through increased local residential capacity. At present too many Children in Care are looked after in independent children's homes that are out of county. These placements are high cost, more difficult to quality assure and do not optimise outcomes for children. A proposed new Residential Strategy will aim to reduce this dependence, backed with a £2.6 million investment over the next two years to deliver a more integrated approach to commissioning, market engagement, needs analysis and provision of in-county, council-owned homes for those with complex needs. Through this the directorate proposes almost £5 million in savings in placement costs over 2025-26 and 2026-27.

- 4.8 In education, the directorate will embed a new approach to SEND, promoting more effective partnership working with local schools and academy trusts so that more children can remain in education settings closer to home. For example, a new £1.3 million capital investment proposal in Enhanced Resource Bases will offer better support to children with additional needs in mainstream educational settings, allowing them to develop friendships and connections in their local school community and reduce travel time. For those who do need to travel to access specialist provision, it is proposed that home to school transport routes will be comprehensively reviewed with expert support to ensure transport is appropriate to need and routes are effectively optimised. A range of new capital investments will enable the council to begin the delivery of new school building projects to accommodate the growing population of the county. The detailed finance tables show several schemes to provide primary, secondary and specialist school places. The names of some of these schemes are only shown in the confidential tables due to the procurement stage/commercial sensitivity.

Adults, Health, Commissioning Directorate (including Public Health)

- 4.9 Overall, it is proposed that Adults, Health, Commissioning, including Public Health, will receive a £385 million gross budget in 2025-26, including total growth of £31.97 million. This budget will support continued investment in services to maintain existing eligibility thresholds for older people and working age adults with care and support needs, as well as a range of public health services that aim to address the wider determinants of health. This includes proposals for an additional £3 million of funding for local care providers, £2.1 million to meet demand for care amongst older people accessing both domiciliary and residential care, £4.8 million to help meet the rising levels of complexity amongst people with a learning disability and £3.9 million for working age and older people with mental health needs. Public health commissions services to improve physical health such as support to people to quit smoking, health checks for older adults and sexual health services, as well as health and wellbeing services in partnership with local NHS organisations. Through these services the council will further realise the aims of Strategic Framework Ambition 3 and 4.
- 4.10 As with children and families, services for working age adults and older people with care and support needs are under significant pressure owing to wider social and national policy challenges. On average, people are living longer than in the past, meaning a greater proportion of the population is reaching old age and very old age than in previous decades. Similarly, thanks to advancements in medical care and social attitudes, people with conditions previously considered life-limiting are also living longer than they would have done in the past. In Cambridgeshire, between 2011 and 2021, the 50-59 population grew by 22% and the 70+ population grew by 33%. The impact of this on the council is significant –

for example, between 2020 and 2024 the cost of providing services for older people and people with physical disabilities increased by 64%.

- 4.11 Whilst people's improved longevity is to be celebrated, the national policy framework for adult social care services has not kept pace with this change and remains broadly designed for the needs of the twentieth century. Successive national governments have proposed to address these fundamentally important challenges but have all failed to deliver any meaningful reform. The latest White Paper ('People at the Heart of Care') is unlikely to be implemented in full, leaving major unanswered questions about how services should be provided and funded into the future. This presents councils with ongoing difficulties in the coming years as populations continue to live longer and place increasing demand on services. Looking forward, in Cambridgeshire, the 65+ age group is forecast to grow by 12.7%, and the 80+ age group to grow by 25% by 2030.
- 4.12 These challenges are exacerbated by the health inequalities in the overall population, which create pressures of their own on a range of public services throughout peoples' lives, and which store up future demand for older persons services as people live fewer years in good health. For example, health outcomes differ significantly between areas of Cambridgeshire, with parts of Fenland, Cambridge City and Huntingdonshire having higher levels of deprivation and income inequality compared to areas in South and East Cambridgeshire, resulting in poorer outcomes in life expectancy, physical activity, children's health and higher levels of loneliness and obesity.
- 4.13 To respond effectively to the challenges of changing demographics, health disparities and demand for care and support, the directorate wants everyone to live well as they age and lead a good life. This means thinking differently about services, so they place a greater emphasis on prevention and early intervention as well as embedding the 'Closer to Communities' ethos into the way services are delivered. Through better use of data and by listening to the voices of local people, the directorate will more effectively identify and address health inequalities, facilitating more active management of potential future demand growth.
- 4.14 Engagement with residents has highlighted that people prioritise supporting people to remain living at home and to continue being as independent as possible. The directorate will take every opportunity to support this aspiration, proposing improvements to its self-service offer through a more dynamic information, advice and guidance offer that empowers people with the knowledge they require to make informed decisions when planning for their future. It is also proposed that the 'Home First' philosophy will continue to ensure that people are supported with short-term interventions in their own home to aid the recovery of independence. For example, the Reablement Service provides short term support for up to six weeks to help people regain their independence after an illness or a stay in hospital, preventing the need to go into longer term care support. The directorate proposes creating greater capacity and flow in the service to allow more reablement activity to be undertaken and support more people to continue living in their own homes for longer whilst saving £465k.
- 4.15 Central to the 'Home First' approach is increased locality-based delivery of services. The Care Together programme has demonstrated the power of place-based models of care by supporting the establishment of micro-provider organisations, with 41 care micro-enterprises currently providing over 4,000 hours of care capacity per week in

Cambridgeshire, strengthening the local provider market and delivering care 'Closer to Communities'. Learning and evaluation from the Care Together programme will be used to inform and develop the new, place-based operating model set out in 'Our Future Council', mainstreaming this principle into the council's service design and delivery.

- 4.16 The directorate proposes to continue the use of strengths-based approaches in its practice to maximise people's independence and prevent, reduce or delay the need for long-term care, but where people do require longer-term care, it will be appropriate to their need and effectively reviewed as required. The Quality of Life Survey highlighted mental health as a concern for residents, and the directorate proposes a significant capital investment in independent living services and specialist accommodation schemes, with over £30 million to provide accommodation for people with complex needs. This will result in proposed savings in the revenue budget by enabling people to be more independent, including through independent living services in East Cambridgeshire and an improved accommodation model for working age adults with a learning disability or autism.
- 4.17 Because most care services are delivered by third party providers, the directorate has a crucial role to play in shaping the local social care market, ensuring it has the resilience and capability to effectively meet local need. Central to this is a proposed £30 million+ investment over the next five years to build a strong, stable and skilled workforce through a commitment to pay the Real Living Wage pay increases to care staff. Over 90% of our providers currently pay their workers the Real Living Wage and we want to ensure that the positive strides made in recognising the value of the care workforce are maintained. In 2025-26, the Real Living Wage will rise by 5% to £12.60 per hour, which will enable providers who are contracted by the council to effectively compete for workers in a market that suffers from national shortages, whilst also supporting care workers themselves individually, with pay that reflects the immense value of their contribution to Cambridgeshire. The directorate proposes to continue investing in the development of its own social care workforce over the coming years, growing 'in-house' experience through increasing social worker apprentice capacity and reducing the dependence on short-term and temporary staffing, with a proposed £149k investment in 2025-26.
- 4.18 The directorate also proposes a £523k investment to better manage contract outcomes, including costs, through increasing capacity in the contracts management and brokerage team. This will support placement decisions by assisting families with better information about different options and give a greater focus to contract management, improving value for money and standards. By maximising efficiencies across commissioned services, return on investment on contracts and by shifting the focus towards preventative contract management to design out inefficiencies, the directorate proposes savings of £1.8 million over 2025-26.
- 4.19 Over the last financial year there has been lower than expected older people's demand pressures in Adults, Health, Commissioning. This has allowed the re-baselining of projections for 2025-26 and a proposed reduction in spend by £9.6 million. Whilst this is welcome, further work is required to ensure these figures are prudent, meaning further data analysis will be undertaken to understand the underlying drivers of this emerging trend, especially considering the projected future growth and ageing of the county's population.

Place and Sustainability Directorate

- 4.20 Overall, it is proposed the Place and Sustainability Directorate will receive a £121 million gross budget in 2025-26, including total growth of £11 million. This budget will support continued investment in services the directorate delivers and commissions, including waste disposal, flood risk management, nature and biodiversity management, highways maintenance, road safety, active travel, major infrastructure delivery and implementation of the 'Connecting Cambridgeshire' programme to enhance local digital connectivity on behalf of the Cambridgeshire and Peterborough Combined Authority. Through these services the council will further realise the aims of Strategic Framework Ambition 1, 2 and 6.
- 4.21 The delivery of services by Place and Sustainability takes place against a backdrop of an increasing national focus on the role of local government in achieving central government's missions to drive economic growth and support the transition to Net Zero. Much of this activity will be delivered in partnership with the Cambridgeshire and Peterborough Combined Authority (CPCA), District Councils, Greater Cambridge Partnership, local business and institutions. The recently published CPCA 'Shared Ambition' document sets out a framework of 14 joint commitments across these partner organisations to drive economic growth and development across Cambridgeshire and Peterborough until 2050. The 'Shared Ambition' will form the basis of a new 'Local Growth Plan' for the region that will be submitted to central government to support a new National Industrial Strategy. Closely linked to this is heightened central government interest in the growth of Cambridge, which will see the creation of a development corporation to drive forward ambitious house building targets for the city. As such the directorate will be leading on the production of an Economic Framework for the county council to clarify and confirm its strategic role with partners.
- 4.22 The work of the directorate impacts on the lives of everyone living, working, learning and travelling through Cambridgeshire every day. For example, the directorate is responsible for maintaining over 4,600km of carriageway, 2,936km of footways and cycleways, 950 road bridges, 142 pedestrian and cycle bridges, 108,751 gullies and 54,286 streetlights across the county and each year repairs around 60,000 potholes. The highway network is a key enabler of economic growth and enables places and communities to prosper. However, historic underinvestment has resulted in a significant backlog of repairs and persistent resident concerns about road maintenance. To address these issues, the directorate is proposing investment of over £56 million in Cambridgeshire's highways in 2025-26. The council has received initial confirmation of its share of an uplift in funding for potholes announced by Government, which in Cambridgeshire is subject to a decision for the Cambridgeshire and Peterborough Combined Authority. This allocation is provisionally proposed to be £8.1m and through the updated draft budget it is proposed that the allocation of £8.1m is added to the previously proposed investment of £56m outlined in the draft business plan for investment in priority spend areas for highways.
- 4.23 To enable this, the proposed Budget and Business Plan includes growth of £3 million in revenue for 2025-26. £2 million of this growth will be used to support an additional £20 million of investment in planned capital maintenance. £500k will be invested in the redesign of the core highways maintenance function to improve the customer experience, responsiveness and performance of this key frontline service. The remaining £500k will be

allocated to improve the day-to-day delivery of drainage, flood resilience, tree, vegetation and weed management.

- 4.24 The additional £20 million in capital spend will be allocated to highway improvements and will target roads, pavements, drainage and flood resilience systems, bridges, safety barriers, traffic signals, public rights of way and cycleways. A revised and more transparent prioritisation process has now been implemented to ensure this investment is targeted to areas most in need. The additional investment will support a significant improvement programme in the delivery of highways services, with a new focus on utilising digital technology to improve customer service.
- 4.25 Whilst there is significant investment proposed the directorate is also focusing on being efficient and effective, through a further redesign of its services. The directorate expects to increase income by almost £3 million over 2025-26 – 2026-27 through increases in fees and demand for StreetWorks permits, parking management and for developers accessing Highways Development Control, to ensure the council is managing the implications that economic growth will have on the highway. In addition, the directorate expects to be able to drive contract efficiencies of £500k by working with its highway's contractors.
- 4.26 The most significant environmental service the directorate manages is waste disposal. Each year the council manages the disposal of around 320,000 tonnes of household waste, which is just under 500kg per person, and spends £50 million per annum on this single responsibility alone. Recycling, reuse, recovery and composting in the county is above average rates, currently sitting at 54%. However, the directorate is reviewing these services to ensure the best value for money for residents, whilst also improving the long-term environmental performance of our waste disposal arrangements. A strategic review of the current waste contract is currently being undertaken, with the potential to drive significant savings over 2026-27 and 2027-28.
- 4.27 As the council continues the journey to Net Zero for Cambridgeshire by 2045, work to respond to climate change through decarbonisation, enhancing the natural environment and improving water management continue. The directorate has enabled the council to reduce its direct carbon emissions by 42% and has several major energy projects that will provide income to the council. By drawing on this experience the council will now focus on supporting local communities to develop local green energy generation projects by working with local groups to implement schemes. The council also plans to deliver significant upgrades in the county's electric vehicle charging infrastructure over the coming three years through a multi-million-pound central government grant, and it is also investing £6 million in streetlighting to cut its own energy costs through the installation of LED bulbs.
- 4.28 Some of the services the directorate provides are regulatory in nature, supporting and protecting residents and the environment – for example, trading standards, planning, registration services, historic environment and the coroner's service. In relation to planning the directorate will seek to represent the needs of local people through its role as a statutory consultee. For Nationally Significant Infrastructure Projects (NSIPs), this involves working with applicants to develop their proposals to ensure they come forward in the best ways possible for the local community, including through presenting Local Impact Reports (LIR), and negotiating Section 106 funding and community legacy funding through legal agreements.

- 4.29 The directorate will continue to strive to deliver effective customer services to those residents receiving these services and ensure it performs its regulatory function in line with the relevant statutory duties. Furthermore, the delivery of key services, projects and initiatives will be designed in a way to support and respond to change within the population so that we can support the council's aim of being 'Closer to Communities'.

Finance and Resources Directorate

- 4.30 Overall, it is proposed that Finance and Resources will receive a £47.7 million gross budget in 2025-26. This budget will support continued investment in services the directorate delivers and commissions, including finance, procurement, property services, county farms, the Customer Contact Centre and IT and digital services. Through these services the directorate will further realise the aims of all seven of the Strategic Framework Ambitions, whilst also playing a key role in driving forward the cross-cutting change programmes set out in 'Our Future Council'.
- 4.31 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. The directorate will also complete the decoupling of core IT and digital services from the shared arrangements with Peterborough City Council. 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.
- 4.32 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.
- 4.33 'Our Future Council' will also drive forward the deployment and delivery of services through greater use of data, digital and technology. This will support council services to drive efficiency and productivity by getting more out of the data it holds, becoming digital-by-design and empowering the workforce with new tools and technologies. A blended channel strategy will provide multiple ways for residents to contact the council (online, by phone, or in person), anchoring services in the diverse places of the county so they are 'Closer to Communities', whilst guarding against the risks of digital exclusion. This will improve the customer experience by embedding a 'no wrong front door' approach that will speed up the resolution of enquiries and service requests and ensure the council is more responsive to trends emerging from resident complaints.

Strategy and Partnerships Directorate

- 4.34 Overall, it is proposed that Strategy and Partnerships will receive a £38.39 million gross budget in 2025-26, including total growth of £700k. This budget will support continued

investment in services the directorate delivers and commissions, including a countywide network of 33 libraries and the 60-year-old mobile library offer, support for vulnerable residents to maximise their income, seed funding for start-up groups and domestic violence services. The directorate also hosts services on behalf of the wider system to address systemic barriers and provide support to help people overcome complex issues, such as the High Intensity Users team, working with people who frequently access NHS Emergency Services for non-medical reasons, and Changing Futures, which works with homeless people. The directorate also delivers a grant-funded Adult Education and Skills service that supports 5,000 learners across 88 sites. Internally to the council, the directorate provides services like Human Resources, Legal and Governance and Policy, Insight and Change that enable the organisation to be well governed and data/evidence led. Through these services the directorate will further realise the aims of all seven of the Strategic Framework Ambitions, but with a particular focus on Ambition 5, whilst also playing a key role in driving forward the cross-cutting change programmes set out in 'Our Future Council'.

- 4.35 Recent years have seen an increase in the number of residents concerned about the cost of living, with many reporting they have changed their behaviours as a result. In response to this, the directorate will continue to commission support through the Household Support Fund over 2025-26 with a proposed investment of over £6 million in services that help people to maximise their income and gain access to household goods through the Local Assistance Scheme. In addition, the council has collaborated with partners to create an independently led Poverty Strategy Commission that is reviewing how the local system might work better to address the root causes of poverty and improve the support available to those affected by it. The council will continue to support the commission to conclude its work and will respond to its recommendations with partners, making a proposed £2.2 million available over 2025-26 to back evidence led interventions into reducing the impact of poverty.
- 4.36 Many of the council's resident-facing interactions take place through an extensive network of libraries. 24% of residents felt that improving libraries was a top priority for creating a fairer Cambridgeshire. In 2024-25 March Library was reconfigured to create a more flexible space for a range of cultural activities, with a grant from the Department for Culture, Media and Sport. Further investment will be made through the proposed £1.3 million 'Libraries Plus' programme over 2025-26, building on the work already approved to be carried out in Yaxley, Cambridge and Ely. All this investment will create more flexible spaces and expand the range of services available locally to our residents, so they are 'Closer to Communities'. Through 'Our Future Council' the role of libraries and community services will be further enhanced as the council continues to build more multi-disciplinary approaches to providing services around Cambridgeshire's distinctive places.
- 4.37 The Domestic Violence service supports victims and survivors of abuse across the county, and the ending of a time limited grant will allow this service to refocus on the core requirements of delivering the council's statutory duties as outlined in the Domestic Abuse Act 2021. Through its leadership of the Domestic Abuse and Sexual Violence Partnership, the directorate will embed the work previously funded by the grant into the wider service or through broader partnership activity, ensuring that all agencies are working together to identify and address issues of domestic abuse. The directorate will continue to host discrete services on behalf of the wider public sector, including the High Intensity Users team, jointly funded by the NHS Integrated Care Board, and Changing Futures, which is jointly funded by several councils and the Combined Authority.

4.38 The directorate's enabling functions have a key role to play in delivering an organisation that is well governed, can make evidence-based decisions and is prepared for the uncertainties of the future. Over 2025-26 and 2026-27 the directorate proposes the integration of still fragmented insight functions to create a single and more efficient service that can support the council to become more intelligence-led in policy development and service delivery, with a particular increased focus on population health. Delivering change across the council will be a key focus over 2025-26, ensuring implementation of 'Our Future Council' is aligned to the 'Solid Foundation' and 'Innovation' Principles'. This will involve embedding the newly approved Performance Management Framework, so delivery can be more clearly measured, and enhancing the council's democratic systems to ensure effective accountability and good governance, including delivery of the 2025 county council elections.

5. Capital and Treasury Management

5.1 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 1c, along with indicative sources of funding available. The programme for 2025-26 proposes a total budget of £161 million for capital expenditure, and a medium-term programme of £926 million:

Table 5.1 – Capital programme 2025-30 and beyond

	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	168,474	45,365	85,048	40,077	16,078	9,644	11,487	376,173
Adults, Health and Commissioning	462	9,304	20,619	19,446	16,212	16,415	33,450	115,908
Place and Sustainability	153,188	91,939	66,783	23,942	22,134	1,820	14,240	374,046
Finance and Resources	15,031	12,041	6,874	3,411	3,432	2,643	9,288	52,720
Strategy and Partnerships	4,753	2,164	170	30	-	-	-	7,117
Total Budget	341,908	160,813	179,494	86,906	57,856	30,522	68,465	925,964

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

Table 5.2 – Capital funding summary

	Prev Years £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	Later Yrs £000	Total £000
Grants	77,716	70,446	42,789	32,881	31,162	9,225	33,910	298,129
Contributions	80,717	26,304	70,567	58,374	53,498	10,398	13,076	312,934
Capital Receipts	-	3,952	10,000	8,000	6,000	3,000	10,000	40,952

Prudential Borrowing	182,919	65,738	82,584	25,241	19,376	12,671	20,739	409,268
Prudential Borrowing (repayable)	556	-5,627	-26,446	-37,590	-52,180	-4,772	-9,260	-135,319
Total funding	341,908	160,813	179,494	86,906	57,856	30,522	68,465	925,964

- 5.3 It is noted that a large number of externally funded grants have yet to be identified beyond 2025-26, 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 2025-26 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 in 2025-26.
- 5.4 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 £4 million in 2025-26 received to fund part of the planned expenditure.
- 5.5 The total programme for 2025-26 as it currently stands requires £152.7 million of funding which includes £60 million from borrowing. Given the financial pressures on the revenue fund, limits are set to provide a level above which capital financing costs will have an unjustifiable impact on the revenue budget – this limit is inflated each year. The level of borrowing planned for 2025-26 has been assessed as affordable within the current provision for financing.

Table 5.3 – Capital financing position

	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
2025-26 draft borrowing (net figures excluding Invest to Save / Earn schemes)	41.3	41.9	44.5	46.1	43.9	41.8
Recommend limit	42.2	43.0	43.9	44.7	45.6	46.5
HEADROOM (-)	-0.9	-1.1	0.6	1.4	-1.8	-4.7

Recommend limit (3 years)	129.1	136.8
HEADROOM (-) (3 years)	-1.4	-5.1

- 5.6 The table above shows that the cost of capital is expected to continue to rise into 2027-28, but likely to decline after that due to reducing interest rates. 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 and therefore over the current three year period we are very close to the recommended limit. In some later years we are expected to be in breach of the limit and further re-prioritising may be required. Headroom seen in the final two years needs to be compared to the wider budget gap and the need to bring costs down.

- 5.7 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.
- 5.8 By maintaining a more prudent and lower borrowing forecast for 2025-30 it has a positive knock-on impact to the general fund expenditure as regards the cost of repaying borrowing.
- 5.9 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.
- 5.10 Linked to its borrowing, the council is required to set a Treasury Management Strategy (TMS) and to approve and monitor a set of prudential indicators for 2025-30. These include indicators for the authorised limit and operational boundary for external borrowing, the cost of servicing debt as a percentage of net revenue, and the council's underlying borrowing requirement. The proposed TMS is part of the business plan and is included at appendix 1f. The TMS has been revised in particular to reflect three changes to statutory regulation, guidance and codes for 2025-26:
- Adoption of IFRS 16 Leases into the CIPFA Code of Practice for Local Authority Accounting. This requires a lessee to recognise all high value, longer than 12-month leases on the balance sheet, increasing the council's debt liability.
 - End of the IFRS 9 statutory override. This ends the ability for the council to reverse out any revenue impact of pooled fund valuation gains and losses.
 - Update to regulations and guidance regarding Minimum Revenue Provision (MRP) to provide greater clarity and transparency, and ensure authorities are not underpaying their MRP charge.

For further detail on these changes, please see section 1 of the TMS included at appendix 1f.

- 5.11 The council is currently reviewing the medium-term budget and financial strategy submitted by the Greater Cambridge Partnership (GCP) following consideration by its Executive Board in November. The GCP's budget planning governance has been brought forward in order to align with the County Council's timescales. Progress has been made in recent months with reducing the GCP capital "overprogramming" whereby an overallocation of funds was initially made in a recognition that not all capital schemes would progress and gain permission. The GCP has significant capital expenditure programmed over the coming years, funded through a mixture of government grants and developer contributions. Although capital overprogramming has been reduced, there remains a timing risk around developer contributions, with much of these expected to be receivable in later years (in some cases many years later than the spend associated with the schemes they fund). The GCP is currently in a cashflow surplus with this predicted throughout the 2025-26 financial year. Forward budget assumptions include up to £230m of repayable borrowing, which

would engage the County Council, as the GCP accountable body in temporary prudential borrowing to be repaid from future developer contribution receipts in the longer term. Although modelling suggests this is affordable from a capital and overall perspective, and that the assumptions around section 106 are reasonable in the long term, there is a challenge presented in having sufficient revenue funds to service the associated debt charges in the medium term. Alternative funding and prioritisation options are continuing to be explored: the GCP has had recent success at obtaining cashflow support from national government for specific schemes and this is an example of an approach which could be extended. It is intended that the GCP will reach a position which is fully funded within GCP resources, including the ability to service any costs of capital associated with temporary borrowing and cashflow.

- 5.12 More information about the county council's capital programme can be found in the proposed capital strategy at appendix 1e.

6. Funding

- 6.1 The council draws its funding from two main sources – government grants and locally generated revenue (predominantly council tax, as well as business rates).

Government Grants

- 6.1.1 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 2025-26, the council is expecting to receive £75.7 million of these general grants, with the main ones being:
- Social care support grant - £48.3 million
 - Compensation grant for frozen business rate levels, and for business rates relief schemes - £17.2 million
 - Funding to offset the impact on the council of increases to its employer National Insurance contributions - £2 million
 - Education services grant (for retained education duties) - £2 million
 - Domestic abuse grant - £1.5 million
 - Children's prevention grant - £1.5 million

Projections of these grants are based in the most part on the provisional local government finance settlement announced in December 2024; these are not fully confirmed until the final settlement (expected in February 2025) but can usually be relied on as firm numbers subject to very minimal change. The exception to this is the grant for compensation to councils for the impact of employer national insurance changes, for which allocations have not been announced due to some councils not having provided government with the necessary information for the funding formula. The impact of the settlement compared to previous assumptions is:

Table 6.1 – Government Grant differences, settlement compared to previous assumptions

Grant	Assumed	Settlement	Difference	Notes
Social care grant	£45.8m	£48.3m	£2.5m	
New Homes Bonus	£1.3m	£1.2m	-£0.1m	
Recovery Grant	-	-	-	£600m nationally
Children's prevention grant	-	£1.5m	£1.5m	Funding existing lines
Domestic Abuse Act Statutory Duty funding	£1.2m	£1.5m	£0.3m	Domestic violence service receives base budget in excess of the grant value
Local Services Support Grant (LSSG) - Extended Rights to Free Travel	£1.4m	-	-£1.4m	Rolled into revenue support grant
Revenue Support Grant	£0.03m	£1.5m	£1.5m	Due to rolling in of above grant
Compensation for under-indexing the business rates multiplier	£14.5m	£13.7m	-£0.7m	Relief grants in addition to this outside of settlement
Total			£3.5m	
Employer national insurance compensation grant	£2.0m	?	?	Not announced

6.1.2 In addition to this the Government is expected to be issuing a smaller number of specific ring-fenced grants for schools funding, social care pressures and market support, private finance initiatives and others. The council also receives a key contribution from the Government, via the NHS, through the Better Care Fund which supports adult social care. The Dedicated Schools Grant and the Better Care Fund are both expected to increase in line with government commitments, and other adult social care grants appear to be protected. The public health grant totals around £30 million and is projected to increase by 1.6% next year. The council is also assuming the Household Support Fund grant will continue, with around £9 million of funding.

6.1.3 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, the council does 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 the council's financial position.

6.1.4 The expected grants overall are:

Table 6.2 – Grant projections for 2025-26

Grant	Amount 2025-26
General grants:	
Social Care Support Grant	£48.3m
Services Grant	-
Section 31 grants and local taxation support	£17.2m

Grant	Amount 2025-26
New Homes Bonus	£1.2m
Education Services Grants	£2.0m
Domestic Abuse Grant	£1.5m
Children's prevention grant	£1.5m
Extended Rights to Free Travel Grant	-
Anticipated national insurance compensation grant	£2.0m
Other unringfenced grants	£2.1m
Total general grants	£75.7m
<i>Ringfenced grants:</i>	
Better care fund	£22.0m
Improved better care fund	£18.7m
Adult skills	£2.2m
PFI grants	£6.5m
Public Health Grant	£30.6m
Unaccompanied asylum seeking children	£4.9m
Household support fund	£7.2m
Leaving care	£2.1m
Adult social care market sustainability fund	£10.2m
Adult social care discharge fund	-
Other ringfenced grants	£7.8m
Total ringfenced grants	£112.2m
Total grants	£187.9m

- 6.1.5 The finance settlement announced two new grants – a recovery grant and a children’s prevention grant. We will get no funding through the recovery grant due to it being heavily weighted towards deprived areas (and consequently most going to metropolitan borough councils). £1.5 million of children’s prevention grant is proposed to be used to fund existing planned investments in our children’s residential strategy and SEND improvements.
- 6.1.6 The government has also announced provisional allocations of funding for Extended Producer Responsibility Payments, a scheme under which producers of packaging waste would be required to make a payment. It has been indicated that Cambridgeshire could receive over £5 million next year through this scheme; however, the parameters of the scheme, the extent of any new burdens on the council to administer it, and the impact on actual waste production, are so uncertain that the council is not factoring this funding into its assumptions at this stage. As a result of this uncertainty, and the one-off nature of the funding, it is proposed that the allocation, when confirmed and received by the council, is transferred to an earmarked reserve, with further decisions on allocation of the funding to be recommended to this committee in due course.

6.2 The main sources of locally generated revenue to the council include:

Fees and charges

6.2.1 The council generates over £156 million a year in income from charging for its services. This can be charges to local residents either on a statutory (such as assessed charges for adult social care) or discretionary basis (such as parking charges), charges to other councils and public bodies (such as income for shared services), or other income (such as charges to utility companies for roadworks, or interest income from the council's cash balances).

6.2.2 Directorates review fees and charges annually as part of the business planning process, and these can be found at Appendix 2. These are updated in accordance with the council's policy for an annual inflationary increase, where permitted, and also updated where there are additional income generation proposals.

6.2.3 At this stage, a summary of fees and charges budgeted for by directorate is:

Table 6.3 – Fees and charges for 2025-26

Directorate	2025-26 fees and charges budget	Examples of charging
Children, Education and Families	£17.2 million	Traded education services, contributions from other local authorities for services, charges in line with policy for home to school transport.
Adults, Health and Commissioning	£67.2 million	Statutory assessed social care contributions from individuals receiving care.
Place and Sustainability	£31.4 million	Charges for highways management and permitting; income from selling generated electricity; ongoing shared service contributions from Peterborough City Council
Finance and Resources	£28.1 million	Commercial and treasury income, including from property rents, loan interest and fund investments. Rental income from the county farms estate.
Strategy and Partnerships	£3.5 million	Libraries income, learning and development income; contributions from other local authorities for services, archives income
Financing	£9.6 million	Interest on council banking balances
Total	£156 million	

Business rates

6.2.4 This is a tax on commercial property and is based on the assessed property value at a rate set by national government (including various reliefs and exemptions). Half of the business rates collected by local authorities is retained locally, and the remainder is passed to national government who redistribute it to councils to equalise the impact on areas that collect less in rates. The Government also minimises the impact on councils of the reliefs and exemptions that are put in place – as the scale of reliefs increases (particularly the government having not increased business rates by inflation much over recent years) an increasing amount of funding is received as a grant instead of as business rates. Revenue Support Grant (RSG) also comes through the business rates system – due to certain grants being rolled-into RSG for 2025-26 the council is going to get a non-trivial allocation (£1.5 million). For 2025-26, therefore, the council is forecasting to receive £77.9 million in business rates, an increase of £2.9 million (4%) on 2024-25 (but like for like this is only a 2% increase, in line with inflation, after the RSG effects are adjusted for), and a further £17.2 million in compensation grants which are reported above. We budget on the basis of business rates returns submitted by district councils, which present a more current view of collections and the costs of reliefs, rather than on government announcements (through the 'settlement funding assessment') which are based on estimates only and can lag actuals.

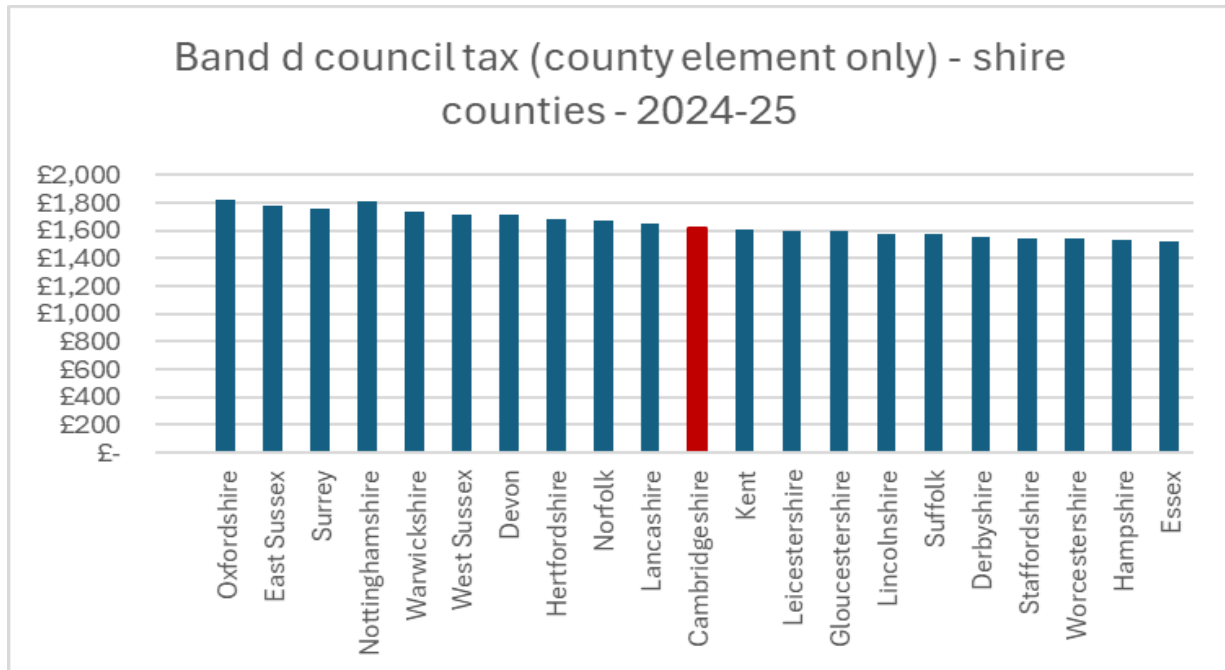
Council Tax

6.2.5 For council tax, increased income is seen through two routes. Firstly, the council is permitted to increase the rate at which council tax is set. In recent years, this has been a maximum of up to 5% above which a confirmatory referendum must be held. A portion of this increase is permitted if it is ringfenced to support adult social care services (the adult social care precept). Following the November Policy Statement, the council has confirmed that upper-tier councils will be permitted to raise council tax by up to 5%. For the purposes of this budget update, an uplift of 4.99% has been assumed for 2025-26 (an increase from the underlying assumption of 2% set in last year's business plan, which continues to apply to later years). A 4.99% increase in council tax generates around £20 million for the council, of which £12 million would be additional compared to the previous assumed level. While this increase is above the level of general inflation, staffing costs are increasing at a much faster rate, particularly when the increase in national insurance is factored in. This impacts on the council's supply chain as well as our directly employed staff.

6.2.6 As well as increasing the rate of tax, the underlying taxbase also increases. This is mainly through additional properties being developed, but also follows work in the council to review eligibility for discounts and exemptions. Based on projections from district councils, the council estimates a 1.414% increase in taxbase, generating around £5.8 million. Until the latest estimates from district councils, the estimates from them we were using had a 1.5% increase in the taxbase; this reduction, made known to us in December and January, sees our expected council tax income reduce by £1.3 million. Usually, single people are entitled to benefit from the national 25% discount scheme from Council Tax. All of the district councils in Cambridgeshire operate a Council Tax reduction or support scheme for some eligible households which are on low incomes or in receipt of benefits. These schemes vary from district to district.

6.2.7 Compared to other shire counties, Cambridgeshire currently is around the average in terms of the annual council tax charge it levies, and given pressures facing local authorities across the country the council would expect to continue to be in the middle of this comparator group for 2025-26:

Chart 6.1 – Band D council tax (county element only) shire counties 2024-25



6.2.8 The amount of council tax paid by a household depends on the banding of the property, with band D used as the comparator and benchmark. Despite this, the majority of properties within Cambridgeshire are lower than band D and will therefore pay less:

Table 6.4– Cambridgeshire council tax bands per district

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Bands A-C
Cambridge	7.3%	18.2%	34.3%	17.4%	10.0%	6.6%	5.4%	0.8%	59.8%
East Cambridgeshire	12.1%	28.3%	20.7%	18.4%	12.4%	5.9%	2.0%	0.2%	61.1%
Fenland	36.4%	27.4%	18.8%	10.3%	5.3%	1.5%	0.4%	0.1%	82.5%
Huntingdonshire	15.1%	26.0%	23.2%	15.5%	12.3%	5.3%	2.4%	0.2%	64.3%
South Cambridgeshire	3.8%	11.6%	30.4%	18.7%	16.6%	11.7%	6.6%	0.6%	45.8%
Cambridgeshire	13.7%	21.5%	26.1%	16.2%	11.8%	6.6%	3.6%	0.4%	61.4%

6.2.9 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 Executive Director of Finance and Resources as the Council's appointed Section 151 Officer must report on the robustness of estimates and the proposed adequacy of reserves – Section 25. This is provided to committee as a separate item on the agenda and will be made available to Full Council in considering the budget.

6.2.10 The latest estimates from district councils are that the taxbase for council tax is 248,328.59, and the county council's council tax requirement at the moment is estimated as £422 million. The band D council tax charge from the county council would therefore be £1,700.64 (an increase of £80.82), with other bands seeing charges of:

Table 6.5– Cambridgeshire County Council, council tax charge increase for 2025-26

Band	Fraction	County council tax charge	Increase	Increase per week
A	6/9	£1,133.76	£53.88	£1.04
B	7/9	£1,322.72	£62.86	£1.21
C	8/9	£1,511.68	£71.84	£1.38
D	9/9	£1,700.64	£80.82	£1.55
E	11/9	£2,078.56	£98.78	£1.90
F	13/9	£2,456.48	£116.70	£2.25
G	15/9	£2,834.40	£134.70	£2.59
H	18/9	£3,401.28	£161.64	£3.11

6.2.11 The formal derivation of our council tax requirement is set out below.

Table 6.6– Derivation of council tax requirement:

2024-25 revised gross budget	£1133.7m
Plus: demand, inflation, pressures and priorities	£57.8m
Less: Savings	-£32.6m
Change in budget for reserve drawdowns	-£0.3m
Budget gap	-
Gross budget	£1158.6m
Less: Ringfenced grants	-£104.0m
Fees & charges	-£163.7m
Schools grants	-£318.7m
Net budget required for 2025-26	£572.2m
Funded by	
General unringfenced grants	-£73.7m
Business rates and top-up	-£76.2m
Collection fund adjustment	-
Council Tax requirement	£422.3m
Taxbase	248,328.59
Band D	£1,700.64

7. Reserves

7.1 The council holds reserves for four main purposes:

- To mitigate risks and meet the impact of unforeseen costs
- To enable investment and pump priming of activity to make us more sustainable
- To meet cyclical costs
- To hold ringfenced funds until they are spent

7.2 The council's general reserve is the main un-ringfenced reserve to meet unexpected costs and is projected to be £23.47 million at the end of 2024-25 based on the latest revenue forecast position. The minimum position proposed level of the general reserve for this business plan (set out separately to this committee) is £26.7 million for 2025-26, and so the council has prioritised identifying other reserves that can be moved to top-up the general reserve; and the council is focussing on reducing the expected overspend for 2024-25.

7.3 As well as the general reserve, the council maintains some more specific reserves to cover known risks. Other risk 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.

7.4 Reserves funding to deliver the council's strategic priorities predominantly come from the Just Transition Fund (established in 2022 to drive change required to make the council more sustainable) and the Change and Digital Reserve (to pump prime reforms and the council's change programme). These are committed over the medium-term as part of this business plan.

7.5 The following key assumptions are made in considering the level of reserves:

- Savings – these are expected to be generally deliverable, but some provision is made through the business plan for slippage on delivery.
- Funding – the continuing lack of certainty around the medium-term funding position requires us to hold reserve to mitigate against adverse changes and fluctuations
- Demand – uncertain demand for council services due to changing needs and unforeseen events such as weather disruption

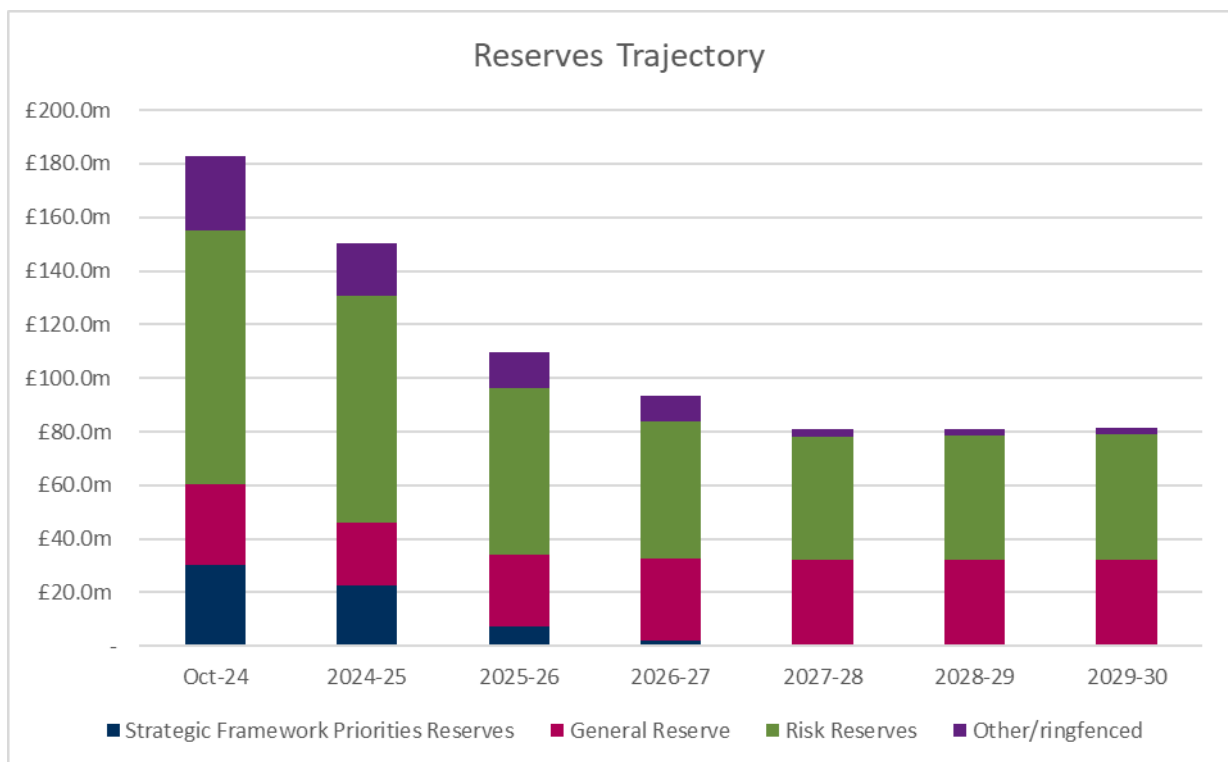
7.6 The key risks identified at this time are related to unpredictable costs and demand trajectories in social care, the council's high needs block deficit, volatility in council tax projections, long-term arrangements for waste disposal, and commercial income.

7.7 This table and graph summarise the forecast reserves balances over the medium-term, and the full earmarked reserves schedule can be found at appendix 3.

Table 7.1 – Reserves summary

£000	Forecast closing balances £000					
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
General Reserve	23,472	26,700	30,600	32,000	32,000	32,000
Strategic Framework Priorities	22,454	7,286	1,900	406	285	285
Risk	84,875	62,463	51,399	45,906	46,302	46,841
Ringfenced	16,773	11,153	7,550	653	144	144
Sinking Fund	2,301	1,964	2,005	2,045	2,236	2,236
Unusable	274	137	0	0	0	0
Total Revenue Reserves	150,150	109,704	93,454	81,009	80,966	81,505

Chart 7.1 – Reserves Trajectory



8. Medium Term Financial Strategy (MTFS)

8.1 As a result of the changes proposed through this update to the draft business plan, the overall current draft medium-term financial plan is:

Table 8.1 – Draft medium-term financial plan

	2025-26	2026-27	2027-28	2028-29	2029-30
Funding					
Council Tax	-£419m	-£436m	-£450m	-£465m	-£481m
Business Rates	-£78m	-£79m	-£81m	-£83m	-£84m
General government grants	-£76m	-£75m	-£105m	-£105m	-£105m
Funding total (Net Budget)	-£573m	-£590m	-£637m	-£653m	-£670m

	2025-26	2026-27	2027-28	2028-29	2029-30
Net Expenditure					
Opening net budget	£539m	£573m	£608m	£665m	£705m
Base adjustments	£17m	-£1m	£4m	£3m	£0m
Inflation	£25m	£22m	£23m	£23m	£24m
Demand	£17m	£18m	£19m	£20m	£21m
Pressures	£20m	-£3m	-£1m	-£0m	£0m
Priorities & Investments	-£2m	£4m	-£1m	-£1m	-£1m
Capital Financing budget changes	-£1m	£1m	£0m	-£5m	-£3m
Changes in ringfenced grants	-£8m	£6m	£30m	-	-
Subtotal	£608m	£621m	£681m	£705m	£746m
Changes in income generation	£2m	-£1m	£1m	£2m	£2m
Income inflation	-£3m	-£3m	-£2m	-£2m	-£2m
Change in budget for reserves draw-down	-£1.8m	£5.8m	£1.2m	£0.7m	£0.4m
Savings	-£32m	-£16m	-£15m	-£0m	-£0m
Net Expenditure Budgets	£573m	£608m	£665m	£705m	£746m
Cumulative budget gap	£0m	-£18m	-£29m	-£51m	-£76m
Funding Requirement	£573m	£590m	£637m	£653m	£670m
Council tax as %	73.2%	73.8%	70.8%	71.2%	71.7%

8.2 More information on the contents of this can be found in appendix 1b (medium-term financial strategy).

9. Significant Implications

9.1 Finance Implications

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.

9.2 Legal Implications

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.

9.3 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. 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.

9.4 Equality and Diversity Implications

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.

10. Source Documents

- 10.1 [Strategic Framework Refresh](#)
- 10.2 [Quality of Life Survey Results](#)
- 10.3 ['Our Future Council' Change Strategy PowerPoint Presentation](#)
- 10.4 [Business Planning and Budget setting October SRP Committee](#)
- 10.5 [Business Planning and Budget setting December SRP Committee](#)