

Business Plan and Budget 2025-26-2029-30

To: Children and Young People Committee

Meeting Date: 14 January 2025

From: Executive Director for Children, Education and Families
Executive Director of Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

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

Recommendations: The Committee is asked to:

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

Voting arrangements: Co-opted members are not eligible to vote on this report.

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1. Creating a greener, fairer and more caring Cambridgeshire

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

- **Ambition 1:** Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes
- **Ambition 2:** Travel across the county is safer and more environmentally sustainable
- **Ambition 3:** Health inequalities are reduced
- **Ambition 4:** People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs
- **Ambition 5:** People are helped out of poverty and income inequality
- **Ambition 6:** Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised
- **Ambition 7:** Children and young people have opportunities to thrive

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

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

2. Background

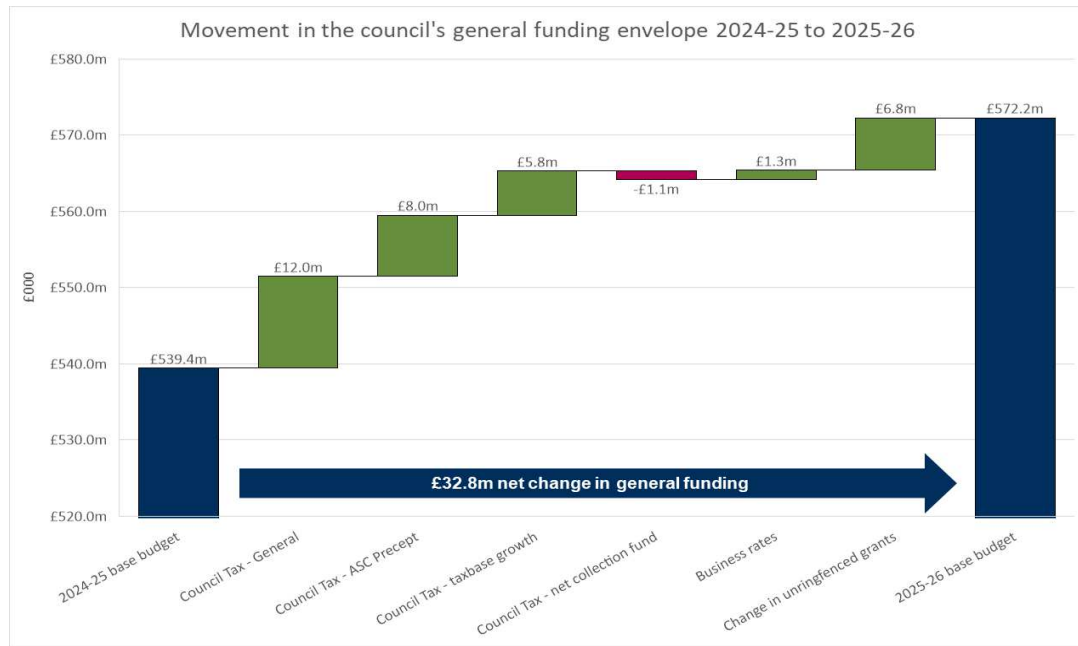
2.1 The draft 2025-30 Business Plan and Budget presented at Strategy, Resources and Performance Committee at its meeting on 17 December 2024, details how the council will continue delivering against its seven ambitions, respond to resident feedback and set a legal budget.

2.2 This committee, alongside other Policy and Service committees will consider the draft business plan and budget proposals, and any feedback will be presented to Strategy, Resources and Performance Committee at its next

meeting 28 January 2025 for consideration of recommending budget proposals to Full Council on 11 February 2025

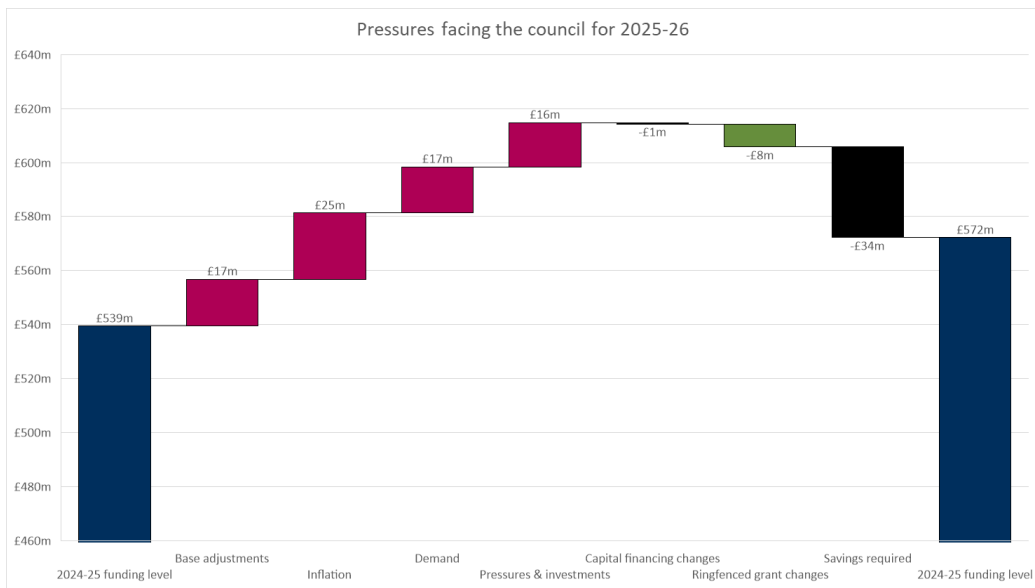
- 2.3 At this stage, the council is projecting to see a net increase of general funding of £32.8 million. This comprises a 4.99% increase in Council Tax, changes to the taxbase for Council Tax, increased business rates income and a net increase in general government grants.

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



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

Chart 2 - Pressures facing the council for 2025-26



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

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

Table 1 - How the balanced budget is arrived at

	£m	£m
Pressures, investments and adjustments	75.5	
Budget Changes		75.5
Less funding changes:		
Change in ringfenced grants		-8.5
Change in general grants	-6.8	
Proposed Council Tax increase	-20.1	
Council Tax taxbase and collection fund	-4.6	
Business rates income	-1.3	
General funding increase		-32.8
Funding envelope changes		-41.3

	£m	£m
Total gap to find		34.2
Savings identified	-32.6	
Changes in income, excluding schools	-1.3	
Add: reverse out previous year reserves budget	11.8	
Less: reserves use	-12.1	
Total Gap remaining		0.0

2.7 Against that context, the report includes a further forecast for 2026-27 to 2029-30. This brings into focus key change programmes that have begun or will begin in 2025 to help determine the future shape and funding of the Council to achieve a balanced budget in each of the years remaining of the current Strategic Framework. Nevertheless, the council continues to have a budget gap in the remaining years of the medium-term:

Table 2 - Revised medium-term budget gaps

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

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

Table 3 - Capital Programme by Directorate 2025-30

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

2.9 The total programme for 2025-26 as it currently stands requires £139.2 million of funding which includes £56 million from borrowing. The cost of capital is

expected to continue rising over the medium-term, exceeding £46 million by 2027-28. Although the capital programme has been prioritised to ensure that the expected cost of capital is within the prudential limit set by the capital strategy for 2025-26, we are very close to the limit in all years of the medium-term and so re-prioritisation may be required if there are any further capital spend requirements.

- 2.10 Subsequent to these projections made in early December 2024, the provisional local government finance settlement was announced on 18 December 2024. This confirmed several grant allocations for the council for 2025-26, with them broadly in line with our expectations. In particular, an increase in the social care grant of nearly £6.5 million (ringfenced to both children's and adults care) provides funding to underpin our inflationary and demand pressures, and a new £1.5 million children's prevention grant is likely to fund commitments in the business plan. The provisional settlement had several gaps that are awaiting the final settlement in February 2025, particularly confirming how much funding councils would get to offset the increase in employers' national insurance, and ultimately it isn't until the final settlement that our funding numbers can be fully confirmed. Broadly speaking though, notwithstanding that, the provisional settlement was in line with expectations and estimates made in this draft business plan.
- 2.11 At the same time, we are receiving updated taxbase and business rates estimates from district councils, and therefore a full update of the draft business plan will be presented to Strategy, Resources and Performance Committee in January.

3. Childrens, Education and Families Directorate overview

- 3.1 Overall, it is proposed that Children, Education and Families will receive a £182.7 million gross budget in 2025-26, including total growth before savings of £16.16 million. This budget will support continued investment in the wider range services that Children, Education and Families delivers and commissions, 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 Special Educational Needs (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 achieve further progress against the Council's Strategic Ambitions, including Ambition 7.
- 3.2 The delivery of services for children, education and families takes place against an extremely challenging national context. Councils across the country are continuing to face unrelenting growth for Special Educational Needs (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 51% increase in children with an Education, Health and Care Plan (EHCP), which in turn has driven cost increases in Home to School Transport for young people with Autism. These pressures have required 93 upper councils, including Cambridgeshire County

Council, to enter into special arrangements with the Department for Education to manage significant budget deficits, which 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.

- 3.3 In addition, there has been an unprecedented increase in the cost of providing Children-in-Care placements owing to well-publicised market failures and profiteering by some private providers. Whilst the new Government has recently committed to addressing these issues nationally through a policy reset of Children's Social Care, the pressures felt locally have been and remain acute, with the cost of placements rising by 42% between 2020 and 2024. Many of these placements have also been required to be 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 national system that requires a whole system approach, led by Government, nationally to address this.
- 3.4 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 re-investment of resources into early intervention and preventative activities. By doing this the directorate will also reduce demand and the 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 principle of 'Our Future Council' and bring more services 'Closer to Communities'.
- 3.5 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 locally based structures that break down professional boundaries across council teams, enabling front-line professionals 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.
- 3.6 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. The proposed Children's Residential Strategy will aim to reduce this dependence, support by 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 accommodation for children and young people with complex needs. Through this approach, the directorate plans to achieve almost £5 million in savings in placement costs over 2025-26 and 2026-27.

- 3.7 In Education, the directorate will embed an 'Inclusion for All' approach, promoting more effective partnership working with local schools and multi academy trusts, enabling more children to remain in education settings closer to home. For example, a new £1.3 million capital investment proposal in Enhanced Resource Bases, or 'Inclusion Hubs', 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 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, with proposals including two new primary schools, a primary school expansion, 2 new four form secondary schools and a one form entry expansion at Abbey College.

Table 3.1 – Children, Education and Families budget position 2025-26

Heading	2025-26 £000	Comments
Opening gross budget	176,260	
Base adjustments	3,044	Adjustments during previous year's detailed budgeting, relating to gross/income changes or small transfers between directorates
Revised opening gross budget	179,304	
Inflation	5,960	A range of inflationary increases including uplifts for children in care placements and home to school transport, which have very constrained provider markets, as well as staffing inflation.
Demography and Demand	7,041	Rising numbers and complexity of children in care and children requiring transport (particularly children with SEND).
Pressures	5,553	Reflecting 2024-25 overspend positions in the directorate, as well as impact of national insurance changes.
Investments	650	A range of proposals are set out in Table 3 at Appendix 1b, with a number highlighted referenced in the table below
Use of Reserves	-3,049	Temporary funding for pressures
Savings	-12,794	A range of proposals are set out in Table 3 at Appendix 1b, with a number highlighted referenced in the table below.
Closing gross budget	182,665	
Opening income budget	-27,360	
Income base adjustments	-2,763	Adjustments during previous year's detailed budgeting, relating to gross/income changes or small transfers between directorates
Revised opening income budget	-30,123	
Income inflation	-74	
Income generation	-205	
Income grant changes	-1,230	

Closing income budget	-31,632	
Closing net budget	151,033	
Total growth	16,155	
Change in gross budget	3,361	
Change in net budget	2,133	
Change in net budget %	1.4%	

Table 3.2 – Highlights of proposed Children, Education and Families investments and savings 2025-26-2027-28

Proposal and table reference number	2025-26 £000	2026-27 £000	2027-28 £000	Detail
CEF Service Redesign Work - Integrated Front Door / Multi-Agency Safeguarding Hub (Table 3 - A/R.4.011)	490			Additional funding required for essential posts within the Multi-Agency Safeguarding Hub (MASH) and for the East Cambridgeshire Assessment Team to be made permanent to ensure demand can be met within this area and manageable caseloads across all Assessment Teams across Cambridgeshire.
Review of Targeted Support Services (Table 3 - A/R.7.028)	-833	-167		Application of Council wide organisational design principles and improved empowerment of professionals within the Targeted Support Service through workforce redesign.
Residential Strategy Investment (Table 3 - A/R.5.002)	650	1,950		Continued development of the Children's Residential Strategy that will enable the Council to better meet the needs of children coming into its care with increased local residential capacity. By reducing the numbers of children looked after in high-cost independent and out of county homes the Council will save on placement costs. This investment is linked to Children's placement savings A/R.7.011
Residential Strategy -	-1,231	-3,693		The Council recognises the high cost of children's care

Proposal and table reference number	2025-26 £000	2026-27 £000	2027-28 £000	Detail
Children in Care placements (Table 3 A/R.7.011)				placements as a national matter to address. However, in the meantime it proposes increase placement capacity at new homes in Cambridgeshire. This is forecast to reduce weekly care costs significantly as reported to Children and Young People Committee in July 2024. These savings linked to the Residential Strategy investment A/R.5.002
Children in Care placements demand (Table 3 - A/R.3.001)	3,897	3,897	3,897	Additional funding required to provide care for children who become looked after due to an increase in the complexity of need and shortage of suitable placements.
SEND capacity (Table 3 – A/R.4.010)	920	-200		Required investment to increase capacity in SEND Services and the Statutory Assessment Team.
Home to School Transport - Special demand (Table 3 – A/R.3.004)	2739	3081	3465	Additional funding required to provide home to school transport for pupils attending special schools due to the anticipated increase in the number of pupils attending Cambridgeshire's schools in 2025-26 and growing complexity of need.
Home to School: Central costs & Logistics Review (Table 3 - A/R.7.078)	-833	-1250	-2000	Savings achieved through a comprehensive review of the Home to School Transport Service, with an external and expert input. The planning assumption is that 10% of the Home to School Transport budget will be saved over 3 years.
Enhanced Resource Bases				Provision of a special unit within mainstream schools which

Proposal and table reference number	2025-26 £000	2026-27 £000	2027-28 £000	Detail
(Table 4 – A/C.8.014)				offers children and young people access to mainstream education alongside specialist support

The medium-term financial plan for the directorate is:
Table 3.3 – medium-term financial plan

£000	2025-26 gross to net £000		Net budget £000				
	Spend	Income	2025-26	2026-27	2027-28	2028-29	2029-30
Executive Director for Children, Education and Families and CEF Staffing costs	2,580	-15	2,565	4,285	6,839	9,381	12,014
Quality Assurance & Practice Improvement	2,801	-312	2,489	2,489	2,489	2,489	2,489
Fostering, Adoption and Corporate Parenting	28,390	-8,952	19,437	19,689	20,031	20,385	20,751
Children's Social Care and Targeted Support	29,154	-4,239	24,915	24,215	23,479	23,480	23,481
Education	74,452	-16,558	57,893	61,932	63,568	69,104	75,181
Commissioning	35,433	-754	34,679	39,902	44,045	49,231	54,462
Children's Disability Service	9,856	-801	9,055	9,349	9,801	10,310	10,867
Total	182,666	-31,632	151,034	161,862	170,252	184,380	199,265

4. Funding

4.1 The council draws its funding from two main sources – government grants and locally generated revenue (predominantly council tax, as well as business rates, and then charging for council services).

Government Grants

4.1.1 Children, Education and Families receives a significant number of external grant funding. Confirmation of final allocations for 2025-26 are still outstanding for a number of key areas and will be updated on receipt. As referenced above a £1.5 million children's prevention grant is replacing a number of existing grants and is likely to fund commitments in the business plan.

Fees and charges

4.2 The total fees and charges budget for the Children, Education and Families directorate for 2025-26 is £23.3m. Examples of these fees and charges are

Traded education services, contributions from other local authorities for services, charges in line with policy for home to school transport.

- 4.3 In accordance with the council's scheme of financial management, Executive Directors are personally responsible for reviewing annually the levels of fees and charges, in consultation with the section 151 officer and presenting a schedule of fees and charges to the relevant service committee. The planned fees and charges within the remit of this committee are included as Appendix 2.

Capital

Table 4.1 – summary of CEF Capital schemes

Scheme	Total Cost £000	Previous Years £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	Later Years £000
Basic Need - Primary	119,653	23,441	10,425	32,915	28,953	11,029	8,963	3,927
Basic Need - Secondary	170,378	85,522	18,864	55,782	9,584	626		
Basic Need - Early Years	9,554	6,593	2,961					
Adaptations	2,892	854	2,036	2				
Condition & Maintenance	17,429	850	5,495	4,584	3,250	3,250		
Schools Managed Capital	6,240	-	780	780	780	780	780	2,340
Specialist Provision	65,311	51,101	9,004	2,706	1,500	1,000		
Site Acquisition & Development	600	-	150	150	150	150	-	-
Temporary Classrooms and Premises	5,750		550	550	550	550	550	3,000
Children Support Services	9,628	113	1,053	1,053	1,053	1,053	1,053	4,250
Capital Programme Variation	-32,154	-	-6,823	-13,489	-5,748	-2,362	-1,702	-2,030
Total	375,281	168,474	44,495	85,033	40,072	16,076	9,644	11,487

Table 4.2 – Funding Sources

Funding	Total funding £000	Previous Years £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	Later Years £000
Government Approved Funding								
Basic Need	40,602	27,865	9,599	1,982	-	-	1,156	-
Capital Maintenance	14,508	762	3,996	3,250	3,250	3,250	-	-
Devolved Formula Capital	6,240	-	780	780	780	780	780	2,340
Specific Grants	25,907	17,344	7,382	1,181	-	-	-	-
Total – Government Approved Funding	87,257	45,971	21,757	7,193	4,030	4,030	1,936	2,340
Locally Generated Funding								
Agreed Developer Contributions	116,052	54,261	4,816	33,602	13,995	532	5,602	3,244
Anticipated Developer Contributions	18,183	1,087	-	7,678	6,121	515	1,412	1,370
Prudential Borrowing	153,486	66,930	17,922	34,042	15,584	10,999	2,106	5,903

Prudential Borrowing (Repayable)	78	-	-	2,518	342	-	-1,412	-1,370
Other Contributions	225	225	-	-	-	-	-	-
Total – Locally Generated Funding	288,024	122,503	22,738	77,840	36,042	12,046	7,708	9,147
TOTAL FUNDING	375,281	168,474	44,495	85,033	40,072	16,076	9,644	11,487

4.4 The capital programme for this committee comprises £44.495m of expenditure in 2025-26 and a further £150.825m up to 2030. Full details are provided in tables 4 and 5 of the appendix 4 to this report. Following the recent decision at CYP Committee, Alconbury Weald will progress with a sprinkler system and associated costs will be met within the current budget for the project. Any additional costs will be met through currently held Section 106 funding.

Dedicated Schools Grant (DSG) – Childrens only

4.6 On 18 December 2024 the Department for Education (DfE) published the provisional DSG allocations for 2025-26. The figures for Cambridgeshire are broken down as follows:

Blocks	£m
Schools block	£518.893
Central schools services block	£5.271
High needs block – provisional allocation based on the national funding formula for High Needs	£114.610
Early Years block	£101.475
Total	£740.251

4.7 The Schools Block element of the DSG is calculated based on the National Funding Formula (NFF) units of funding for Cambridgeshire set by the DfE as confirmed in October 2024, applied to the October 2024 pupil census plus an historic allocation for the funding of premises costs. This is then delegated to all Primary and Secondary mainstream schools both maintained and academies through Cambridgeshire's Local Schools Funding Formula (LSFF). The Schools Block also includes an allocation from the national Pupil Growth Fund, based upon the national DfE formula.

4.8 The Central Schools Services Block comprises a NFF formulaic element for ongoing responsibilities for statutory services provided by the County Council on behalf of all maintained schools and academies and a sum for continuing historic commitments. As in previous years the historic commitments element of the allocation has reduced by a further 20% for all Local Authorities (LAs).

4.9 The High Needs Block is based on the DfE NFF, and the revised figures provide an uplift of £7.5m compared to the latest 2024-25 allocations. Although welcomed, this increase is not sufficient to support the forecasted ongoing significant cost pressures in the High Needs DSG.

- 4.10 The Early Years Block provides funding for 9-month - 2-year-olds, 2-year-olds and 3- and 4-year-olds for the universal and extended entitlement and other early years funding factors.
- 4.11 Further information on the Schools and Early Years funding will be provided within a separate report on the agenda.

5. Significant Implications

5.1 Finance implications

The Council has a statutory duty to set a balanced budget. The work proposed in this business plan will support the overall financial position of the Council as well address key areas for investment.

5.2 Legal implications

The proposals in this report are aligned with the Council's duties and responsibilities to support the education and wellbeing of all children in the locality

5.3 Risk implications

Failure to implement the proposals fully will impact on the delivery of the directorate budget and subsequently the Council's financial planning.

5.4 Equality and Diversity implications

6. Source Documents

- 6.1 Appendix 1 – CYP Indicative budget tables
- Appendix 2 – CYP Proposed Fees and charges
- Appendix 3 – Glossary of terms
- [Our Future Council - Change Strategy \(October SR&P 2024\)](#)
- [Business Planning and Budget Setting 2025-26 \(December SR&P 2024\)](#)