

Business Plan and Budget 2025-26 – 2029-30

To: Environment and Green Investment Committee

Meeting Date: 16 January 2025

From: Executive Director of Place and Sustainability
Executive Director of Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: N/A

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

Recommendations: The Committee is 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 on 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) Note the proposed schedule of fees and charges relevant to this Committee included at Appendix 2.

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1. Creating a greener, fairer and more caring Cambridgeshire

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

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

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

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

2. Background

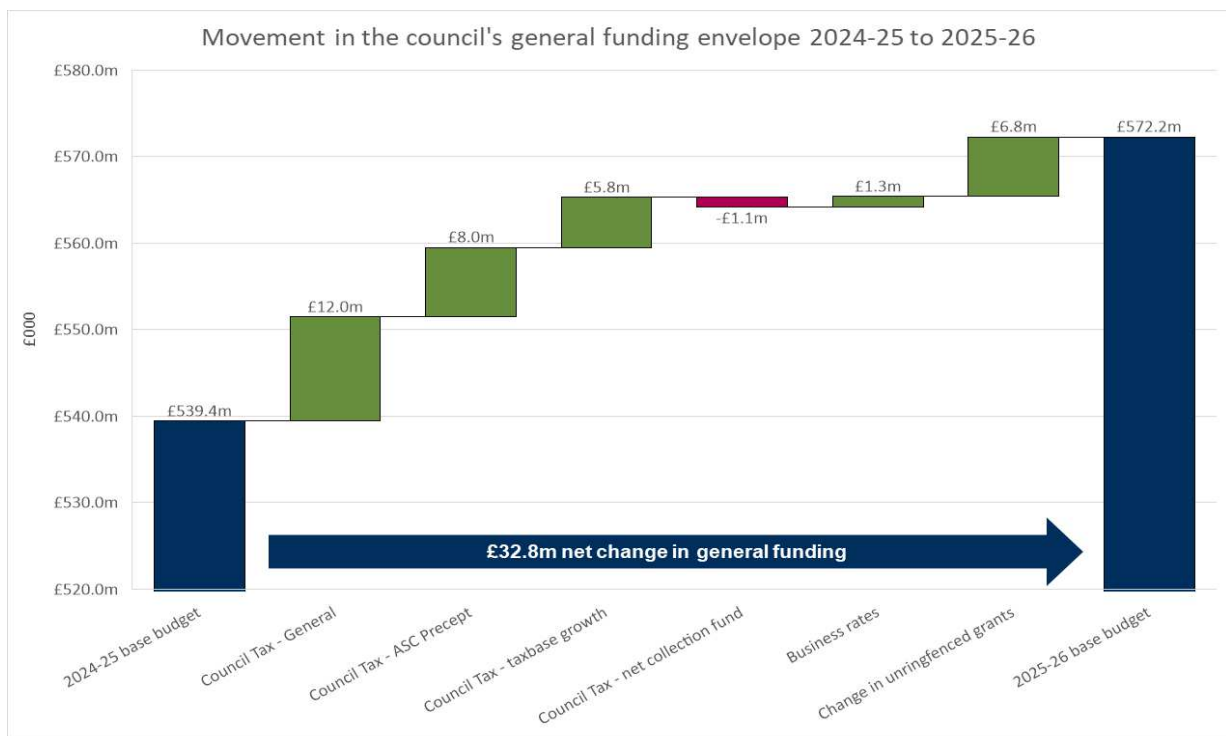
2.1 The draft 2025-30 Business Plan and Budget presented at Strategy, Resources and Performance Committee at its meeting on 17 December 2024 details how the Council will continue delivering against its seven ambitions, respond to resident feedback and set a legal budget.

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

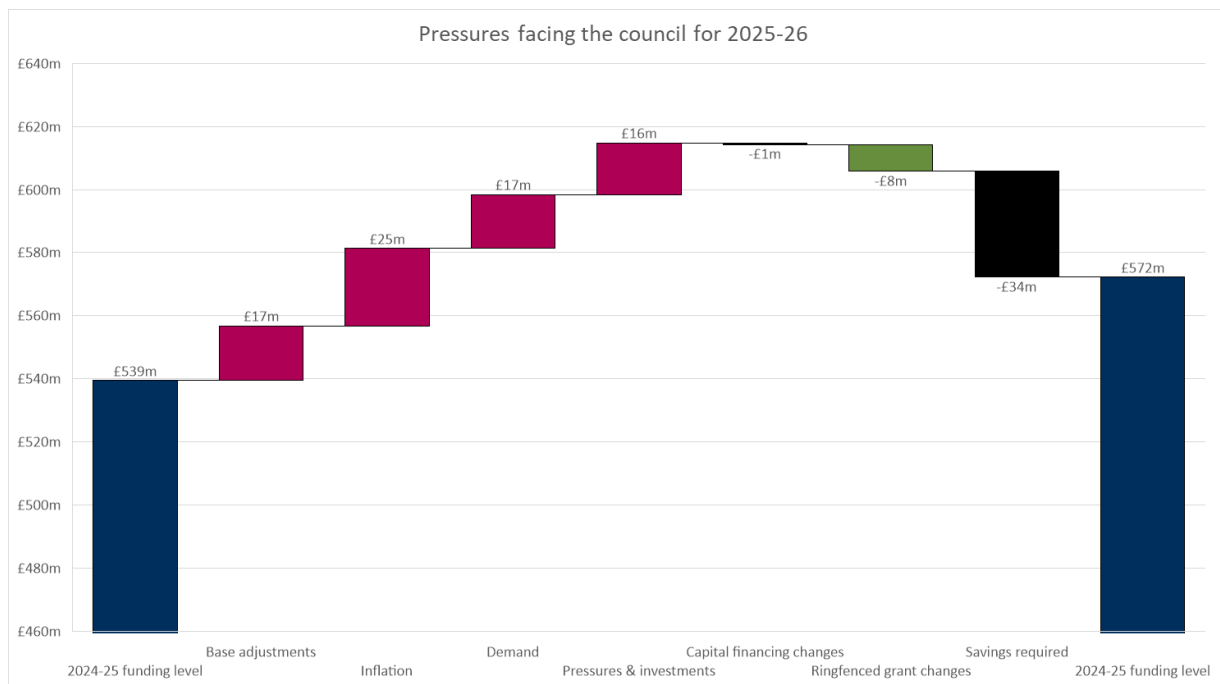
- 2.3 At this stage, the Council is projecting to see a net increase of general funding of £32.8 million. This comprises a 4.99% increase in Council Tax, changes to the taxbase for Council Tax, increased business rates income and a net increase in general government grants.

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 chart 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

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

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

Table 2 - Revised medium-term budget gaps

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

2.8 The Council is continuing to invest capital funding in the county's infrastructure, such as schools, roads and social care facilities. The full capital programme for 2025-30 (and onwards to 2035) is set out in Tables 4 and 5 of Appendix 1 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. Directorate Overview in relation to Environment and Green Investment

- 3.1 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, and major infrastructure delivery. Through these services, the Council will further realise the aims of Strategic Framework Ambitions 1, 2 and 6.
- 3.2 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.
- 3.3 Much of this activity will be delivered in partnership with the Cambridgeshire and Peterborough Combined Authority (CPCA), district/city councils and through the Greater Cambridge Partnership Joint Committee, local business and institutions.
- 3.4 The recently published 'Shared Ambition' document by the CPCA 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' has informed the development of key priorities for the region, in advance of the development of a 'Local Growth Plan' for Cambridgeshire and Peterborough that will be submitted to the Government in support of the delivery of the forthcoming National Industrial Strategy.
- 3.5 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.
- 3.6 The work of the directorate impacts on the lives of everyone living, working, learning and travelling through Cambridgeshire every day and for providing leadership in relation to significant environmental services.
- 3.7 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 425kg 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 around 56%. 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 depending on the timescale for the implementation of the changes. This business plan reflects

the need for investment whilst this review is completed and implemented; but also outlines indicative net savings that could be achieved in future years from 2026/27 onwards. However, it must be emphasised that these figures will only be confirmed once the review is completed and the timescales for the implementation of any changes are fully understood.

- 3.8 The Council also continues on its the journey to achieve its net zero targets and is working to respond to climate change through investment in decarbonisation, enhancing the natural environment and improving water management.
- 3.9 To date, the directorate has enabled the Council to reduce its direct carbon emissions by 42% and has developed several major energy projects that will not only provide income to the Council during the business planning period but also provide renewable energy sources for the Council and some communities.
- 3.10 By drawing on the experience of delivering these projects, the Council will now focus on supporting local communities to develop local green energy generation projects by working with local groups to implement schemes through the Community Energy Action Plan.
- 3.11 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.
- 3.12 Some of the services the directorate provides are regulatory in nature, supporting and protecting residents and the environment – for example planning, and the natural and historic environment. 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.
- 3.13 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'.

Table 4 – Place and Sustainability budget position 2025-26

Heading	2025-26 £000	Comments
Opening gross budget	107,453	
Base adjustments	4,266	Adjustments during previous year's detailed budgeting, relating to gross/income changes or small transfers between directorates
Revised opening gross budget	111,719	
Inflation	4,166	A range of inflationary increases including uplifts to the waste PFI contract and higher land-fill tax burden
Demography and Demand	47	A demography and demand increase for the Coroner Service arising from local population growth
Pressures	676	A range of proposals to offset pressures including increased costs related to income generating council energy projects, as well as National Insurance Contributions
Investments	3,675	A range of proposals are set out in Table 3 at Appendix 1, with a number highlighted referenced in the table below. These build on similar investments made in 2024-25, and will support further improvement in the highways, safety improvements, the road user experience and Active Travel. This also fund the capital financing costs of the £40 million capital investment in highways maintenance
Use of Reserves	2,423	
Savings	-1,692	A range of proposals are set out in Table 3 at Appendix 1, with a number highlighted referenced in table 5 below. These include redesigning management and service structures, lower energy costs and contracting efficiencies in highways
Closing gross budget	121,014	
Opening income budget	-34,654	
Income base adjustments	-1,410	Adjustments during previous year's detailed budgeting, relating to gross/income changes or small transfers between directorates
Revised opening income budget	-36,064	
Income inflation	-414	

Heading	2025-26 £000	Comments
Income generation	-1,884	Income generation from council owned energy projects, as well as increased fees for Highways Development Management and StreetWorks permit applications from third party contractors
Income grant changes	7	
Closing income budget	-38,355	
Closing net budget	82,659	
Total growth	10,987	
Change in gross budget	9,295	
Change in net budget	9,860	
Change in net budget %	13.5%	

Table 5 below highlights the proposed investments and savings 2025-26 – 2027-28 relevant to this Committee

Table 5

Proposal and Table reference number	2025-26 £000	2026-27 £000	2027-28 £000	Detail
Waste (Appendix 1 Table 3 - C/R.2.005, C/R.2.006, C/R.4.012, C/R.6.136 C/R.7.235)	7,585	-4,238	-3,957	These numbers relate to a number of separate lines in Table 3 in Appendix 1 relating to Landfill Tax, PFI Contract Inflation, Additional Waste Disposal Costs and Potential Savings from review of the current Waste arrangements. A strategic review of options is currently being undertaken with the aim of presenting a recommended option in March 2025.
Energy Projects income (Appendix 1 Table 3 - C/R.8c.128, C/R.8c.129, C/R.8c.132, C/R.8c.133)	703	38	28	Reduced income expectation from energy schemes due to price changes (partly offset by lower prices the council is paying for its own energy). Net income is still delivered by the schemes and they will continue to deliver net income for the long-term

Proposal and Table reference number	2025-26 £000	2026-27 £000	2027-28 £000	Detail
Net Zero and Environment (Appendix 1 Table 3 - C/R.5.136, C/R.5.133)	308	-617	-90	This relates to continued investment from the Just Transition Fund to enable ongoing delivery of the Net Zero, climate change, nature and flood risk projects within the Climate Change and Environment Strategy
Street Lighting Savings (Appendix 1 Table 3 - C/R.7.221)		-301	72	Capital investment is planned to replace lighting with LED lights that will deliver savings on energy

The medium-term financial plan for services in the remit of this Committee is outlined in Table 6 below.

Table 6 – medium-term financial plan

£000	2025-26 gross to net		Net budget				
	Spend £000	Income £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Planning	1,337	-417	920	912	903	793	785
Natural and Historic Environment	2,094	-1,069	1,025	1,024	1,021	1,019	1,016
Waste Management	57,159	-4,502	52,658	51,467	48,710	49,583	50,478
Economy and Climate Change	475	-221	254	251	247	243	240
Total	61,065	-6,208	54,857	53,654	50,881	51,637	52,519

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).

4.2 *Government Grants.* The expected relevant revenue grants reflected in the Business Planning Finance Tables are:

- PFI Grant Waste from DEFRA £2,570K
- In addition to the Waste PFI Grant from DEFRA, the Council has also received the Provisional Notice of Assessment for 2025/26 for the new Packaging Extended Producer Responsibility regime totalling an estimated £5,697K per annum. Officers have provided feedback to DEFRA earlier this month (to meet their set deadline of 7 January 2025) with feedback on the proposed allocation and methodology in the Council's Provisional Notice. However, as it is currently unclear what the detailed expectations and ongoing payments will be, or indeed if the existing Waste PFI Grant from DEFRA will be impacted by this new regime, this funding will be held in reserves until such time that this clarity is provided.

4.3 *Fees and Charges.* The total fees and charges budget for the Place and Sustainability directorate for 2025-26 is £31.4m. Examples of these fees and charges and income are for highways development management and permitting; income from selling generated electricity; ongoing shared service contributions from Peterborough City Council

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

5. Capital

5.1 Table 7 below provides a summary of the Capital Programme relevant to this Committee.

Table 7

	Prev Years £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m	Later Yrs £m	Total £m
E&GI Capital Programme	65.302	15.166	31.083	0	0	0	0	111.551
Proportion of Capital Programme Variation		-6.634	-14.036	0	0	0	0	-20.670
Proportion of Capitalisation of Interest Costs		33						33
Total	65.302	8.565	17.047	0	0	0	0	90.914

5.2 Table 8 below provides a summary of how this is funded.

Table 8

Funding	Total funding £000	Previous Years £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	Later Years £000
Government Approved Funding								
Specific Grants	2,647	2,647						
Total – Government Approved Funding	2,647	2,647						
Locally Generated Funding								
Agreed Developer Contributions	435	435						
Anticipated Developer Contributions								
Prudential Borrowing	86,986	61,664	8,276	17,047				
Prudential Borrowing (Repayable)	225	556	273	-43				
Other Contributions	603		16	43				
Total – Locally Generated Funding	88,267	62,655	8,565	17,047				
TOTAL FUNDING	90,914	65,302	8,565	17,047				

5.3 The capital programme for this Committee comprises £8.565m of expenditure in 2025-26 and a further £17.047m in 2026-27. Full details are provided in tables 4 and 5 of Appendix 1 to this report. This includes:

- C/C.4.002 Waste – Household Recycling Centres (£4,112K in 2025/26 and £67K in 2026/27). New facilities are proposed in the Greater Cambridge area and in March where planning permissions for the existing sites are due to expire. Capital works are required to maintain/upgrade other HRCs in the network as population growth places additional pressure on the existing facilities.
- C/C.4.005 Waste (£7,325K in 2025/26 and £29,325K in 2026/26). This is funding to support the delivery of a revised waste strategy subject to approval by Committee.
- C/C.5.013 Swaffham Prior Community Heat Scheme (£1,803K in 2025/26 and £1,403K in 2026/27). The project comprises an energy centre located at Goodwin Farm supplying heat via a network of underground pipes that runs through the village connecting to homes and businesses. This funding relates to the costs of connections to individual homes.

6. Significant Implications

6.1 Finance Implications

The proposals set out the response to the financial context and the need to review our service offer and model to maintain a sustainable budget. The full detail of the financial proposals and impact on budget are outlined in the tables in Appendix 1. Proposals will seek to ensure that we make the most effective use of available resources and are delivering the best possible services given the reduced funding.

6.2 Legal Implications

The 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.

6.3 Risk Implications

Services have considered risk in developing the proposals for investment and savings shown in the financial plan and these will be reflected in their usual risk management arrangements. There is a risk that budget proposals will impact on delivery of the Council's Strategic Framework, but this will be monitored, and appropriate action taken. 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.

6.4 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. 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.

7. Background Documents

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

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

7.2 Appendices

Appendix 1 – Indicative budget tables

Appendix 2 – E&GI Proposed Fees and charges