

Addendum to Agenda Item 7 – 2025-30 Business Plan and budget

To: Council

Meeting Date: 11 February 2025

Addendum Date: 6 February 2025

From: Chief Executive and
Executive Director of Finance and Resources

1 Background

- 1.1 This report updates Council in relation to the final local government finance settlement, and the position of final grants announced in that settlement.
- 1.2 The draft business plan was considered by Strategy, Resources and Performance Committee on 28 January 2025 where it agreed to endorse the draft Business Plan to Full Council.
- 1.3 On 3 February 2025, the government published the final local government finance settlement, following the provisional settlement in December 2024. This addendum to Full Council Agenda Item 7 - 2025-30 Business Plan and budget sets out how the grant allocations impact the proposed 2025-30 Business Plan.
- 1.4 The final settlement (Final local government finance settlement: England, 2024 to 2025 - GOV.UK) largely confirms the assumptions that have been reflected in the proposed Business Plan, following the provisional settlement in December 2024. This includes confirmation that the referendum thresholds for council tax have been set at 2.99% for core council tax and 2% for the adult social care precept. The changes compared to the position published are to provide the council level allocations resulting from the announcement in December of an additional £515 million nationally for the impact on councils of the increase in employers' national insurance contributions, and to confirm the conditions of the new children's prevention grant.

2 Updates to the position from the draft Business Plan presented to Full Council

- 2.1 The final settlement confirmed that the allocation for Cambridgeshire for the national insurance compensation grant would be £3.7 million. This is £1.7 million higher than assumed in the draft Business Plan. Due to national gaps in data that underpinned the formula used (the same gaps that delayed the announcement of the allocations) the council could only make a high-level estimate of the likely allocation of this grant. This increases the general resources available to the council.

- 2.2 The final settlement also confirmed the conditions attached to the children’s prevention grant (as well as confirming the final allocation to be £1.6 million, £122 thousand higher than the provisional settlement). In the draft Business Plan this grant had been treated as unringfenced, based on information available in the provisional settlement, and the assumption made it would be able to fund general pressures and prioritisation in children’s social care. The conditions for the grant, however, confirm it is strongly ringfenced to new, transformative prevention activity (such as early help, family help and child protection) and comes with reporting conditions and a power for the secretary of state to claw back funding. This reduces the general unringfenced resources available to the council by £1.5 million compared to the draft Business Plan.
- 2.3 In reviewing the current budget changes for the Children, Education and Families directorate, we believe that line A/R.4.001 (CEF service redesign work – integrated front door / multi agency safeguarding hub - £490k) which is an investment for 2025-26, will fall into the conditions of the grant. The remaining balance would need to be allocated to CEF as a further investment line. A full spending plan would then be considered by committee in due course once developed in response to the grant conditions. The final settlement confirmed this was a one off grant only for 2025-26 (whereas we had assumed it would continue), and so the Business Plan would need to be updated to adjust for this with a negative impact on the 2026-27 budget gap.
- 2.4 The net impact of these changes is an increase in general resources available through the final settlement of £0.73 million. In line with the indication made in the paper to Strategy, Resources and Performance Committee in January, and section 3.3 of the report to this meeting, it is recommended to apply this to line H/R.7.003 (Demand-led budgets risk). This reflects the heightened risks associated with savings delivery in 2025-26, principally in activity led budgets in Children, Education and Families and Adults, Health and Commissioning. This treatment provides the opportunity for a committee to consider an appropriate or more detailed allocation in future, with the benefit of further planning time and in response to the opening forecast position in 2025-26, rather than attempting a more specific allocation at short notice.
- 2.5 This table summarises the changes:

Item	2025-26	2026-27
Budget gaps per Full Council draft Business Plan	£0	£18.18m
Increase in NI Grant	-£1.72m	
Ringfencing of children’s prevention grant	£1.48m	
Apply ringfenced funding to A/R.4.011 CEF Service Redesign – Integrated Front Door / Multi-Agency Safeguarding Hub	-£0.49m	£0.49m
Apply balance to H/R.7.003 (demand-led budgets risk)	£0.73m	
Revised Budget Gap (unidentified savings)	£0	£18.67m

These revisions form part of the proposed budget and in view of Strategy, Resources and Performance Committee’s recommendation that a delegation be granted to the Executive Director of Finance and Resources to make

changes deemed appropriate following the final local government finance settlement. Given the information now available, it is convenient for Council to consider these as part of the budget proposal.

- 2.6 The following table records the results of the final settlement compared to the assumptions and expectations previously included as a result of the provisional settlement

Settlement Unringfenced Grants	Provisional assumption as at SRP		Final settlement	
	<i>Amount</i>	<i>Treatment</i>	<i>Amount</i>	<i>Treatment</i>
Social Care Grant	£48.34m	Unringfenced	£48.34m	Unringfenced
New Homes Bonus	£1.21m	Unringfenced	£1.21m	Unringfenced
Children's Prevention Grant	£1.46m	Unringfenced	£1.58m	Ringfenced
NI Contributions Funding	£2.00m	Unringfenced	£3.72m	Unringfenced
Domestic Abuse Act Funds	£1.48m	Unringfenced	£1.48m	Unringfenced
Better Care Grant	£18.72m	Unringfenced	£18.72m	Unringfenced
Market Sustainability & Improvement	£10.17m	Unringfenced	£10.17m	Unringfenced
Business Rates Under-indexing	£13.71m	Unringfenced	£13.71m	Unringfenced

- 2.7 The substantive report to Council on the 2025-30 Business Plan details in section 3 the other recent updates to the budget that were received during January and just ahead of the Local Government Finance Settlement. This includes updates on council tax and business rates collection, which are unchanged since the main publication and the level of Combined Authority levy. As a result of the decision by the Combined Authority on 22 January 2025, there is a one-off reduction of £229 thousand in the levy amount payable by the County Council in 2025/26. The main report sets out this amount will be added to the highways budget for 2025/26 (C/R.5.139).

- 2.8 These changes result in **an alteration to recommendation c**:

- c) Approve a total county budget requirement in respect of general expenses applicable to the whole county area of £1,208,125,000