

# Update to General Fund Budget Setting Report 2025/26

## Introduction

The final local government finance settlement 2025/26 was published on 3 February 2025. As a result of this, and other late proposals submitted, the following updates are proposed to the General Fund Budget Setting Report 2025/26:

## Local Government Finance Settlement

The final local government finance settlement contained only one change from the provisional settlement which impacts on the council, in relation to government compensation for the increase in employers' NI contributions. This grant has now been rolled into the council's Core Spending Power (CSP), as follows:-

<b>Core Spending Power (CSP) - £m</b>	<b>2024/25 Final finance settlement</b>	<b>2025/26 Provisional finance settlement</b>	<b>2025/26 Final finance settlement</b>	<b>2025/26 % change from 2024/25</b>
Settlement Funding Assessment (SFA), including Revenue Support Grant (RSG)	4.853	4.964	4.964	2.3%
Government funding, including core grants and compensation for employer NI changes and under-indexation of business rates	3.474	4.655	4.988	43.6%
New Homes Bonus (NHB)	1.733	0.073	0.073	(95.8%)
Council Tax	10.253	10.622	10.622	3.6%
<b>Total Core Spending Power</b>	<b>20.313</b>	<b>20.314</b>	<b>20.647</b>	<b>1.6%</b>

It should be noted that the increase in the council's Core Spending Power of 1.6% is almost entirely due to the Employer NI Contributions Grant of £334,000. For context, the total cost to the General Fund of the forthcoming changes to employers' NI is estimated at £635,000, so the grant will only cover just over half of the actual cost.

For the purposes of preparing the draft Budget Setting Report, a grant of £253,000 had been

estimated. The final settlement therefore improves the General Fund position by **£81,000** for one year only. No changes have been made in relation to future years in light of the significant uncertainty associated with local government funding reform.

### **Homelessness grant funding**

Following government confirmation of the council's final allocation for homelessness and rough sleeping grant funding for 2025/26, income budgets have been increased by **£287,000** for one year only. Most of this additional income will be used to cover the £238,000 temporary accommodation pressures already identified in the Budget Setting Report (see revenue bid B5332 at Appendix D(a)).

### **Capital bid – Food waste implementation programme**

An additional capital bid is proposed of **£464,000** to form the council's capital contribution towards the shared waste service's food waste implementation programme. This is in preparation for the forthcoming waste reform which will require the council to undertake separate food waste collections. The contribution will be matched by a similar contribution from South Cambridgeshire District Council as our shared service partners, and grant income from Defra of £2.612 million.

The bid will be funded from internal borrowing, with an associated borrowing and minimum revenue provision (MRP) cost of **£21,000** in 2025/26, then **£26,000** per year thereafter.

### **Capital bid – Clay Farm Centre remedial works**

The Budget Setting Report includes a capital bid of £1.2 million for essential remedial works to the Clay Farm Centre, arising from a recent Fire Risk Appraisal of External Walls (FRAEW). The original bid was based upon a very early estimate of costs, but further investigation has now put the cost at around £1.7 million, therefore it is proposed to increase the bid by **£500,000**.

The council has applied for grant funding from Homes England to cover this cost, and is waiting to hear whether or not this application has been successful.

### **Transformation and reinvestment fund**

The draft Budget Setting Report shows net savings in 2025/26 of £2.802 million, against a target of £2 million. It was proposed to transfer the excess £802,000 to a transformation and reinvestment fund, along with another £2 million previously identified for this purpose (see page 33).

The net impact of the above changes on the General Fund revenue position for 2025/26 is to increase the net savings by £347,000. It is proposed that this additional amount is also transferred to the transformation and reinvestment fund.

## Summary of changes

The impact of the changes in this update on the General Fund revenue position are summarised in the table below:

Savings requirements - £m	2025/26	2026/27	2027/28	2028/29	2029/30
<b>Net savings requirement – new each year (draft BSR)</b>	-	<b>1.102</b>	<b>1.821</b>	<b>1.398</b>	<b>1.467</b>
<b>Net savings requirement – cumulative (draft BSR)</b>	-	<b>1.102</b>	<b>2.923</b>	<b>4.321</b>	<b>5.788</b>
Impact of final local government finance settlement	(0.081)	-	-	-	-
Update to homelessness grant funding	(0.287)	-	-	-	-
Revenue impact of food waste implementation capital bid (funded from borrowing)	0.021	0.026	0.026	0.026	0.026
Transfer additional net savings to transformation and investment fund	0.347	-	-	-	-
<b>Total changes</b>	-	<b>0.026</b>	<b>0.026</b>	<b>0.026</b>	<b>0.026</b>
<b>Revised net savings requirement – cumulative</b>	-	<b>1.128</b>	<b>2.949</b>	<b>4.347</b>	<b>5.814</b>
<b>Revised net savings requirement – new each year</b>	-	<b>1.128</b>	<b>1.821</b>	<b>1.398</b>	<b>1.467</b>

The impact of the changes in this update on the General Fund capital plan are summarised in the table below:

Capital plan spending (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
<b>Spend per draft BSR</b>	<b>110.536</b>	<b>20.758</b>	<b>2.000</b>	<b>1.220</b>	<b>0.865</b>	<b>0.865</b>	<b>136.244</b>
New bid – Food waste implementation programme	-	0.464	-	-	-	-	<b>0.464</b>
Update to bid – Clay Farm remedial works	-	0.500	-	-	-	-	<b>0.500</b>
<b>Revised capital plan</b>	<b>110.536</b>	<b>21.722</b>	<b>2.000</b>	<b>1.220</b>	<b>0.865</b>	<b>0.865</b>	<b>137.208</b>

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