Strategy & Resources
10 February 2025

General Fund Budget Setting Report

2025/26

CAMBRIDGE CITY COUNCIL

February 2025

2025/26

Cambridge City Council

Version Control

Version No.	Revised version / updates for:	Content / Items for Consideration
1	The Executive (10 February 2025)	**Final** budget proposals, incorporating updates relating to: - Business rates and council tax considerations - Consultation outcomes Proposals of the Executive
2	Council (24 February 2025)	Opposition budget amendments **Final** proposals to the Council, incorporating updates relating to: - Final Local Government Finance Settlement 2025/26 - Appendix A(b) Council Tax Setting following receipt of County Council, Police, Fire and Combined Authority precepts
3	Council (Final – if required)	Approved Budget Setting Report incorporating: - Decisions of the Council - Any other final amendments

Anticipated Precept Setting Dates

Cambridgeshire Police & Crime Commissioner	Cambridgeshire & Peterborough Fire Authority	Cambridgeshire County Council	Cambridgeshire & Peterborough Combined Authority
31 January 2025	13 February 2025	11 February 2025	6 February 2025

Contents

Appendices

Foreword by the Executive Councillor for Finance and Resources

Introduction

The Council's updated vision of 'One Cambridge, Fair for All,' recognises its roles as a public services provider, place maker, convenor and community facilitator. The vision reflects the values, aspirations and needs of local communities expressed through an engagement programme. The resulting vision is for Cambridge by 2040 to be a place where:

1. Residents enjoy a high quality of life: Cambridge is a place of high employment where everyone has a warm, safe and affordable home, and beautiful open spaces to enjoy. Communities are thriving and empowered, drawing on shared prosperity with greater equality in health and educational outcomes.
2. Decarbonisation and sustainability are central to prosperity: Cambridge is a net zero carbon city, where all ages enjoy a clean river, clean air, and biodiverse green spaces. Strong nature networks are facilitated between public and private bodies to combat the impacts of social and climate injustice.
3. Innovation benefits people and planet: Cambridge champions pioneering discoveries which shape a better future for people and planet. There is a lifelong citywide commitment to learning which enables every resident to develop their skills and fulfil their potential. Businesses are key to the success of a thriving local economy which benefits local residents and workers.
4. Development is sustainable and inclusive: Social and affordable housing is prioritised to ensure Cambridge is a vibrant and caring city, where all residents can access high quality housing. Cambridge's beautiful architecture and public realm, with exemplary community spaces, promotes pride and well-being and is accessible to all.
5. Arts, sports and culture are thriving: Cambridge celebrates the city's diversity through a vibrant arts and cultural scene, including music, festivals, sports and food and drink. Accessible arts, sports and culture provide spaces for people of all ages to come together to enjoy the city, both during the day and at night.
6. Democratic accountability is genuine and accessible: Citizens actively participate in

democratic life and decisions are made by and for the people of Cambridge. There is genuine partnership between academic, business and civic communities to enhance residents' prosperity. Local control, devolution, and community empowerment are championed through transparent and simplified local government.

These ambitious ends, continuity and evolution of services, and fulfilling a duty to balance the budget, demand prudent stewardship of the council's budgets and resources.

The context for balancing the budget remains challenging. The Medium Term Financial Strategy forecasts a savings requirement of £11.5 million pa by 2029/30 from a budget of £67.5 million, of which £38.9 million is met through fees, charges and commercial and investment income.

There isn't a single way to make savings of this scale: regulations prevent investment for income; efficiency savings without harm to service provision require investment and time; and increasing charges and fees impact on demand.

In the context, the council has planned to build a council fit to meet changing service needs within a sustainable budget. The council has put in place a new management leadership team and invested in a group redesign programme. To make savings, the ways services are designed and delivered have been challenged and where possible digitalised. Fees and charges are to be increased, in some cases, for full cost recovery and, in others, to balance the budget.

This work has enabled the Council to identify £4.9 million of recurring savings in the first year of a £6 million two-year target with minimal harm to frontline services and funds for unavoidable growth pressures. This is a remarkable achievement, for which credit is due to the council's dedicated staff, trade unions and councillors.

The budget therefore fulfils the duty to balance and meet the government's three value for money tests:

- Financial sustainability, how the council plans and manages its resources to ensure it can continue to deliver its services;
- Governance, how the council ensures it makes informed decisions and manages its risk; and
- How the council works to improve the economy, efficiency and effectiveness of the ways it manages and delivers its services.

Through these measures we will keep our community centres and swimming pools open, bring forward new community centres in Cherry Hinton and East Barnwell, protect our safety net services for our most vulnerable neighbours, maintain our CCTV cameras and anti-social behaviour services and continue our community grants budget for organisations making positive impacts on people's lives across the city.

Council's priorities

To deliver the Council's vision for 'One Cambridge, Fair for All,' the Council's four key priorities for:

- Protecting and enhancing services;
- Supporting residents in need and preventing homelessness;
- Tackling the climate and biodiversity emergencies; and
- Being a strong voice for the people of Cambridge.

The budget making context

The forecast budget gap requires some explanation. The council's ability to fund services is the subject of economic conditions and government's political decisions which, respectively, impact on the costs of delivering services and income from the council's commercial services and property assets and government grants.

Economic conditions

Over the last three years the inflationary impacts of Brexit, Covid and Putin's illegal invasion of Ukraine, have led to higher than forecast cost pressures of £3.2 million. Competition in the funeral services market, declining demand for shopper parking and falling retail rents have led to lower than forecast income. Falling interest rates will impact on returns from the council's treasury management investments.

Government decisions

Over the eight years from 2016/17, successive Conservative governments increased the council's core spending power from £19.8 million to £20.3 million pa, a cut in real terms of £6.5 million pa. Fourteen years of public sector austerity, introduced by the Conservative/Liberal Democrat coalition government, cratered our public services. The most visible craters being the £16.3 billion backlog of highway repairs.

A business rates retention policy has enabled the Council to share in business rates growth. However, the monies received will be reset as part of the local government funding reform at a potential cost of £5 million in 2026/27.

Public consultation on the budget proposals

I wish to thank the 1,095 people who responded to the budget consultations held between 23 October and 4 December 2024.

Respondents ranked their three most important priorities for the city council to work on as follows: investing in greener transport and active travel to cut congestion 49% (533), provide affordable housing 48% (523) and ensuring people are safe 41% (448).

The consultation asked respondents to confirm either their support or opposition to proposals for reducing services and increasing charges as follows:

i. More support than opposition: reduce frequency of mowing and leaf collection to support biodiversity 68% (743), redevelop or sell commercial properties that generate the least income 66% (723) and increase Council tax by 2.99%, 65% (709).

ii. More opposition than support: reduce arts and cultural development which reaches into schools and communities 63% (693), reduce overall number of public toilets, maintain high quality facilities where needed 61% (669) and reduce work to support residents to stay fit and healthy 59% (647).

The main messages from written comments serve as an instruction to the council's approach to budget setting as follows:

Overall, there was recognition of the need for adequate funding for city council services, a desire for fair and efficient use of council resources without compromising essential services and the unique character of Cambridge, whilst exploring creative and more equitable ways to increase revenue and reduce costs without disproportionately impacting on vulnerable populations.

Informed by the consultation results, whilst closing underused and costly to maintain public toilets, the council has invested in public toilets at Drummer Street, Cherry Hinton Hall, Chesterton and Coleridge recreation grounds, and the current redevelopment of the Silver Street toilets. Later this year, the first steps will be taken to bring forward investment in multi-use facilities for Jesus Green and the Lido. Residents can be reassured that grazing on the commons will continue.

Conclusion

As reported, good progress is being made to build a financially sustainable, fit-for-the-future council that improves the quality of life for residents, conditions for enterprise and rewards for working people and protects our environment.

There remains a pressing need to keep realigning services with changing needs; innovating in service design, practices, technology, and funding; and building new and strengthening partnerships. The key challenges ahead are to deliver the identified savings and manage growth pressures, invest in service process innovations, make the case for Cambridge in response to local government funding reform and progress capital programme priorities for the Guildhall, market square and Corn Exchange.

Councillor Simon Smith, Executive Councillor for Finance and Resources

Section 1
Introduction

Purpose

The Budget Setting Report (BSR) is designed to provide an integrated view of the council's finances and outlook, covering General Fund (GF) revenue and capital spending. The Medium-Term Financial Strategy (MTFS), approved in October 2024, set out the financial strategy for the council in light of local context and external factors and the outlook for public sector funding. It reviewed key assumptions and risks, confirming the framework for detailed budget work for 2025/26 and beyond. The BSR brings together the detailed budget proposals and context scrutinised at Strategy and Resources Scrutiny Committee on 10 February 2025, consultation outcomes, business rates and council tax calculations and any final adjustments. It sets out detailed recommendations and proposes a budget for the next financial year and indicative budget projections for the following four years.

Background

The MTFS identified a total net savings requirement of around £11.5 million for the 5-year period. This budget gap is significant in the context of the council's current net service budget of £28.6 million, and is primarily driven by the following key factors:

- Anticipated changes to local government funding arrangements which could see the council lose significant external funding from 2026/27 (largely as a result of a national 'reset' of accumulated business rate growth).

- Significant unforeseen inflationary pressures over the past three years – net service expenditure in 2024/25 is now £3.2 million higher than predicted five years ago.

- Real terms cuts in central government funding over a number of years. For example, despite the Consumer Price Index (CPI) being 1.7% in September 2024, the 2025/26 provisional financial settlement provided no increase in the council's core spending power.

- An expectation that current high levels of income from the council's treasury management investments will significantly reduce over the next two years as the council's excess cash is invested in capital projects, and interest rates continue to fall.

It should also be noted that the council relies heavily upon its own income generation ability to fund services. The 2024/25 budget includes £38.9 million of fees, charges, commercial and investment income, without which the cost of running Council services would be £67.5 million rather than the current £28.6 million. Whilst this strong income base is a key financial strength of the Council, it is often a challenge to increase these income streams in line with inflation. For example, many fees and charges are subject to government regulation and/or market forces, whilst investment and property income is often reliant upon external economic factors.

Against this backdrop, within the MTFS the council set ambitious savings targets with the aim of closing the budget gap before the end of the 5-year period, beginning with a target to implement £6.0 million of recurring savings by 2026/27.

Summary

This Budget Setting Report sets out the council's significant progress to date in meeting the ambitious savings targets it has set. In particular, the £6.0 million net savings target for 2026/27 has been closed to £1.1 million, meaning that the council has achieved 82% of its two year target in the first year:

£m	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Net savings requirement – MTFS 2024	**2.0**	**6.0**	**8.0**	**10.0**	**11.5**
Impact of BSR 2025	(2.0)	(4.9)	(5.1)	(5.7)	(5.7)
Remaining net savings requirement	**-**	**1.1**	**2.9**	**4.3**	**5.8**

Key member decision-making dates

Date	Task
10 February 2025	Strategy and Resources Scrutiny Committee considers the budget context and budget proposals.
10 February 2025	The Executive reviews the Budget Setting Report (BSR), including the results and implications of the budget consultation, and recommends the final BSR to Council.
24 February 2025	Council approves the budget and sets the council tax for 2025/26

Section 2
National and local policy context

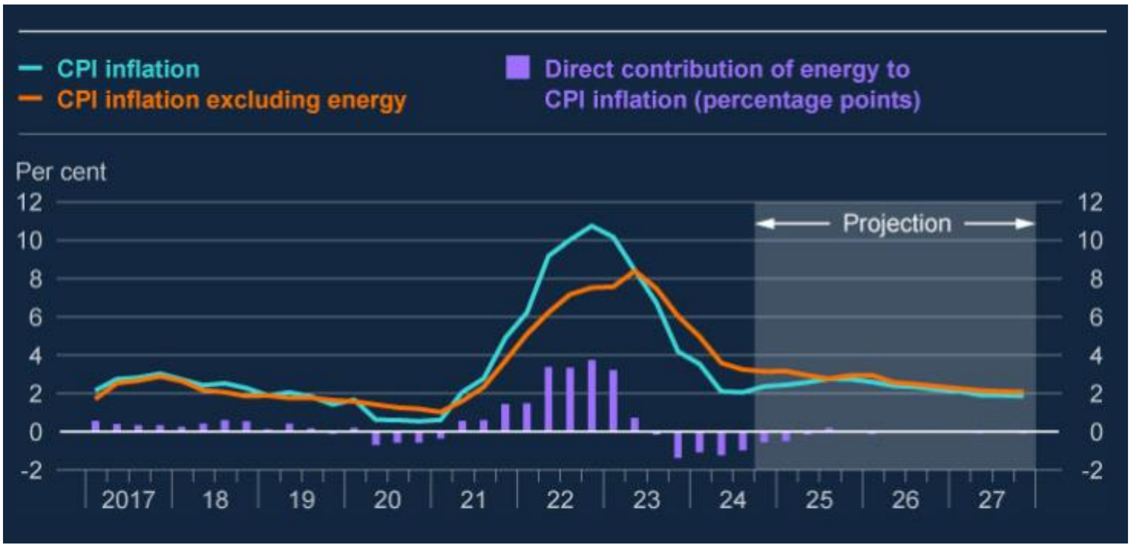
National policy framework

Economic factors

Inflation

Inflation, as measured by the Consumer Price Index (CPI), has fallen significantly from its October 2022 peak of 11.1%, to 1.7% in September 2024, before increasing slightly to 2.5% at December 2024. Some of this fall arises from a reduction in worldwide energy prices, which indicates that domestic inflationary pressures remain above the Bank of England's 2% target and are proving more persistent than previously forecast.

The Bank of England is now forecasting that CPI will continue to increase over the coming months to around 2.7% by the end of 2025. Following this, a margin of economic slack is expected to emerge during 2026, where supply begins to outstrip demand for the first time in a number of years. This will have a downwards impact on inflation, with CPI forecast to fall gradually to around 1.8% by the end of 2027, as shown in the chart below:



Economic growth

UK gross domestic product (GDP) is estimated to have increased by 0.1% in the third quarter of 2024, following an increase of 0.5% in the preceding quarter, which was slightly weaker than expected. However, the Bank of England's latest Monetary Policy Report forecasts that annual growth will pick up to 1.7% by the end of 2025. This is in part due to measures announced at the Autumn Budget 2024, which the Bank projects will boost the level of GDP in around a year's time by around 0.75% relative to its previous projections. Following this, growth is expected to fall back slightly to an annual rate of 1.1% by the end of 2026, increasing again to 1.4% by the end of 2027.

Interest rates

Earlier projections had assumed significant falls in interest rates throughout 2024 and 2025, but the persistence of domestic inflationary pressure has meant that the actual rate of change has been much slower. The Bank of England reduced the base rate twice during the second half of 2024, and the rate has been held at 4.75% since November 2024. The Bank has been clear that its primary concern is meeting its 2% inflation target, and it will not cut interest rates too quickly or too much.

Nevertheless, it is anticipated that interest rates will continue to fall gradually over the coming years. The council's treasury advisers, Mitsubishi UFG, are now projecting a Bank of England base rate of 4.00% by the end of 2025, and then stabilising at 3.50% by the end of 2026 for the foreseeable future. It should be noted that, longer-term, rates are expected to remain higher than previously predicted.

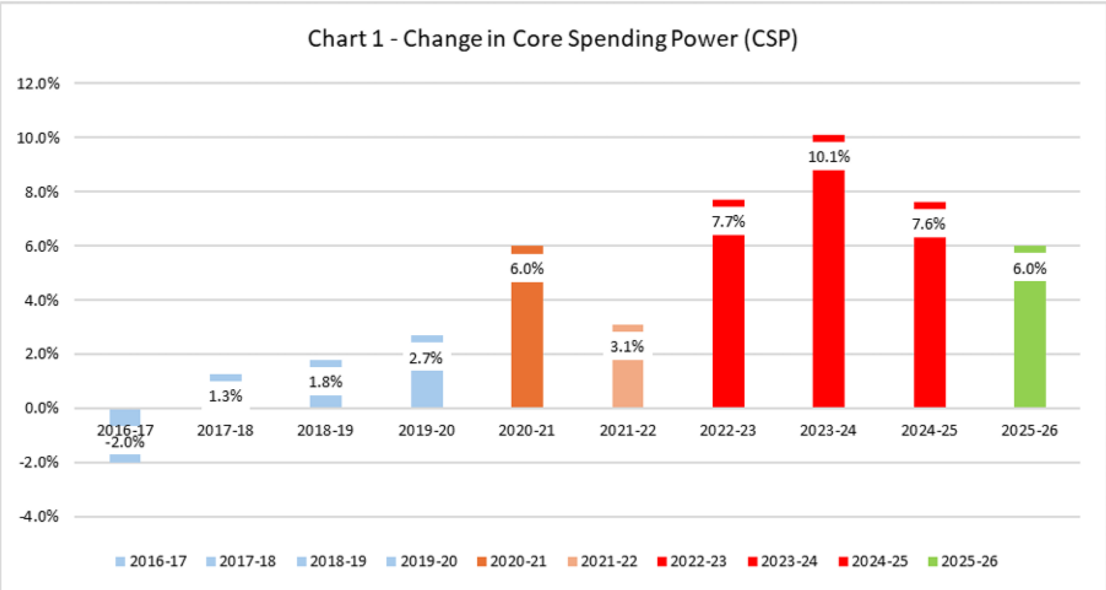
However, the Bank of England base rate is only one factor is determining the cost of council borrowing. Local authorities undertake most of their borrowing from the Public Works Loan Board (PWLB), which sets its rates by reference to daily gilt yields. UK gilt yields have increased sharply throughout December 2024 and January 2025 in response to a number of factors, including persistent inflation, government fiscal policy, and the US elections. The result is that, by mid-January, PWLB lending rates had hit their highest point since 2007, with the interest rate on a 25-year maturity loan peaking at 6.18%. Rates have since declined slightly, but remain much higher than usual.

It is expected that gilt yields will fall throughout 2025, and for the purposes of setting this budget we have assumed average borrowing costs for new lending of 5.25% for 2025/26, falling gradually to 4.50% from 2028/29 onwards, based upon projections provided by Mitsubishi UFG. However, should actual rates remain higher for longer, this is likely to result in the council incurring higher borrowing costs to support its capital plan.

2025/26 provisional local government finance settlement

The 2025/26 one-year provisional local government finance settlement was delivered on 18 December 2024, setting out the aspiration for a local government financing reset and a potential 5-year agreement from 2026/27 onwards.

Nationally, Core Spending Power (CSP) will increase by 6.0% in 2025/26, an increase of £3.9 billion compared to 2024-25, as set out in the following chart:



However, the additional funding has been highly targeted at higher-needs authorities and those with social care responsibilities. As a result, 133 out of 164 lower tier authorities, including Cambridge City Council, received no increase in their Core Spending Power (CSP) for 2025/26. Since the CSP calculation assumes that local authorities will apply the maximum allowable council tax increase, this represents a net reduction in the council's settlement funding (excluding council tax) of £369,000 in cash terms.

The table on the following page compares the CSP in the provisional settlement with the previous year CSP funding assumptions included in the MTFS:

Core Spending Power (CSP) - £m	2024/25 Final finance settlement	2025/26 Provisional finance settlement	2025/26 % change from 2024/25
Settlement Funding Assessment (SFA), including Revenue Support Grant (RSG)	4.853	4.964	2.3%
Government funding, including core grants and compensation for under-indexation of business rates	3.474	4.655	34.0%
New Homes Bonus (NHB)	1.733	0.073	(95.8%)
Council Tax	10.253	10.622	3.6%
Total Core Spending Power	**20.313**	**20.314**	**0.0%**

The figures in the CSP calculation above are based upon government projections. In setting the budget for the following year (and medium term forecasts), we undertake a detailed exercise to forecast future growth in council tax base and business rates, therefore the funding figures in the final budget as set out in this report will differ from the above. Any income additional to the above arises from local growth, rather than additional government funding.

The reduction in NHB is driven by a significant reduction in new properties but is compensated for but an increase in funding guarantee grant (as the government committed to ensure that no council saw a drop in their total CSP in cash terms). It is expected that 2025/26 will be the final year of NHB payments.

The settlement confirmed that the council tax referendum limit for district councils will remain at the 2.99% or £5 on the Band D property, whichever is higher. Given the cost pressures facing the council, and to avoid a cash terms reduction in total CSP, it is proposed to apply the maximum allowable increase for 2025/26.

Business rates

The council continues to benefit from the growth in the total rateable value of business properties located in the city. Whilst that growth can be observed and independently verified, the nature of the business rates system means that there can be delays between when a property is first occupied and when it is formally valued for the purpose of determining its liability for business rates.

The council has determined that the collection fund in respect of business rates is projected to be in deficit on 31 March 2025. This is because, at the present time, the total business rates income forecast to be received in this financial year is less than the amount the council agreed to pay out based on estimates produced in January 2024. The council's share of that deficit is £2.247 million. The council will be required to make a payment into the collection fund in 2025/26 to clear its share of the projected deficit as determined at the point of setting the 2025/26 budget, and this has been taken account of throughout this report.

Despite the deficit, the council continues to be in a position where it can transfer income generated from business rates growth into the General Fund. The amounts assumed in the MTFS have been updated taking account of the current rateable value of business properties in Cambridge and expected changes in that rateable value between now and 31 March 2026. Projecting over that time horizon is inherently challenging, particularly since response times from the Valuation Office Agency (VOA) to get new or altered properties rated can be lengthy and VOA decisions can be challenged by the ratepayer and subsequently adjusted. A further update will be provided as part of the outturn report which will confirm the final amount transferred to the general reserve in 2024/25.

Tax base and council tax

Tax base

The tax base is one element in determining both the level of council tax to be set and the amount estimated to be collected. This calculation is governed by regulation and the formal setting of the tax base is delegated to the Chief Finance Officer to enable notification to be made to the major precepting authorities during January each year.

The tax base reflects the number of domestic properties in the city expressed as an equivalent number of band D properties, adjusted for various discounts, exemptions and reliefs. Allowances are made for projected growth in the number of dwellings and an estimated deduction for non-collection.

The tax base for 2025/26 is 45,731. The calculation is presented in Appendix A(a) of this report.

Collection fund

The collection fund is a statutory fund, maintained by billing authorities such as the council, into which income from council tax and business rates is recorded and out of which respective amounts set for the year are paid to the council and precepting bodies. The council's share of the deficit on the collection fund in respect of council tax at the end of 2024/25 is forecast to be £19,000, which will need to be repaid from the General Fund in 2025/26.

Council tax thresholds

Under the Localism Act 2011, local authorities are required to hold a local referendum if they propose to increase council tax above the relevant limit set by the Secretary of State. For 2025/26 an increase is deemed excessive if it is 3% or higher for a Band D property, with district councils permitted to increase their element of council tax by up to £5, where this is 3% or higher.

Council tax level

Financial projections of the council tax level made for the September 2024 MTFS assumed a council tax income of £10.638 million based on the projected council tax base at that time and an increase in council tax of 2.99%. Having updated the council tax base as part of the budget-setting process, the income from council tax in 2025/26 (after repayment of the collection fund deficit) is now estimated at £10.597 million. Band D council tax for 2025/26 will be £232.13 with proportionate increases applied to other valuation bands, as shown below:

Council tax band	2024/25 £	2025/26	Difference £
A	150.26	154.75	4.49
B	175.30	180.54	5.24
C	200.35	206.34	5.99
D	**225.39**	**232.13**	**6.74**
E	275.48	283.72	8.24
F	325.56	335.29	9.73
G	375.65	386.88	11.23
H	450.78	464.26	13.48

Local authority funding reform

In December 2024, the government launched a consultation on local authority funding reform, setting out its proposed approach to finance settlements from 2026/27 onwards. This comes as no surprise, since the current settlement system is based upon relative needs data (such as population figures) which are over a decade out of date.

Subject to the outcome of the consultation, there will be two main elements to this work:-

- reallocation of government funding based upon an updated assessment of each authority's relative needs; and

- a reset of the business rates retention system, which was originally intended to occur every few years, but which in reality has not taken place since the system was introduced in April 2013.

The first of these factors is likely to see a greater level of resource flow to Cambridge City Council, due in the most part to significant population growth since the system was last reviewed. However, this will be more than outweighed by the impact of the business rates reset. Overall, based upon latest projections, the funding reform is expected to result in a net reduction in council funding of around £5.0 million per year from 2026/27:

Forecast Finance Settlement (£m)	2025/26	2026/27	2027/28	2028/29	2029/30
Business rates baseline	4.750	4.845	4.911	4.976	5.064
Accumulated business rates growth	8.767	4.029	4.682	5.362	6.095
Core government grants	4.221	3.973	3.907	3.841	3.754
New Homes Bonus	0.073	-	-	-	-
Total funding	**17.811**	**12.847**	**13.500**	**14.179**	**14.913**

Local policy priorities

Corporate Plan 2022-27

The local policy priorities for the council are set out in the Corporate Plan and expanded on in the suite of strategies and policies the council has adopted in recent years. The Plan, available on the council's website (Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council) sets out the key themes and strategic objectives for Cambridge City Council for the five years from 2022-27. It contains the council's vision and describes how the council is working to deliver these priorities and to transform the council to deliver quality services within a challenging financial context.

The corporate plan sets out four priorities:

- Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council to lead a greener city that is fair for all

Review of local factors

Local demographic factors impact on the council's financial strategy in terms of their effect on the level of demand for services, the specific type and nature of services, and the income available to the council through council tax, business rates, and fee and charges.

With the significant ongoing housing and economic growth, Greater Cambridge's population is set to increase by 26% between 2011 and 2031. The council is already focused on meeting the needs of new communities and residents through better use of technology, joint services with other local authorities and partnership working (through the Greater Cambridge Partnership (GCP) and the Combined Authority) in order to lever in funding for infrastructure improvements.

Whilst new homes generate new council tax income for providing services, the increase in student accommodation (with council tax exemptions) and the number of inward commuters, plus the particular needs of new residents as they settle into new communities, can present additional service demands and financial pressure. This comes at a time of ongoing financial pressures facing council budgets.

The council will continue to explore ways to make better use of resources and new technologies (for example, for managing and maintaining new open spaces being created as part of new neighbourhoods, and to enable new communities to become established and thrive on their own sooner).

Responding to the climate and biodiversity emergencies

Cambridge City Council recognises the need to act now on climate change and biodiversity emergencies. The importance placed on this is demonstrated by the fact that it is one of the four main priorities within the council's Corporate Plan. We want to play a community leadership role on these critical issues and will work to ensure that environmentally friendly choices are available to everyone, not just the more affluent.

We will work together with the whole city and our partners across Cambridgeshire to deliver a just transition towards our vision of a net zero Cambridge by 2030.

Our Cambridge Transformation Programme

In recognition of the financial challenges it is currently facing, the council has embarked on an ambitious transformation programme known as "Our Cambridge".

The programme is now well into its implementation phase, and has made a significant contribution to the total of £5.8 million of gross recurring savings and increased income bids by 2026/27 which have been included in this budget. In particular, the council is currently undertaking a Group Design Programme which will reshape the whole organisation using a purpose-led approach to be more efficient, effective and sustainable.

Section 3
Budget consultation

Budget consultation 2025/26

The Executive, at a meeting in November 2024, approved a public budget consultation to gather residents' views. The consultation was carried out on our online consultation platform, giving everyone the chance to comment. Respondents were asked about their priorities for Cambridge and the council and how they felt about a range of approaches the council could take to balance its budget in the medium and longer term.

A summary of responses in included at Appendix B. There was broad support for many courses of action, including making efficiencies, reducing the specification of some services, and increasing charges, including council tax. However, concern was expressed about the possible impact on those who are vulnerable or on low incomes.

This feedback has informed decisions relating to the budget and will help shape future thinking on how the council meets its savings target for future years, including through the Our Cambridge transformation programme.

Section 4
General Fund revenue budgets

2024/25 outturn

As at the end of December 2024, the forecast outturn for the GF in 2024/25 is a net underspend of £4.0 million. Of this, £3.2 million relates to overachievement of treasury management interest income. This has occurred for two reasons – firstly because interest rates have remained higher for longer than predicted, and secondly because the council continues to hold higher than anticipated cash balances following capital slippage.

It is proposed that the final net underspend amount as reported in the General Fund outturn report in the summer be transferred to the Civic Quarter reserve to reduce the need for future borrowing to finance this project.

As part of this year's budget, a proposal has been included to increase the interest income budget by £3.0 million in 2025/26. Since this is a one-off gain, it is again proposed that an equivalent amount be transferred to the Civic Quarter reserve – in this way excess interest earned now is being used to reduce potential interest on borrowing in the future. It is still expected that interest income will decrease significantly from 2026/27 onwards, as both interest rates and cash balances continue to come down.

Savings target

Amidst rising cost pressures and decreasing government funding, the MTFS approved in October 2024 identified a budget gap of £11.5 million per year by 2029/30, and set out a plan to address this starting with delivery of £6.0 million of recurring savings over the next two years (2025/26 and 2026/27). These savings are to be delivered through both the Our Cambridge programme and other initiatives.

The table on the following page sets out the impact of this budget on the savings targets set for the next 5 years:

Savings requirements - £m	2025/26	2026/27	2027/28	2028/29	2029/30
Net savings requirement – new each year (MTFS 2024)	**2.000**	**4.000**	**2.000**	**2.000**	**1.511**
Net savings requirement – cumulative (MTFS 2024)	**2.000**	**6.000**	**8.000**	**10.000**	**11.511**
Savings	(2.387)	(2.850)	(2.850)	(2.850)	(2.850)
Increased income	(5.862)	(1.925)	(1.925)	(1.925)	(1.925)
Review of capital programme	(0.151)	(0.976)	(1.172)	(1.633)	(1.579)
Total savings	**(8.400)**	**(5.751)**	**(5.947)**	**(6.408)**	**(6.354)**
Reduced income	0.429	0.100	0.100	0.100	0.100
Bids	5.395	1.926	1.926	1.876	1.876
Total new pressures	**5.824**	**2.026**	**2.026**	**1.976**	**1.976**
Other adjustments	(0.066)	0.336	0.366	0.271	0.188
Changes to funding assumptions	(0.126)	(1.527)	(1.526)	(1.524)	(1.526)
Changes to council tax assumptions	0.041	0.018	0.004	0.006	(0.007)
Total other changes	**(0.151)**	**(1.173)**	**(1.156)**	**(1.247)**	**(1.345)**
Use of GF reserves to fund Folk Festival proposal	(0.075)	-	-	-	-
Contribution to earmarked reserve for reinvestment	0.802	-	-	-	-
Total changes to savings requirements	**(2.000)**	**(4.898)**	**(5.077)**	**(5.679)**	**(5.723)**
Revised net savings requirement – cumulative	**-**	**1.102**	**2.923**	**4.321**	**5.788**
Revised net savings requirement – new each year	**-**	**1.102**	**1.821**	**1.398**	**1.467**

As shown above, significant progress has been made in meeting the target of £6.0 million of recurring savings by 2026/27. To this end, this budget confirms recurring savings and increased income bids totalling £5.8 million.

Unfortunately, significant new pressures have also emerged in year, which will add £2.0 million per year to council spend. The most significant of these relate to waste disposal, temporary accommodation costs, and the cost of the recent rise in employer's national insurance contributions. The government will provide some compensation for latter, but projections show this is unlikely to meet the full cost.

Following the publication of the government's consultation on local government funding reform, the council's funding advisers have issued an updated model which predicts the level of funding the council is likely to receive in future years. This has resulted in our funding position from 2026/27 being revised upwards by £1.5 million, although it is important to note that this still represents a significant drop in funding compared to that which the council currently receives (as set out at section 2 above).

After taking into account other changes in assumptions, the £6.0 million savings target for 2026/27 has been reduced by £4.9 million, leaving a net £1.1 million to be identified as part of next year's budget setting round. This means that the council has met 82% of its two year net savings target in the first year.

In respect of 2025/26, the £2.0 million savings target set in the MTFS has been exceeded by £802,000. It is proposed to transfer this amount to an earmarked reserve for reinvestment into initiatives which support the objectives of the council's transformation programme, for example investment in service improvement or one-off transitional costs.

Budget proposals

Given the council's challenging financial situation and need to make savings, budget proposals with a net cost to the council were only considered this year where they were unavoidable (e.g. increased waste disposal costs), or met an important policy objective (e.g. support for vulnerable individuals). Most proposals this year were for savings or increased income arising from the Our Cambridge programme and other initiatives.

Where applicable, proposals are supported by business cases. All proposals have been examined and challenged by the Leadership Team and scrutinised by the Strategy and Resources Scrutiny

Committee.

The impact of each individual budget proposal is set out in detail at Appendices D(a) and D(b).

Section 5
General Fund capital budgets

Capital strategy

In line with guidance, the council will prepare a Capital Strategy to be presented to Strategy and Resources Scrutiny Committee and Full Council alongside the BSR and the Treasury Management Strategy.

Capital plan

The council's capital plan shows approved expenditure for the next five years, where relevant, for each programme or scheme.

Capital proposals

A total of £3.589 million of capital proposals for 2025/26 are listed in Appendix E(a), with a further £276,000 for 2026/27, £325,000 for 2027/28 and £165,000 for both 2028/29 and 2029/30. The projections in the remainder of the BSR assume that all capital proposals are approved.

A summary of the proposed capital plan is set out in the following table:

Capital plan spending (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Spend per MTFS 2024	**105.904**	**17.169**	**1.724**	**0.795**	**0.700**	**0.700**	**126.992**
Approved or Amended since MTFS November 2024 Appendix E(b)	4.632	-	-	0.100	-	-	**4.732**
Capital plan before new proposals	**110.536**	**17.169**	**1.724**	**0.895**	**0.700**	**0.700**	**131.724**
New proposals see Appendix E(a)	-	3.589	0.276	0.325	0.165	0.165	**4.520**
Revised capital plan	**110.536**	**20.758**	**2.000**	**1.220**	**0.865**	**0.865**	**136.244**

The full current capital plan, updated for schemes approved since the MTFS 2024 and proposals for new schemes, is shown in detail in Appendix E(c).

Financing

Capital schemes are funded from a variety of internal and external funding sources. The use of certain funding types is restricted, for example developer and other contributions, grants, and earmarked and specific funds.

Internal funding:

- Earmarked and specific funds (e.g. asset replacement reserve)
- Capital receipts
- Internal borrowing (use of cash balances – minimum revenue provision (MRP) funded from revenue resources)
- Prudential (external) borrowing (interest and MRP funded from revenue resources)
- Revenue resources

External funding:

- Developer and other contributions
- Grants

Where capital expenditure is funded from internal or external borrowing, a minimum revenue provision (MRP) is charged annually in line with the council's MRP policy. This effectively means that the expenditure is financed from revenue resources over the life of the relevant asset. The MRP policy is presented to Council for approval annually in the Treasury Management Strategy Statement.

The table on the following page sets out how the capital plan, including the capital proposals listed in Appendix E(a), is to be financed. As capital receipts are not certain with regard to amount or timing, only specific financing such as grants and contributions can be allocated to individual capital schemes, with the majority of schemes financed from either capital receipts or borrowing. Financing will be allocated to these schemes as they are delivered in the most financially advantageous way.

Capital plan funding (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
External support							
Developer contributions	(2.032)	(0.010)	-	-	-	-	(2.042)
Other sources	(12.297)	(1.454)	(0.171)	(0.160)	-	-	(14.082)
Total – External support	**(14.329)**	**(1.464)**	**(0.171)**	**(0.160)**	**-**	**-**	**(16.124)**
City Council							
Direct Revenue Financing (DRF) – GF services	(0.005)	(0.025)	-	-	-	-	(0.030)
Earmarked reserve – Repairs and renewals fund – Vehicles	(1.039)	-	-	-	-	-	(1.039)
Appropriations from General Fund	(2.687)	-	-	-	-	-	(2.687)
Earmarked reserves – Capital contributions	(5.911)	-	-	-	-	-	(5.911)
Capital receipts and development surpluses	(13.429)	(2.238)	(0.687)	(1.060)	(0.865)	(0.865)	(19.144)
External borrowing – Park Street redevelopment	(64.262)	-	-	-	-	-	(64.262)
Internal and external borrowing – on-lending for capital purposes	(6.777)	(13.500)	-	-	-	-	(20.277)
Internal and external borrowing – other schemes	(2.097)	(3.531)	(1.142)	-	-	-	(6.770)
Total – City Council	**(96.207)**	**(19.294)**	**(1.829)**	**(1.060)**	**(0.865)**	**(0.865)**	**(120.120)**
Total Funding	**(110.536)**	**(20.758)**	**(2.000)**	**(1.220)**	**(0.865)**	**(0.865)**	**(136.244)**
Capital Plan	**110.536**	**20.758**	**2.000**	**1.220**	**0.865**	**0.865**	**136.244**

Where restricted funding is not available, capital receipts are used as the first option to fund capital schemes. The following table shows the availability of this source of funding going forward to meet planned capital expenditure. However, there is a risk that receipts may not be achieved as forecast and that more or less borrowing will be necessary as a result. Note that the below figures include both statutory capital receipts from the sale of assets and development surpluses (for example from CIP) which the council has chosen to apply to fund the forward capital plan.

Capital receipts and development surpluses available (£m)	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Brought forward at 1 April	**11.879**	**2.450**	**0.212**	**-**	**1.940**	**1.075**
Forecast capital receipts and development surpluses	4.000	-	0.475	3.000	-	-
Used for financing of in-year capital plan expenditure	(13.429)	(2.238)	(0.687)	(1.060)	(0.865)	(0.865)

Section 6
Risks and reserves

Risks and mitigation

The table below summarises the main external risks to the financial standing and sustainability of the council, using a High-Medium-Low assessment.

Risk	Probability (H, M, L)	Impact (H, M, L)	Overall assessment (H, M, L)	Mitigation
Funding from central government may fall below projections, particularly in the context of significant uncertainty brought about by local government funding reform. The reset of the business rates baselines will have a significant impact upon the council, although some transitional support funding may be available.	H	H	**H**	Monitor developments, plan delivery of savings and additional income, maintain prudent reserve balances to cover short-term pressures
In December 2024, the government issued a white paper on English Devolution, which includes an ambition to to facilitate local government reorganisation in two tier council areas. Whilst the specific implications for the council are as yet unknown, it is likely that costs will need to be incurred in preparing for any such future reorganization.	H	H	**H**	Monitor developments, plan delivery of savings and additional income, maintain prudent reserve balances to cover short-term pressures
The impact of forthcoming waste reforms is yet to be fully understood and quantified, and no provision has yet been made within the council's financial projections. The impact of this could be significant, and there is uncertainty as to any external funding sources which may be available to support this.	H	H	**H**	Monitor developments and update forecasts when further details are available, explore possible funding opportunities, maintain prudent reserve balances to cover short-term pressures

Risk	Probability (H, M, L)	Impact (H, M, L)	Overall assessment (H, M, L)	Mitigation
Savings plans may not deliver projected savings to expected timescales	H	H	**H**	Our Cambridge programme, management overview and monitoring
The combined effects of inflation, high interest rates and economic stresses may give rise to cost pressures, income reductions, recruitment difficulties, supply issues and other issues that will impact on the demand for and delivery of services	M	H	**H**	Management overview and actions targeted to address significant impacts
Assumptions and estimates, such as inflation, pay increases and interest rates, may prove incorrect	H	M	**H**	Management overview and monitoring
Unforeseen levels of expenditure, such as major repairs to offices and commercial properties	M	H	**H**	Property condition surveys, review of property use, asset management planning
New legislation or changes to existing legislation may have budgetary impacts	H	M	**M**	Management overview and monitoring
The council may be impacted by spending cuts implemented by other agencies	H	M	**M**	Engagement with partners
Increases in council tax and business rates receipts due to local growth may not meet expectations	M	L	**L**	Management overview and monitoring

Sensitivity analysis

The budget process addresses these risks by applying principles of prudence and sustainability throughout. The sensitivity of the budget to estimates and assumptions has been assessed in the MTFS approved by Council in October 2024.

Equality Impact Assessment

As a key element of considering the changes proposed in this BSR, an Equality Impact Assessment has been undertaken covering all Budget 2025/26 proposals. This is included in this report at Appendix F. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show that they have treated everyone fairly and without discrimination. In addition, all proposals are given poverty and climate change ratings, so that the overall impact of the proposals in those areas can be understood.

Section 25 Report

Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer (CFO) reports to the council, when it is making the statutory calculations required to determine its council tax or precept, on the following:

- the robustness of the estimates made for the purposes of the calculations; and
- the adequacy of the proposed levels of financial reserves.

This report is presented in section 7 of this BSR.

Reserves

The council holds two types of general fund reserves:

- The General Fund is a working balance to cushion the impact of uneven cash flows. It acts as a contingency for unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or within the council's control. The reserve also provides cover for grant and income risk.
- Earmarked reserves are set aside for specific and designated purposes or to meet known or predicted liabilities, e.g. insurance claims.

Earmarked reserve proposals

Civic Quarter development reserve

It is proposed that a contribution of £3 million be made to the Civic Quarter development reserve in 2025/26, equivalent to a proposed increase in the investment income budget. This will allow excess interest earned at a time of higher interest rates and cash balances to be used to reduce the need for the council to borrow (and incur interest costs) at a later date.

It is also proposed that any net underspend on the General Fund in 2024/25 (forecast at £4 million as at December 2024) also be transferred to the same reserve, on the basis that the main reason for this net underspend will again be higher than anticipated interest receipts.

Greater Cambridge Impact Fund

In July 2023, Full Council approved in principle an investment of £1 million in the Greater Cambridge

Impact Fund, of which £200,000 has already been allocated for development activities.

The remaining £800,000 was agreed subject to progress being made to secure funding commitments from other parties. Significant progress has now been made in this area, and it is anticipated that the council will be asked to make its investment in the coming financial year.

It is therefore proposed to transfer £800,000 into an earmarked reserve for this purpose, and delegate authority for drawing down and paying out this reserve to the Executive Councillor for Finance and Resources, following reassurance from the Chief Executive and Chief Finance Officer that governance arrangements are in place are due diligence is completed.

Further information is available in a separate report to the Strategy and Resources Scrutiny Committee meeting on 10 February 2025.

Transformation and reinvestment fund

The previous year's BSR included an indicative drawdown from the General Fund of £1 million per year in 2024/25 and 2025/26 to fund further restructuring arising from future phases of Our Cambridge.

Whilst none of this funding has been used to date, implementation of the Group Redesign Programme is due to take place over the coming months, and it is anticipated that significant restructuring costs will be incurred.

It is therefore proposed to add the unused £1 million from 2024/25 to the £1 million allocation for 2025/26. This will be further topped up by an £802,000 overachievement against the 2025/26 savings target, as set out in more detail at section 4, to create an overall transformation and reinvestment fund of £2.802 million. This will be used first and foremost to fund any one-off restructuring costs incurred in year. Any remaining balance will be used to fund initiatives which support the wider objectives of the council's transformation programme, for example investment in service improvement, or to address financial pressures which may arise from forthcoming local government reorganisation as set out in the recent government white paper.

General Fund

The minimum level of the GF reserve depends on the financial risks facing the council, which will vary over time. The prudent minimum balance (PMB) and target level of GF reserves were reviewed and amended in the MTFS. No further changes are recommended at this time:

GF reserves	£m
Approved levels (MTFS 2024)	
Target level	7.849
Minimum level	6.541

The projected levels of reserves for the budget setting period, based on the proposals in this report and recommended contributions to earmarked reserves are set out on the following page. This table assumes that all net savings requirements for 2025/26 and later years are delivered in the year identified.

GF reserve (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Balance at 1 April (b/fwd)	**41.815**	**16.318**	**10.727**	**9.879**	**9.202**	**8.669**
Transfer to Civic Quarter Development Reserve	(20.000)	-	-	-	-	-
Transfer to Climate Change Fund	(0.750)	-	-	-	-	-
Transfer to Greater Cambridge Impact Fund Reserve	-	(0.800)	-	-	-	-
Planned use of reserve to fund one-off Folk Festival proposal	-	(0.075)	-	-	-	-
Planned use of reserve to balance budget in-year	(4.747)	(2.716)	(0.848)	(0.677)	(0.533)	-
Funding for restructuring arising from Our Cambridge or transfer to earmarked reinvestment reserve	-	(2.000)	-	-	-	-
Balance at 31 March before business rates growth (c/fwd)	**16.318**	**10.727**	**9.879**	**9.202**	**8.669**	**8.669**
Business rates growth – indicative growth element (at risk)	3.813	9.515	2.529	3.182	3.862	4.595
Balance at 31 March including business rates growth	**20.131**	**24.055**	**25.736**	**28.241**	**31.570**	**36.165**

Whilst reserve levels appear comfortably above the PMB when indicative levels of business rates growth are included, the inherent uncertainty around this, particularly in the context of local government finance reform, means it is prudent to set a budget which allows the council to maintain an appropriate level of reserves without relying on significant future receipts from business rate growth. In addition, there are likely to be further calls on council reserves beyond those anticipated in this budget, including unknown future service pressures (such as those associated with waste reform).

The council has also set an ambitious target to reduce its carbon emissions from council buildings, land, vehicles and services to net zero by 2030. The costs of achieving this aim are likely to be significant. Work to identify, plan for, and assess how these challenges will be met, including better estimates of potential costs, is at varying levels of development. The council is fortunate to have reserves available to meet some of these challenges, rather than having to borrow and incur interest and ongoing minimum revenue provision costs.

Financial sustainability and resilience

The MTFS in October 2024 recognised that, despite the council's healthy reserve levels, there was a significant and growing structural budget gap (£11.5 million in 2029/30) which needed to be addressed, to avoid the council's reserves being entirely depleted in paying for day-to-day services.

Through the Our Cambridge transformation programme and other initiatives, particularly over the past few months, the council has taken huge strides in addressing this deficit. The 5-year budget gap has closed from £11.5 million to £5.8 million, and overachievement of the council's savings target in 2025/26 has allowed an additional £802,000 to be earmarked for reinvestment into service transformation and improvement.

Nevertheless, the medium-term projection still requires the remaining budget gap to be closed in order for the council to maintain its General Fund balance at or above the target level. In addition, it is likely that further service pressures will arise over the coming years, with waste reform posing a particular risk.

The current five-year projections are based upon a series of key assumptions (for example future inflation and interest rates) as set out in the MTFS. It is inevitable that actual experience will differ from the assumptions made, and sensitivity analysis within the MTFS considered a range of alternative scenarios with a 5-year budget gap of anywhere between £9.2 million and £22.7 million, in addition to the £11.5 million 'best estimate' case. This underlines the inherent risk in setting a medium-term financial strategy, and the need for an appropriate level of prudence in setting budgets and target reserve levels.

It is important, therefore, that the council continues to work hard to ensure its ongoing financial sustainability and resilience by:-

- maintaining healthy levels of reserves;
- planning and delivering net savings in a controlled and sustainable way;
- identifying early any additional pressures which may arise and seeking opportunities for new funding sources to support these; and
- minimising unplanned overspends through careful financial monitoring and management throughout the year.

Section 7
Section 25 report

Introduction

Section 25 of the Local Government Act 2003 requires the Council's Section 151 Officer to report to the council when it is considering its budget requirement and consequent council tax setting. The report must deal with the robustness of the estimates made for the purposes of the calculations and the adequacy of the reserves allowed for in the budget proposals.

The rationale is to ensure that the estimates are sufficient to cover regular recurring costs plus any reasonable risks and uncertainties and, in the event of unexpected expenditure, there are adequate reserves to draw on. The calculations relate to the budget for the forthcoming year and the legal requirement may, therefore, be interpreted as reporting only on the 2025/26 estimates and reserves up to 31 March 2026.

Economic context

The council is subject to significant market uncertainties that make the estimation of costs and income difficult. CPI inflation remains just above the Bank of England's 2% target (2.5% at December 2024) and the future trajectory of interest rates is difficult to predict as a result. Supply chains and the labour market remain challenging. Many service areas within the council are finding staff recruitment and retention difficult, leading to the need to take on agency staff to maintain service delivery. Furthermore, adverse economic conditions have led to an increase in service demands. As a result, estimates in this BSR should be treated with some caution, and consideration given to the alternative scenarios modelled in the Medium Term Financial Strategy (MTFS) which was approved by Full Council in October 2024.

Governance and financial management

The council conducts a review of its system of internal control, and prepares and publishes an Annual Governance Statement each financial year. This demonstrates whether, and to what extent, the council complied with its Local Code of Governance. This process records the council's good practice and supports improvement of governance arrangements. Producing the Annual Governance

Statement helps the council meet the requirements of Regulation 6(1)b of the Accounts and Audit (England) Regulations 2015. It is reviewed and approved by the Civic Affairs Committee. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for local authorities over recent years. The Annual Governance Statement concludes that the council has in place strong governance arrangements to protect its interests and provide necessary assurances to citizens and stakeholders. No significant governance issues were identified from the review of effectiveness.

Robustness of estimates

The council has well established and robust budget setting processes. These have been followed when compiling the 2025/26 budget and medium-term projections. An appropriately prudent approach has been taken to the estimates and assumptions used in the preparation of the MTFS approved in October 2024. Section 3 of that document sets out the key estimates and assumptions used, and indicates the sensitivity of each in financial terms. Estimates relating to investment interest, business rates and council tax have been updated and other estimates confirmed during the development of this budget.

Scenario planning and unavoidable revenue pressures

The council follows best practice in undertaking scenario modelling to support the MTFS. This includes consideration of the impacts of varying levels of general inflation, pay inflation, interest income, council tax and funding settlements. The five-year net savings requirements identified in the MTFS ranged from £9.2 million to £22.7 million. This represents 45% - 112% of the council's 2024/25 core spending power (the total of core grants, business rates and council tax income provided by the local government finance settlement).

Whilst every effort has been made to model future revenue pressures, it is impossible to foresee all eventualities, and it is likely that the council will continue to be impacted by additional future pressures which are as yet unknown. In particular, there is significant uncertainty arising from local government funding reform which will take effect from 2026/27, and there are likely to be additional costs arising from preparations for local government reorganisation following the publication of the government's English devolution white paper in December 2024. The costs of future waste reform with effect from 2026/27 are also as yet unquantified, and no provision has been made within this budget for this – careful thought will need to be given over the coming months in respect of how these costs will be managed and funded.

Estimation and delivery of savings

The MTFS identified a net five-year savings requirement of £11.5 million. This budget includes measures which, if approved, will reduce this requirement by around half (£5.7 million). The savings arise from a combination of efficiencies, changes to services, increases to fees and charges, and a review of the council's 10-year capital forecasts. The savings requirement has also been impacted by changes to assumptions around local government funding and future business rates growth.

Identifying savings through the budget setting process is only the first step. All proposals have been subject to robust scrutiny by officers and councillors, and are considered deliverable. However, given the scale of savings this year, and the inherent risk associated with widespread organisational transformation, it will be particularly important this year to ensure that performance against budgets is closely monitored and reported throughout the year, so that any variances against the agreed budget can be identified early and mitigating actions taken. Whilst the council has historically seen service underspends within General Fund budgets, the work carried out this year to challenge and reduce budgets wherever possible means it is unlikely that this trend will continue.

Should the budgeted savings be implemented as planned, this will still leave a further £5.8 million of recurring net savings to be delivered over the next five years. The challenge and risk associated with this should not be underestimated, particularly in the context of the significant savings already made.

However, the scale of savings to be achieved by the council over the next five years remains considerable, and the associated challenge and risk should not be underestimated, particularly in the context of the significant savings already made.

Adequacy of reserves

Section 32 of the Local Government Finance Act 1992 requires billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. It is the responsibility of the Section 151 Officer to advise local authorities on the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.

A key mitigation for financial risk is the Section 151 officer's determination of a prudent minimum level of reserves. A risk assessment was undertaken for the MTFS approved in October 2024 to determine the level of non-earmarked general reserves required by the council. Section 6 of this report recommends no changes to the level at this time. In making this recommendation, the Section 151 officer has followed guidance in the CIPFA Bulletin 13 – Local Authorities Reserves and Balances (updated).

The following table sets out the prudent minimum levels of general reserves, together with the estimated balances at the start and end of the forthcoming financial year:

General (unearmarked) reserves (£m)	General Fund	HRA
Approved levels (MTFS 2024)		
Target level	7.849	6.161
Minimum level	6.541	7.393
Forecasts (BSR 2025) *		
1 April 2024	16.318	7.396
31 March 2025	10.727	8.409

Conclusion

I consider estimates for the financial year 2025/26 to be sufficiently robust and the financial reserves up to 31 March 2026 to be adequate.

However, I draw attention to the high levels of savings that are required to ensure the council's future financial sustainability, and that:

- significant uncertainty remains in relation to the impact on the council from local government funding reform, local government reorganisation, and waste reform; and
- the council currently does not have detailed plans to meet its five-year savings requirement in full.

Jody Etherington

Section 151 Officer