

Balance Sheet Analysis

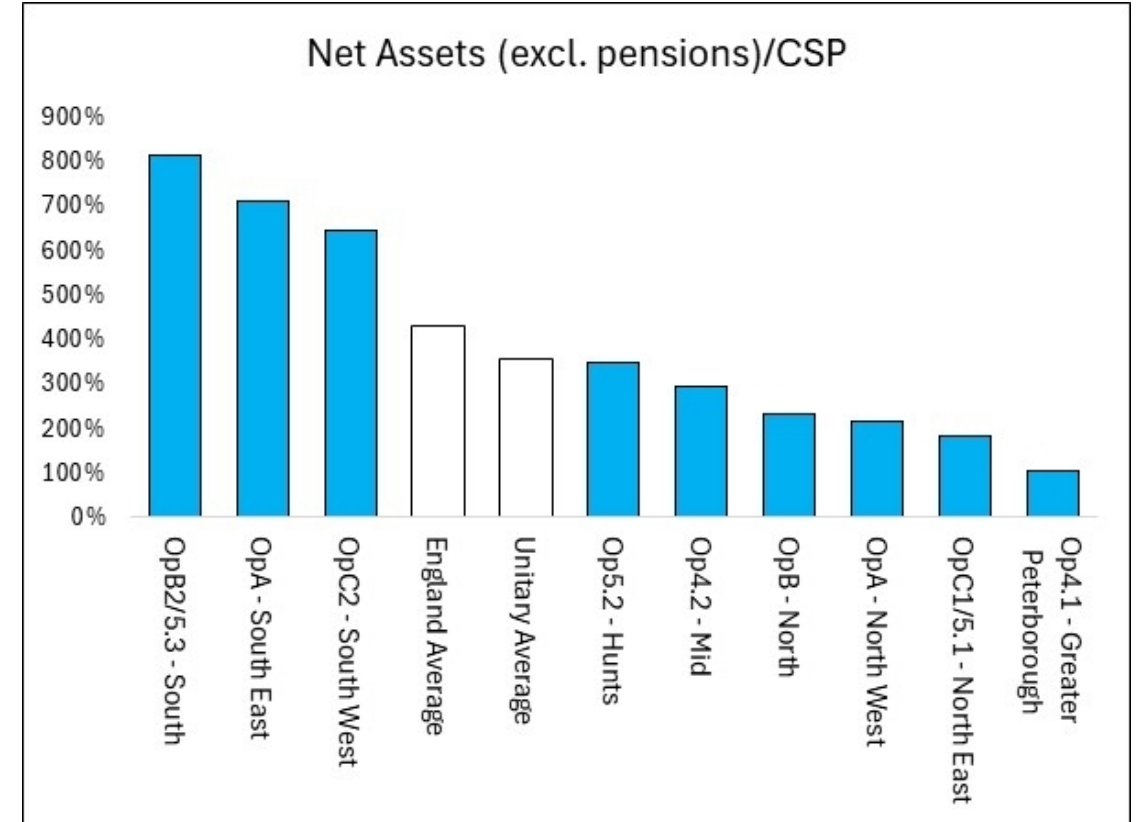
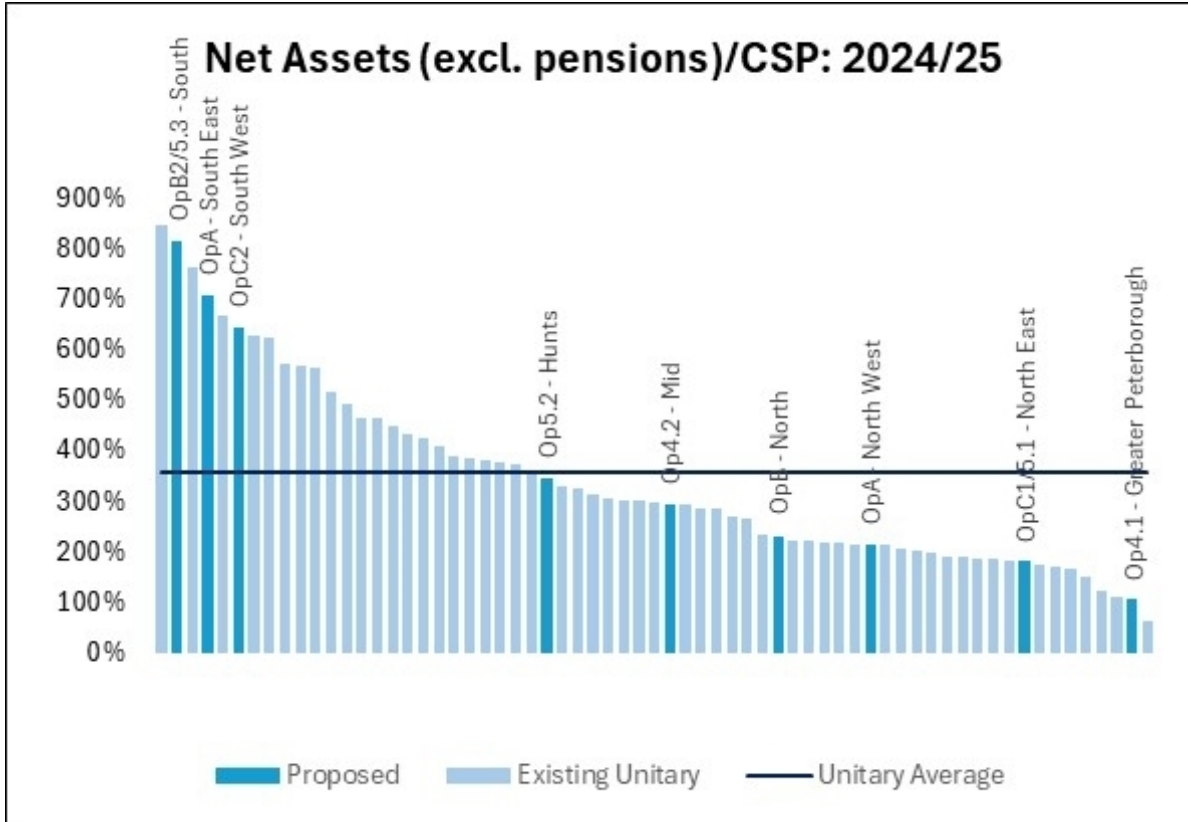
Cambridgeshire Re-Organisation

Methodology

- We have taken the balance sheets of all Cambridgeshire authorities including the County Council, Peterborough and five districts and apportioned these over the proposed unitaries.
- Populations have been used as the apportionment basis in order to apportion Cambridgeshire County's balance sheet to the proposed unitaries. Having established balance sheets for the proposed unitaries, we have compared these to national benchmarks over a number of financial health measures.

Option	Unitary One	Unitary Two	Unitary Three
A	North West <ul style="list-style-type: none"> • Peterborough • Fenland • Huntingdonshire 	South East <ul style="list-style-type: none"> • Cambridge • East Cambridgeshire • South Cambridgeshire 	
B	North <ul style="list-style-type: none"> • Peterborough • East Cambridgeshire • Fenland • Huntingdonshire 	South <ul style="list-style-type: none"> • Cambridge • South Cambridgeshire 	
C	North East <ul style="list-style-type: none"> • Peterborough • East Cambridgeshire • Fenland 	South West <ul style="list-style-type: none"> • Cambridge • Huntingdonshire • South Cambridgeshire 	
4	Greater Peterborough <ul style="list-style-type: none"> • Peterborough • Part of Huntingdonshire 	Mid <ul style="list-style-type: none"> • East Cambridgeshire • Fenland • Part of Huntingdonshire 	South <ul style="list-style-type: none"> • Cambridge • South Cambridgeshire
5	North East <ul style="list-style-type: none"> • Peterborough • East Cambridgeshire • Fenland 	Huntingdonshire <ul style="list-style-type: none"> • Huntingdonshire 	South <ul style="list-style-type: none"> • Cambridge • South Cambridgeshire

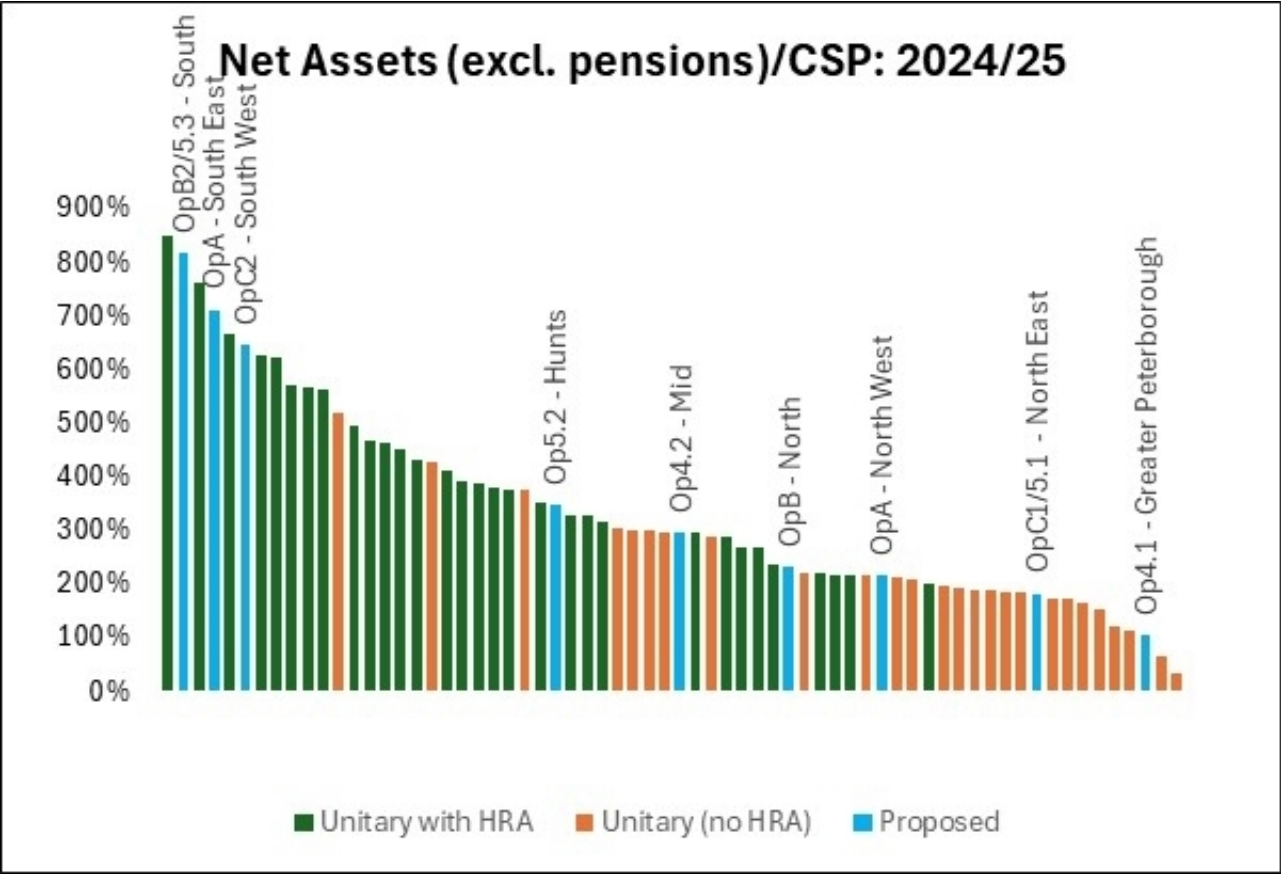
Net Assets



- Net assets much higher at the South based proposed unitaries – this is mainly because those proposed unitaries include both Cambridge and South Cambridgeshire which have HRA authorities (see next slides).
- All the options which include Peterborough have lower than average net assets. Lower than average net assets might be a signal or poorer financial resilience.

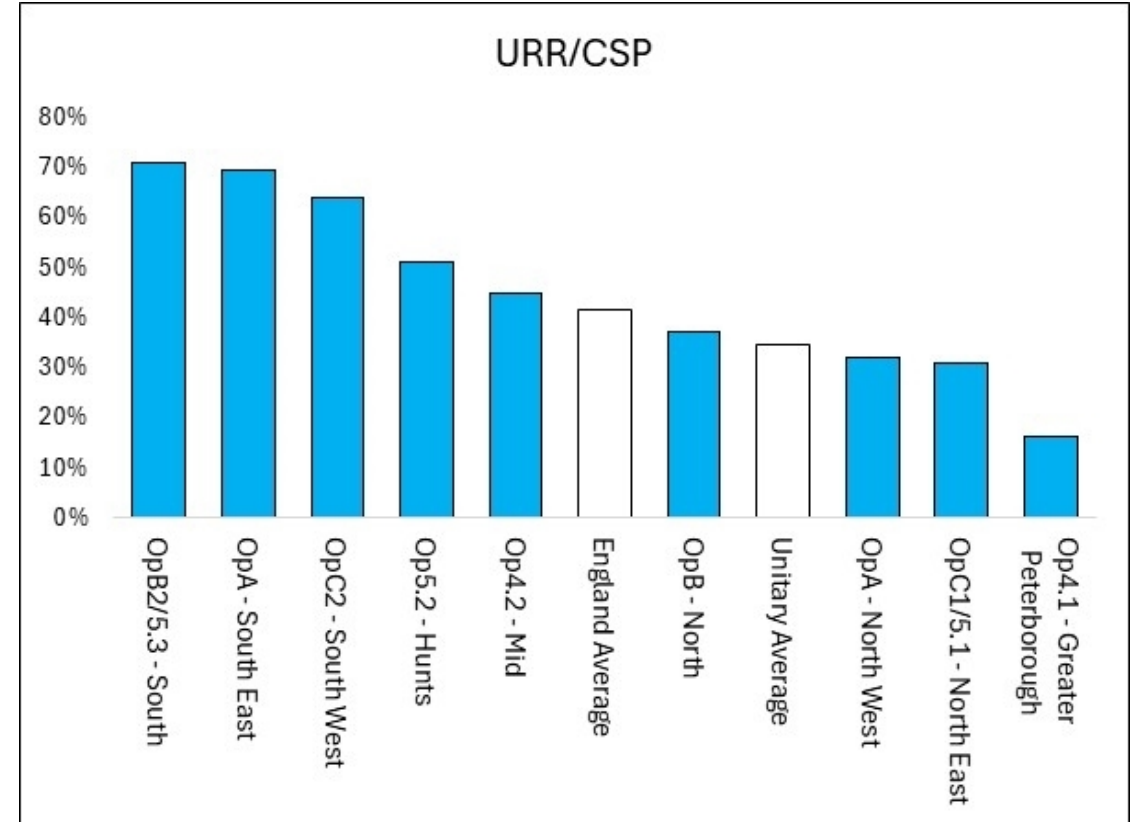
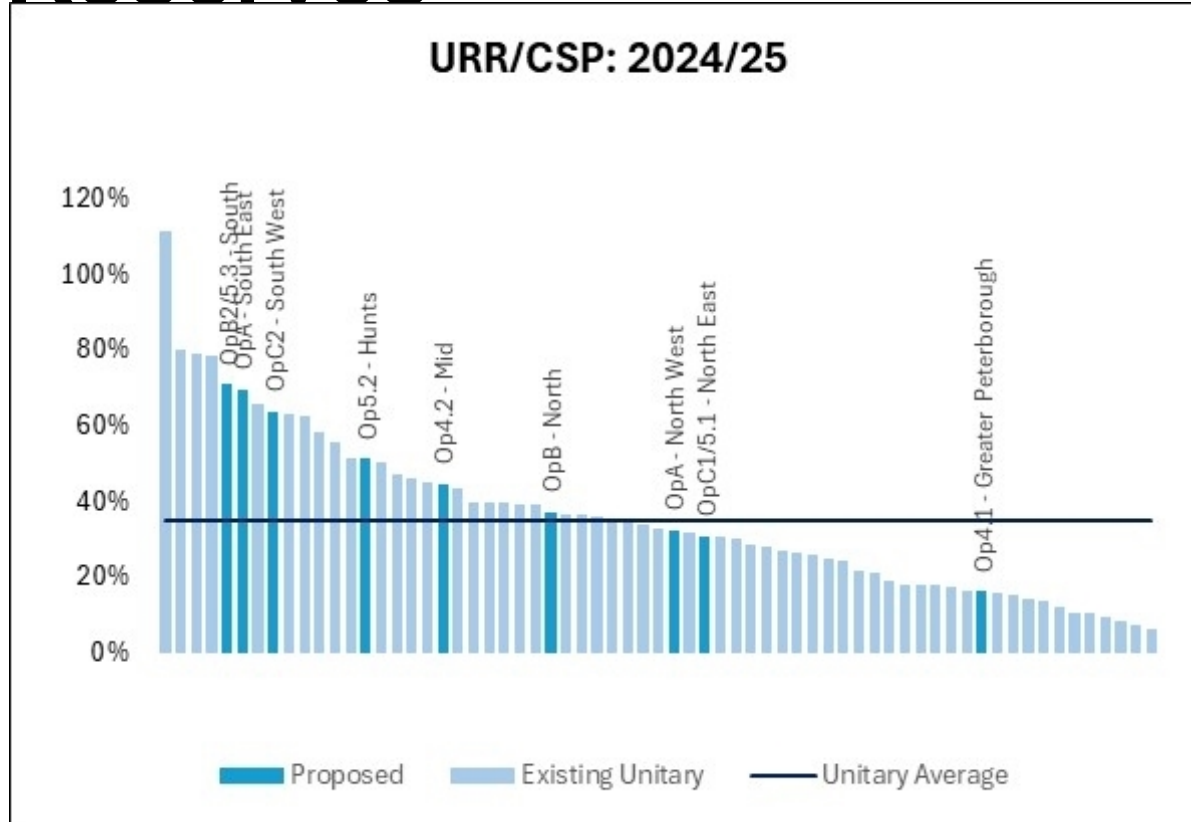
Net Assets

County	Cambridgeshire			
Indicator	Net Assets (excl. pensions)/C SP			
Year	2024/25			
	Non-Pensions			
	Net Assets	C SP pensions)/C SP		HRA
County				
Cambridgeshire	1,457,364	556,196	262%	
Unitary				
Peterborough	130,514	201,728	65%	
District				
Cambridge	1,087,238	20,313	5352%	Yes
East Cambridgeshire	80,794	9,597	842%	
Fenland	74,974	14,319	524%	
Huntingdonshire	192,884	19,571	986%	
South Cambridgeshire	633,952	18,541	3419%	Yes
Huntingdonshire (GP)				
Huntingdonshire (Mid)				



- Proposed unitaries with Peterborough have lower than average levels of net assets. The more districts added to the proposed unitary, the closer to average net assets that unitary gets.
- All unitaries containing Cambridge and South Cambridge have significantly higher than average levels of net assets.

Usable Revenue Reserves



- Usable revenue reserves are higher at the authorities which include Cambridge, East Cambridgeshire and South Cambridgeshire each of which has higher than average levels of URR.
- Peterborough has lower than average levels of URR and therefore 3 of the 4 proposed unitaries which include Peterborough have lower than average levels of URR.

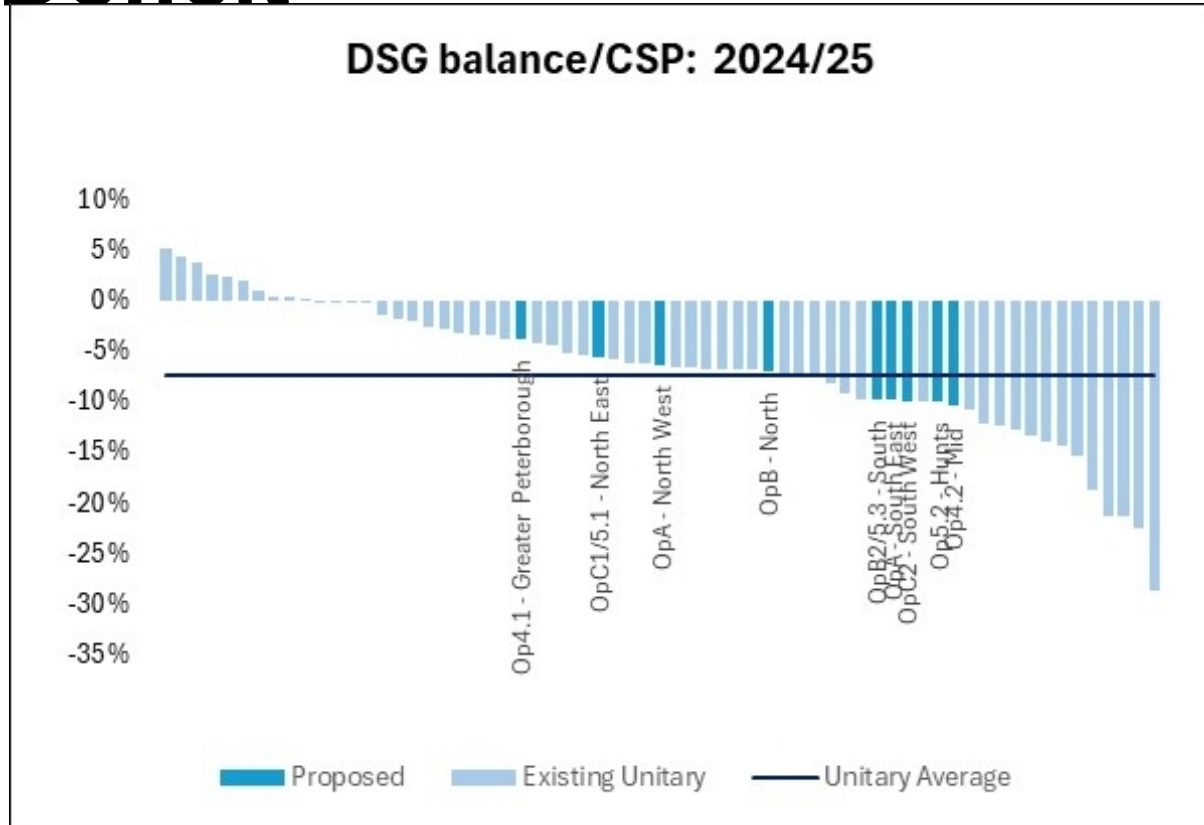
Usable Revenue Reserves

County Indicator Year	Cambridgeshire URR/CSP 202425		
	Usable Revenue Reserves	CSP	URR/CSP
<i>County</i>			
Cambridgeshire	175,707	556,196	32%
<i>Unitary</i>			
Peterborough	24,915	201,728	12%
<i>District</i>			
Cambridge	71,153	20,313	350%
East Cambridgeshire	30,289	9,597	316%
Fenland	13,186	14,319	92%
Huntingdonshire	39,086	19,571	200%
South Cambridgeshire	56,196	18,541	303%
Huntingdonshire (GP)			
Huntingdonshire (Mid)			
Total	410,532	840,265	49%

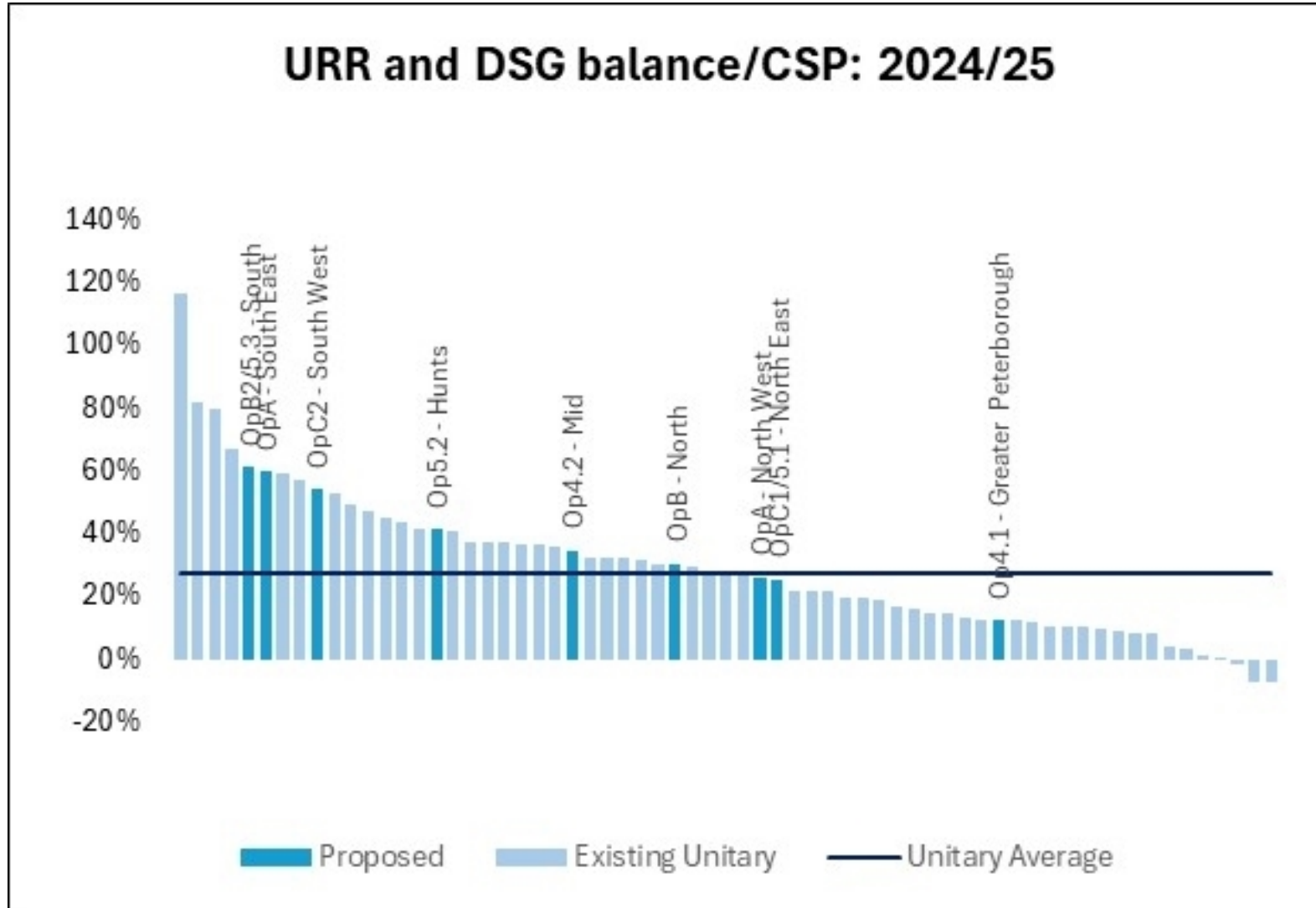
DSG Deficits

County Indicator Year	Cambridgeshire DSG balance/CSP 202425		
	DSG Deficit Adj Acc	CSP balance/CSP	DSG
<i>County</i>			
Cambridgeshire	-62,851	556,196	-11%
<i>Unitary</i>			
Peterborough	-3,554	201,728	-2%
<i>District</i>			
Cambridge		20,313	
East Cambridgeshire		9,597	
Fenland		14,319	
Huntingdonshire		19,571	
South Cambridgeshire		18,541	
Huntingdonshire (GP)			
Huntingdonshire (Mid)			
Total	-66,405	840,265	-8%

Dedicated Schools Grant Deficit

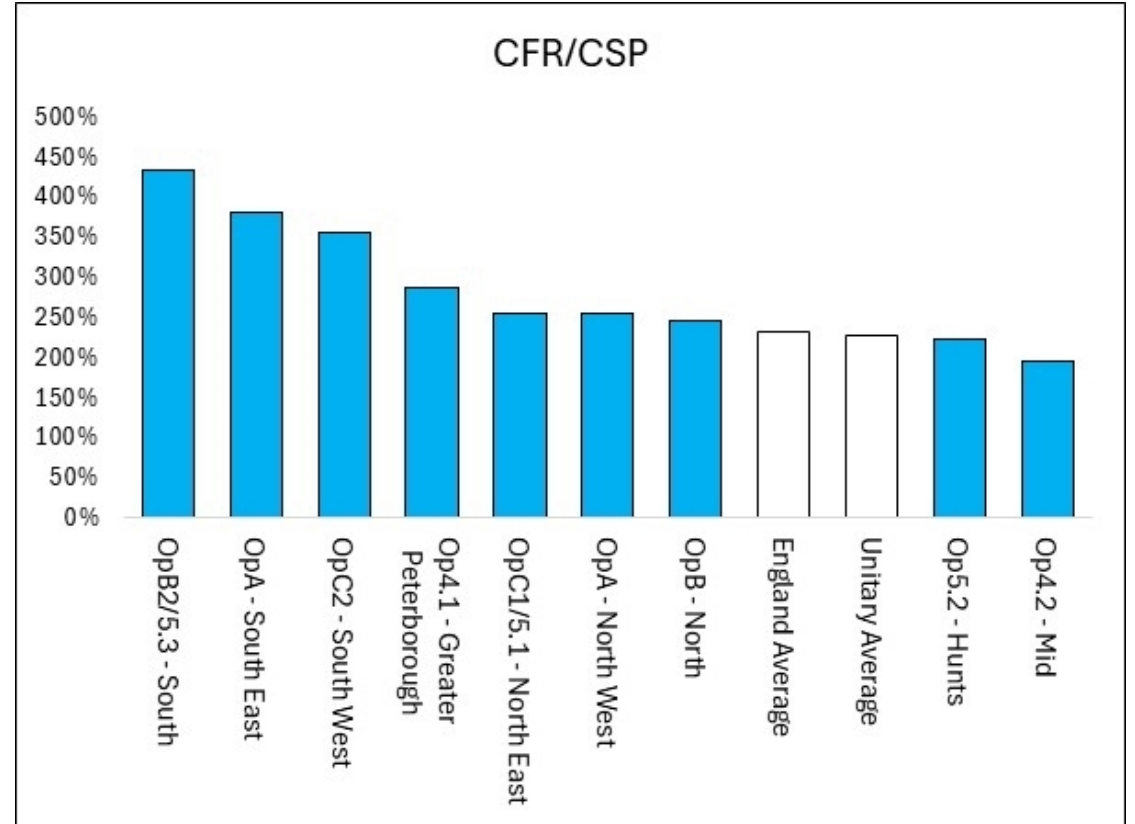
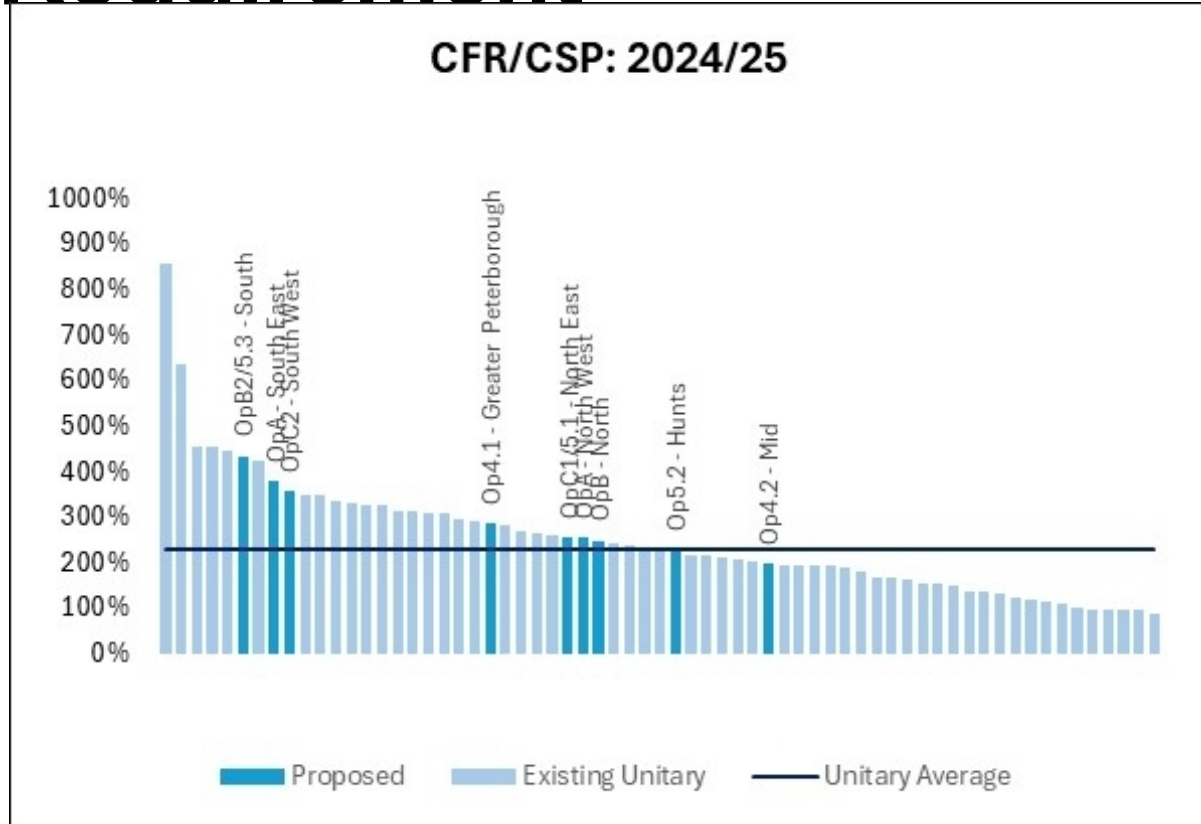


DSG + URR



- The higher levels of URR in the proposed unitaries in the south of the counties provide reasonable resilience to counter the large than average DSG deficits that these authorities will have transferred from Cambridgeshire.
- DSG deficits will continue to be a financial resilience risk though the Government has undertaken to address the issue and will be consulting on a solution this autumn.

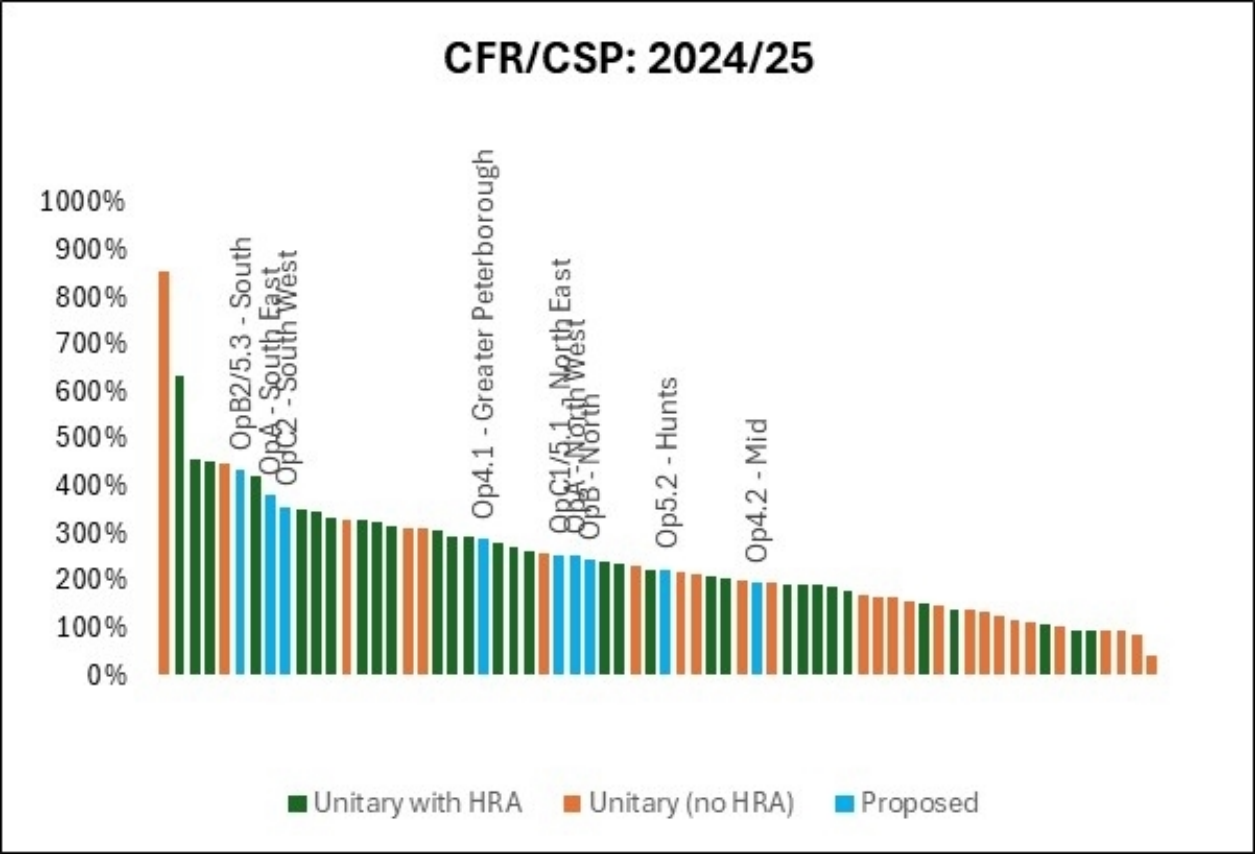
Capital Financing Requirement



- Higher than average 'need to borrow' at Peterborough, Cambridge and South Cambridgeshire means that proposed unitaries which include these authorities will have higher than average CFRs,
- High 'need to borrow' is not necessarily a sign of financial stress; consideration of asset and equity values alongside debt provides a more focussed view. For example, Cambridge and South Cambridgeshire as HRA authorities have high 'need to borrow' but also have higher levels of equity (and significant rental income).

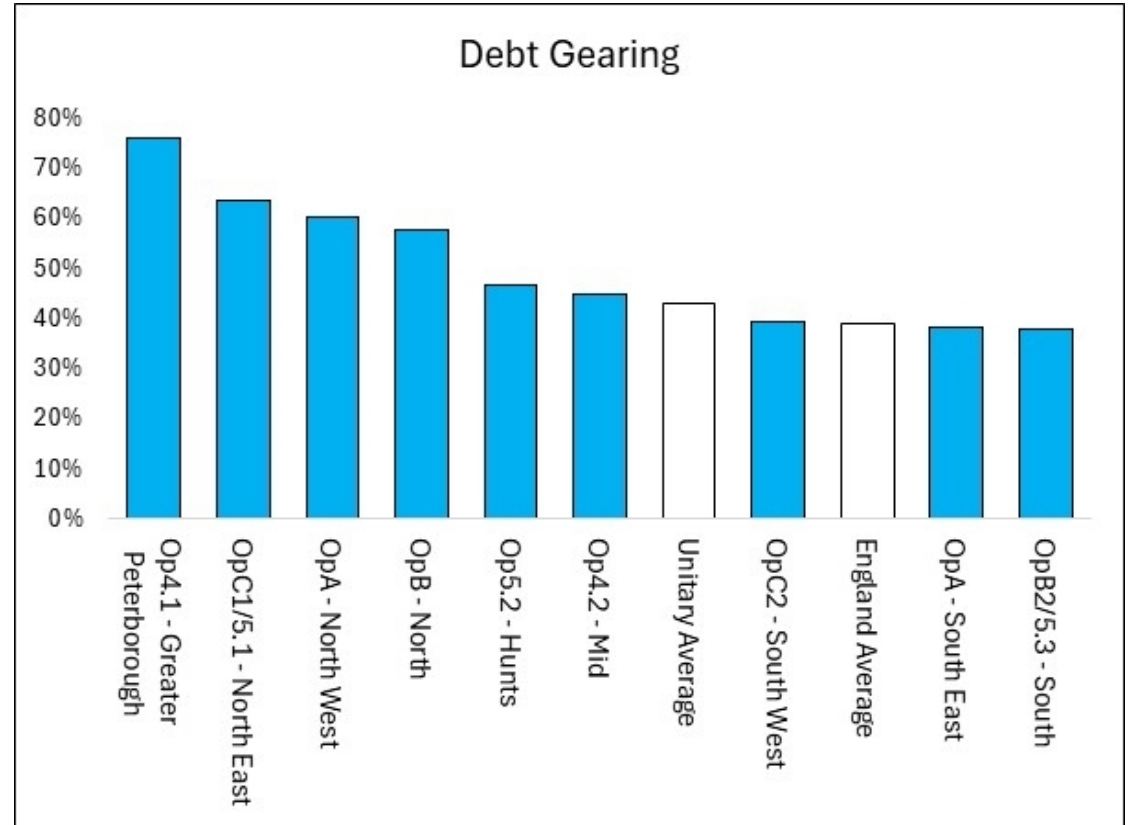
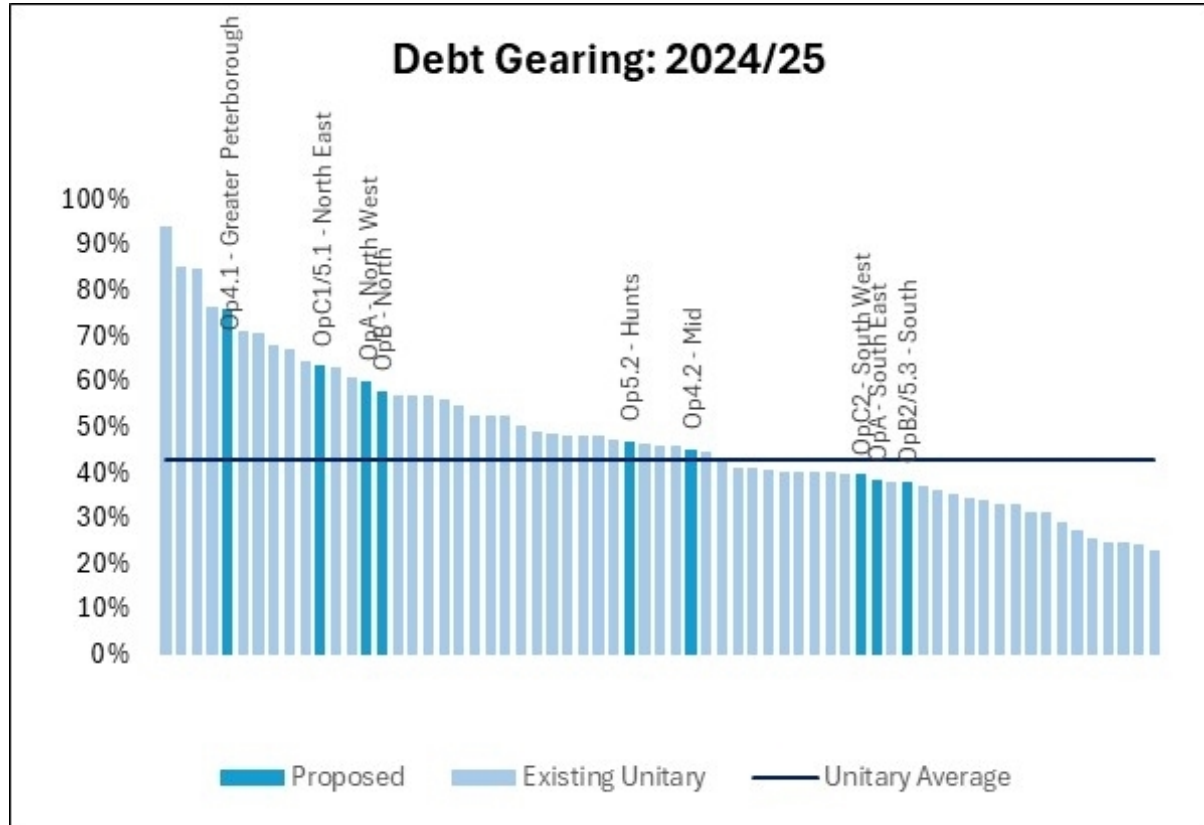
Capital Financing Requirement

County	Cambridgeshire			
Indicator	CFR/CSP			
Year	2024/25			
	Capital Financing Requirement	CSP	CFR/CSP	HRA
County				
Cambridgeshire	1,136,300	556,196	204%	
Unitary				
Peterborough	624,612	201,728	310%	
District				
Cambridge	339,436	20,313	1671%	Yes
East Cambridgeshire	10,078	9,597	105%	
Fenland	18,141	14,319	127%	
Huntingdonshire	72,856	19,571	372%	
South Cambridgeshire	409,309	18,541	2208%	Yes
Huntingdonshire (GP)				
Huntingdonshire (Mid)				
Total	2,610,732	840,265	311%	



- The south based proposed authorities have closer (though still higher) to average ‘need to borrow’ for authorities with HRA (green bars on the graph).
- The Greater Peterborough proposed unitary has a higher CFR when compared to other non-HRA unitaries.

Debt Gearing



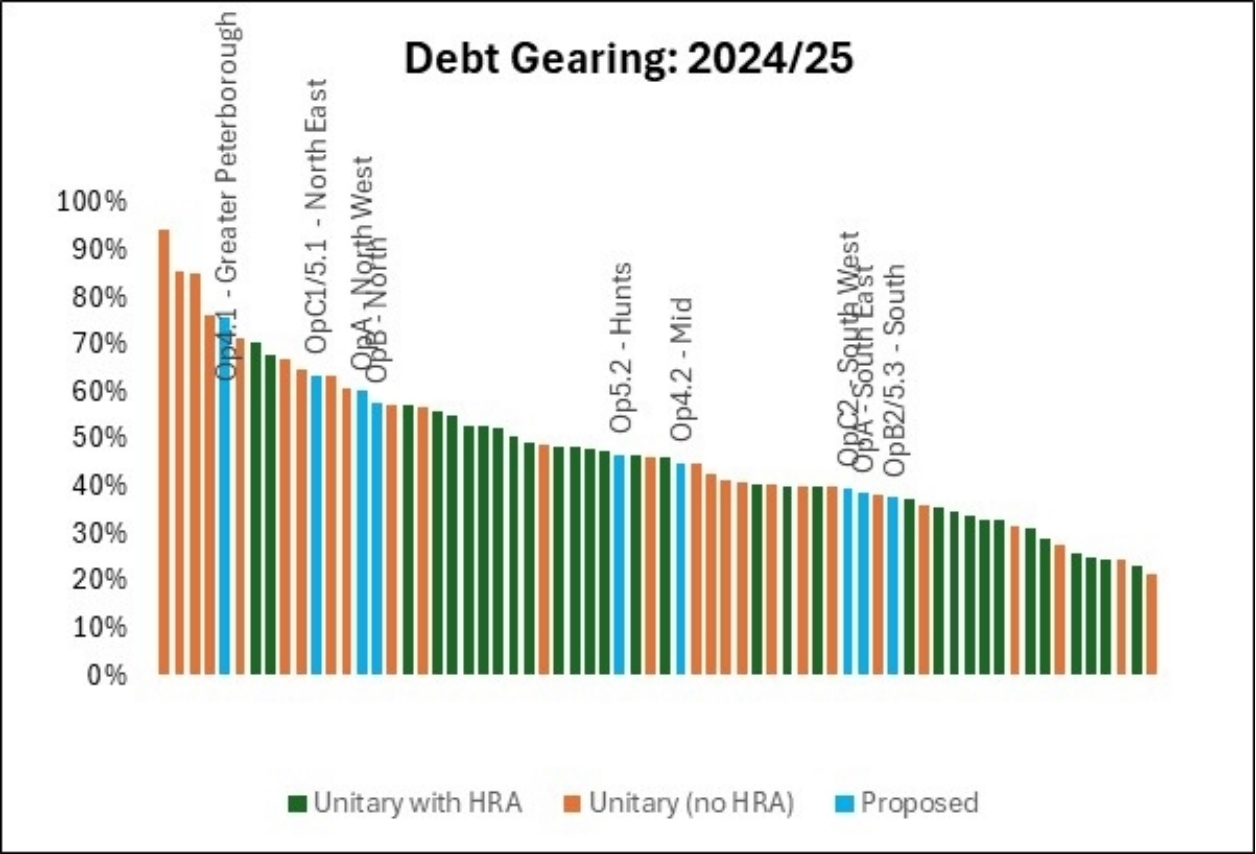
- Debt gearing provides a more rounded view of capital health as it looks at 'need to borrow' in the context of asset values.
- The south based proposed unitaries, all with higher CFRs, have lower than average debt gearing and therefore have reasonably strong levels of capital health.
- Greater Peterborough, on the other hand, has a high level of debt gearing which might be a signal of poor financial resilience.

Capital Financing Requirement

County
Indicator
Year

Cambridgeshire
Debt Gearing
2024/25

	Capital Financing Requirement	CFR+CAA+RR	Debt Gearing	HRA
County				
Cambridgeshire	1,136,300	2,385,578	48%	
Unitary				
Peterborough	624,612	735,655	85%	
District				
Cambridge	339,436	1,317,841	26%	Yes
East Cambridgeshire	10,078	46,281	22%	
Fenland	18,141	77,263	23%	
Huntingdonshire	72,856	166,476	44%	
South Cambridgeshire	409,309	941,147	43%	Yes
Huntingdonshire (GP)				
Huntingdonshire (Mid)				
Total	2,610,732	5,670,241	46%	



- All of the north based authorities have higher than average debt gearing.

Initial Conclusions

- This analysis covers the relative balance sheet financial resilience of all proposed Cambridgeshire unitaries.
- Generally, those proposed unitaries that incorporate Peterborough will have more challenging issues as Peterborough has lower than average usable revenue reserves, a higher than average 'need to borrow' and higher debt gearing.
- The more districts that are combined with Peterborough reduces the challenges as the districts have reasonable levels of financial resilience.
- Cambridge, East Cambridgeshire and South Cambridgeshire all have better than average levels of financial health and this reflects in proposed unitaries that incorporate these authorities. Even though Cambridge and South Cambridgeshire have high 'needs to borrow', they both have considerable levels of equity and therefore lower than average debt gearing.
- Cambridgeshire County Council has a higher than average DSG deficit. This is reflected in all proposed unitaries but higher levels of usable revenue reserves provides resilience against these deficits. Peterborough has a lower DSG deficit so the northern proposed unitaries will have lower DSG deficits.