

**CORPORATE INFRASTRUCTURE AND REGULATORY SERVICES SCRUTINY
COMMITTEE**

25 January 2024

Present:-

Councillors A Dewhirst (Chair), P Bullivant (Vice-Chair), J Brook, R Chesterton, J Hodgson, C Slade, R Radford, M Squires, J Trail BEM and J Wilton-Love

Apologies:-

Councillors M Asvachin, Y Atkinson, J Berry, P Crabb and I Roome

Members attending in accordance with Standing Order 25

Councillors Croad, Davis, Gilbert, Hart, Hughes, Leaver, Randall-Johnson, Sanders, Saywell and Twiss.

* **143** **Items Requiring Urgent Attention**

There was no matter raised as a matter of urgency.

* **144** **Public Participation**

There were no oral representations from members of the public.

* **145** **Budget 2024/25 and Capital Programme for 2024/25 to 2028/29**

(In accordance with Standing Order 25, Councillors Croad, Davis, Gilbert, Leaver, Randall-Johnson and Sanders attended and spoke to this item at the invitation of the Committee.)

The Committee noted that the proposed budget for the 2024/25 financial year would be scrutinised by individual Scrutiny Committees.

The Chairs of the Children's Scrutiny Committee and the Health and Adult Care Scrutiny Committee would present an overview of resolutions to the Corporate Infrastructure and Regulatory Services Committee. This Committee would also consider the draft budget proposals within its own remit, providing an opportunity for Scrutiny Members to comment on proposals for the Council's Budget in its entirety. The resulting resolutions from Scrutiny will be reported to Cabinet and Council.

This would follow the opportunity for individual Scrutiny Committees – at this meeting – to have an initial overview of the budget proposals and examine

them to identify any specific issues or areas of interest that might be considered at the Corporate Infrastructure and Regulatory Services Committee for incorporation into any recommendations to Cabinet and Council.

The Committee then considered the Joint Report of the Director of Finance and Public Value, the Chief Executive, Director of Public Health, Communities and Prosperity; and Director of Climate Change, Environment and Transport (DFP/24/04) on the provisional financial settlement made by Government and the spending targets set by the Cabinet for each service area which included inflation, commitments, and any service reductions. The Report also detailed the proposed medium-term capital programme 2024/25 to 2028/29 for the Services and how it was funded.

The Cabinet, at its meeting of 10 January 2024, had set Revenue Budget targets for 2024/25. That Report had presented the proposed service budget targets for 2024/25 totalling £743.4 million, a net increase of £43.8 million or 6.3% compared to the 2023/24 adjusted budget.

In terms of the Budget for 2024/25, inflationary pressures continue to be felt across the economy, local government and partners; social care was particularly impacted by increases to the national living wage. Senior Leadership Team had worked extensively to develop plans to manage net service costs within affordable financial targets in the context of local authorities, across the country, continuing to face financial challenges due to: high inflation and interest rates, alongside demand on local service provision.

To enable the authority to set a balanced budget, savings, alternative funding, and additional income of £49.6 million had been identified. Overall, there was additional funding of £43.8 million or 6.3% for services next year.

It was not currently planned to support the proposed budget targets by using general reserve balances. In recognition of the SEND Deficit and Safety Valve considerations, it was anticipated the Council would need to set aside funds in 2024/25 – and in subsequent years in the Medium Term Financial Plan – to increase the SEND Safety Valve Reserve. An update on the SEND position would be reflected in the proposed budget presented to Members in February 2024.

The Capital Programme for 2024/25 to 2028/29 would be presented to Cabinet at the February Budget meeting.

On 18th December 2023, the Rt Hon Michael Gove, Secretary of State for Levelling Up, Housing and Communities, released a Written Ministerial Statement to Parliament setting out the provisional local government finance settlement for 2024/25 financial year. The Final Settlement was likely to follow in early February 2024.

Authorities could increase Council Tax for 2024/25 by up to the referendum limit of 2.99% and social care authorities could also increase the precept by up to a further 2% specifically to fund adult social care costs (4.99% in total without a referendum being required).

Devon's Core Funding (and grants announced so far) was as follows. Other existing grants were expected to be published soon and would be reported as part of the overall budget papers in February, if known by then.

Core Funding Income	2023/24 Settlement £000	2024/25 Provisional Settlement £000
Revenue Support Grant (RSG)	669	713
Business Rates – Central Government Top Up	83,428	86,461
Business Rates – Local Element*	21,566	23,884
Total Core Funding	105,663	111,058

**The actual amount received will be derived from returns completed by Devon Districts in January 2024.*

Other Grant Income Included in the Settlement	2023/24 Settlement £000	2024/25 Provisional Settlement £000
New Homes Bonus	963	1,140
Rural Services Delivery Grant	8,744	8,744
Services Grant	4,152	653
Social Care Grant	54,015	63,280
Improved Better Care Fund	29,127	29,127
Adult Social Care Market Sustainability and Improvement Fund*	13,811	15,643
Adult Social Care Discharge Fund	4,084	6,806
Total Other Grant Income	114,896	125,393

**The ASC Market Sustainability and Improvement Fund 2023/24 settlement figure includes £8.373 million allocated in the Settlement in February 2023, plus £5.438 million additional in-year allocation confirmed in August 2023.*

The proposed service revenue budget targets for the 2024/25 financial year were set out in the table below.

	2023/24 Adjusted Base Budget £000	Inflation and National Living Wage £000	Other Growth and Pressures £000	Savings, Alternative Funding and Additional Income £000	2024/25 Target Budget £000	Net Change 2023/24 to 2024/25 £000 %	
Integrated Adult Social Care	340,245	29,887	20,025	(29,411)	360,746	20,501	6.0%
Children and Young People's Futures	206,278	9,795	20,862	(9,150)	227,785	21,507	10.4%
Public Health, Communities & Prosperity	21,678	533	289	(1,577)	20,923	(755)	-3.5%
Corporate Services	49,755	2,160	1,361	(4,831)	48,445	(1,310)	-2.6%
Climate Change, Environment & Transport	81,619	6,144	2,348	(4,629)	85,482	3,863	4.7%
Totals	699,575	48,519	44,886	(49,598)	743,382	43,807	6.3%

The 2023/24 Base Budget has been adjusted for permanent virements (budget transfers from other budget lines)

The Committee were reminded that its consideration of the draft Corporate Infrastructure and Regulatory Services budget was part of the process of setting the County Council's budget which, following this meeting, would culminate in the Cabinet meeting on 9th February 2024 formulating a budget for consideration by the County Council on 15th February 2024.

The Chief Executive, Director of Finance & Public Value and Heads of Service commented on the likely implications of the 2024/25 target for their respective individual service areas, confirming that the overall approach had been to strike a balance between the reality of the financial challenges facing the Council and providing sustainable support services against the increasing demands of front-line services and operational demands.

The Director of Finance & Public Value updated the Committee, firstly, that the Government had on 24 January 2024 announced additional funding for local authorities of £600 million, although details and Devon's portion were as yet unknown and, secondly, that the Devon Education Forum had yesterday agreed to transfer a portion of the schools block part of the dedicated schools grant to a high needs block, to support the ongoing safety valve work.

The Leadership Group commentary in the Report stated that its overriding focus for the next year would continue to be to meet the needs of the young, old and most vulnerable across Devon and to work closely with NHS partners to support and develop the local health and care system; and to continue to work closely with partners across Team Devon to help support the local economy, improve job prospects and housing opportunities for local people, respond to climate change, champion opportunities for young people and address the impacts of the rising cost of living for those hardest hit.

The Report also contained the detailed budget proposals for Corporate Infrastructure and Regulatory Services prepared in line with the targets referred to above, reflecting the different pressures and influences faced by services.

Under the Equality Act 2010, the County Council had a legal duty to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations when making decisions about services. Where relevant, Impact Assessments were carried out to consider how best to meet this duty, which included mitigating against the negative impact of service reductions.

The Report before the Committee referred to the [Budget 2024/25 Impact Assessment](#), circulated prior to the meeting, giving an overview of the impact assessments for all service areas for the attention of Members so they were aware of the equality impact assessments undertaken as part of the budget's preparation, that any risk assessments and projections were adequate and the evidence supported the assumptions made in the formulation of the budget. Also bearing in mind that the preparation of Impact Assessments were a dynamic process and that individual assessments for specific proposals may need to be updated with time, Members of the Council must have full regard to and consider the impact of any proposals in relation to equalities prior to making any decisions and any identified significant risks and mitigating action required.

Specific issues and observations arising from the current budget proposals raised at the meeting in discussion with Directors and Heads of Service included the following:

Public Health, Communities and Prosperity

- The Public Health, Communities and Prosperity Services had reduced budgets overall by £755,000 for 2024/25 due to the introduction of a wide range of savings offsetting and exceeding inflationary and demand pressures, resulting in a 2024/25 budget of £20.9 million.
- Members welcomed that Locality budgets had been increased by £180,000 which equated to £3,000 per member, to support local projects in line with the Authority's priorities; and an increase of £81,000 to domestic abuse grant funding.

- Economy services budget included £70,000 towards the operational costs of delivering the Connecting Devon and Somerset broadband project.

Corporate Services

- Corporate Services had an overall budget reduction of £1.3 million, after cost pressures of £3.5 million of which £2.2 million was attributable to unavoidable inflation. To offset these pressures and support the Sustainable Council initiative the Service had identified savings totalling £4.8 million.
- To achieve these savings, £2.7 million of budget reductions were required in respect of staffing, to include restructuring of services.
- Net savings of £500,000 in external legal disbursements were expected as a result of restructuring and expanding the in-house Legal Services teams.
- Delivery of the IT roadmap continued to prioritise essential developments including disaster recovery, cybersecurity and ensuring staff were equipped with fit for purpose devices.
- New income streams included the introduction of a new staff benefits platform and salary sacrifice schemes which reduced the Council's National Insurance contributions; the expanded Southern Construction framework; and advertising on the Devon Jobs board, used by some districts, the NHS, schools and other partners.

Finance and Public Value

- Noted that external audit fees were nationally set and as a result of the increased fees it was hoped to see an improvement in the quality and timeliness of audits.
- Increase in debtors raised was due to Babcock's transition back and Learner services.

Climate Change, Environment and Transport

- The Highways and Infrastructure Development service area faced cost pressures totalling £3.7 million, this included: £2.3 million from Highways contract inflation and street lighting energy price increases, however, despite pressures there were not any service cuts proposed.
- Savings were being made through identified alternative funding sources, and income opportunities totalling £4.1 million, £1.8 million of which would be achieved through funding permanent pothole patch repairs (which extended the life of the road) from capital budgets; and energy savings of £250,000 were anticipated from further dimming of street lights.
- That bus service patronage was making a slow recovery following the pandemic.
- Concern that the need for increased investment in Highways drainage activities was not currently affordable within the available target budget

and discussion around working in partnership with Town and Parish Councils.

- A number of developer contributions were being secured which were helping to deliver some of the Active Travel schemes.
- In the Medium Term Capital Plan, there was spend of £15 million for the Freeport infrastructure. This was ringfenced borrowing to be fully funded from business rates from the Freeport initiative.

It was **MOVED** by Councillor Dewhirst, **SECONDED** by Councillor Bullivant and

RESOLVED that this Committee

Welcomes and supports:

1. The overall 6.3% increase in the budget, specifically the 10.4% in Children and Young People's Futures and 6% in Integrated Adult Social Care, including:
 - (a) The £2.2 million increase in the internal and external fostering budget, and the increased number of in-house foster carers by 30, and £3.2 million investment in the development of three in-house children's homes reducing the reliance on out of county placements and independent fostering agencies.
 - (b) The increase of 525 places in Devon's Special School estate.
 - (c) The increase in Member Locality Budgets to £8,000 per Member and thanks Cabinet for taking on board Scrutiny's recommendation in January 2023 to review Locality Budgets.

Scrutiny welcomes the cross-Council organisational work by the Cabinet and Senior Leadership team to deliver the Budget and looks forward to seeing further improvements including the continued efforts to achieve effective partnership working and value for money.

2. Recognising:
 - (a) The efforts of Devon County Council staff in the continuing to support the most vulnerable people and providing essential services.
 - (b) The important work of the voluntary and community sector and the varied role it plays in Devon's communities.
 - (c) The intention to work with Town and Parish Councils on the Highways Self-Help Scheme.
3. The work of the Senior Leadership Team and Services to progress and work with partners:
 - (a) To focus on integrated working with the NHS to deliver a strengths-based approach to the delivery of care.

- (b) To deliver the transformation required to best support people in Devon, including a sustainable budget and savings.
4. Improvements within Directorates to in relation to staffing, including:
- (a) A permanent Head of Service manager level within Children's Social Care.
 - (b) Efforts to support the recruitment and retention of Social Workers, including ASYE.
 - (c) The re-design of legal services to focus on the skills of the workforce and achieving value for money.

Concern:

5. The ongoing concerns of achieving the savings outlined across the budget and above all else understanding the impact/s on people we support, communities and practice, particularly the Integrated Adults Social Care in-year savings set at £29.4 million, how the service proposes to achieve this.
6. The ongoing concerns relating to Budget pressures across the Council, including:
- (a) the continued overspend in the High Needs Block Budget for SEND considering the cumulative deficit, and the plans in place to reduce the overspend;
 - (b) the potential impact of the proposed use of Capital receipts to fund the SEND Safety Valve Programme for the High Needs Block Overspend and the potential impact on Capital budgets in coming years;
 - (c) the continued reliance on agency workers in Children's Services over successive years;
 - (d) the cost differential between in house fostering and independent fostering agencies to support children in care and the resultant budgetary impact;
 - (e) the number of people receiving high levels of interventions through statutory care and the need to re-shape the offer to include an alternative strengths-based offer; and
 - (f) the ongoing deterioration of Devon's highways and reduced expenditure on prevention activities.
7. Concern over individual budget lines:
- (a) The net reduction to libraries budget of £175,000.
 - (b) The one-year funding commitment for Carbon Reduction Programme and uncertainty for future years.
8. That bus patronage is still 38.4% below pre-pandemic levels with Devon's residents being impacted by the reliability of services.

9. Health and Adult Care Scrutiny Committee's concern that Members are not able to adequately review and scrutinise the interdependencies within the NHS Devon budget.

Cabinet is asked to:

10. Continue to support Scrutiny in their critical friend challenge of the in-year financial position and progress on achieving transformation and savings, including milestones and metrics -
 - (a) For Children's Scrutiny, this should include social worker agency rates, additional in house foster carers, and in house residential provisions.
11. Lobby Government to highlight the difficulty of setting budgets, operating and improving services against the reality of:
 - (a) The unknown grant settlement for Public Health;
 - (b) The one-year financial settlement for Adult Social Care;
 - (c) The delivery of services within a large, rural County; and
 - (d) Investment in highways to arrest the ongoing decline in the state of the highway, specifically highways drainage.
12. For the Cabinet Member for Integrated Adult Social Care to write to The Rt Hon Mel Stride MP, Secretary of State for Work and Pensions:
 - (a) to ensure the support people of working age with disabilities receive incentivises them to be employed without being adversely affected economically.
 - (b) the potential impact of new immigration rules on the delivery of Adult Social Care services.
13. Consider investment in:
 - (a) School attendance programmes and exploring national, Department for Education programmes, and pilots, to increase attendance of children in school.
 - (b) The ongoing concern and need to invest in highways drainage activities to prevent deterioration in highways.
14. To further support Highways improvements, consider:
 - (a) expanding Highways Self Help Schemes to work with Parishes to identify and pay for works, carried out by the Council, from their own Budgets and precepts and benefit from the expertise of Council officers to deliver projects, albeit recognising the pressures and capacity of staff within the service.
 - (b) as part of the planning process, whether developer contributions can improve the highways in the local area.
15. The Council and NHS partners work collaboratively and commit to promoting independence for people of all ages and disabilities, and to

achieve this, work alongside the Voluntary Community Sector Enterprises (VCSE) Assembly, District, City, Town, and Parish councils, making use of existing partnerships.

16. Recognising the financial pressures on both statutory and voluntary sector organisations, support the Health and Adult Care Scrutiny Committee to arrange an all Member masterclass on Local Care Partnership (LCPs) before April 2024, so Councillors can be more informed and consider the use of their locality budgets to strengthen partnership working and support communities to grow capacity to provide an alternative offer that people can access that promotes their independence and helps communities to be safe and connected.
17. To add to the future Risk Assessment for all relevant services the ongoing concern of partnership working including with partner agencies and the voluntary and community sector regarding the interdependencies in achieving the required improvements.
18. Continue to promote the Council's website and newsletters that help community groups find and apply for community grants.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 9.30 am and finished at 12.49 pm