Devon County Council

Revenue Budget 2024/25
Medium Term Financial Plan to 2027/28
and
Capital Strategy to 2028/29

Relevant Committee Reports

The following reports may be helpful in understanding the development of budget plans for 2024/25

Date	Committee	Subject	Ref No.
10th January 2024	Cabinet	Budget Targets 2024/25	DFP/24/02
24th January 2024	Health and Adult Care Scrutiny	Draft Revenue Budget 2024/25 and Capital Programme 2024/25 - 2028/29	DFP/24/05
18th January 2024	Children's Scrutiny	Draft Revenue Budget 2024/25 and Capital Programme 2024/25 - 2028/29	DFP/24/03
25th January 2024	Corporate, Infrastructure & Regulatory Services	Draft Revenue Budget 2024/245 and Capital Programme 2024/25 - 2028/29	DFP/24/04
9th February 2024	Cabinet	Budget Impact Assessments	https://www.devon.gov.uk/impact/budget-setting-2023-2024/
9th February 2024	Cabinet	Outcomes of the Budget Consultation Meetings with representatives of the Devon Business Community, the Voluntary Sector and Trade Unions	LDS/24/11
9th February 2024	Cabinet	Overview and Scrutiny Committee recommendations	LDS/24/10
9th February 2024	Cabinet	Revenue Budget and Medium Term Financial Plan 2024/25 - 2027/28 and Capital Programme 2024/25 - 2028/29	DFP/24/15
15th February 2024	Council	Revenue Budget and Medium Term Financial Plan 2024/25 - 2027/28 and Capital Programme 2024/25 - 2028/29	DFP/24/16

Strategic Leadership Team Introduction

This is a time of significant challenge for local government as a whole. Despite the government increasing local councils' spending power, a combination of high inflation and rising demand mean that they face some of their toughest ever financial decisions. The Government's local government financial settlement for 2024/25 assumes that all councils will increase their council tax bills by the maximum allowed in 2024/25. The increase in the national living wage poses a significant additional pressure, particularly on the adult social care budget.

In common with all local authorities, Devon County Council has a legal obligation to set a balanced annual budget. Preparing for the financial year 2024/25 has meant a continuation of plans to make savings by getting best value from all contracts, maximising income, reducing the number of employees, and selling Council owned property.

Our overriding focus for the next twelve months will continue to be to meet the needs of the young, old and most vulnerable across Devon and we will work closely with our NHS partners to support and develop the local health and care system. We will also continue to work closely with all our 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 our young people, and address the impacts of the rising cost of living for those hardest hit.

The year ahead is not going to be easy but we remain fully committed to doing all we can to get the most from every single pound we spend. With key local partners we will continue to quality assure, benchmark and improve how we do things so we can continue to deliver vital local services and improve outcomes for the people of Devon as efficiently and effectively as we can with a focus on strengthening partnerships and evidencing.

Revenue Budget Overview

Introduction

The Autumn Statement of 22 November 2023 and the Provisional Local Government Finance Settlement that followed on 18 December 2023 indicated an increase in overall funding and confirmed the council tax referendum principles for 2024/25. The Core Spending Power as measured by Government and set out in the Settlement, that includes general grants and the Government assumption that full council tax increase will be applied, provides for an average 6.5% increase in funding in 2024/25. The increase for Devon County Council is 6.55%, slightly above the average. This builds on the 9.8% increase allocated through the 2023/24 Settlement and has contributed towards enabling the Authority to increase funding for services by £43.8 million for 2024/25.

The favourable Settlement is welcomed but by itself is not enough for the Authority to set a balanced budget for 2024/25 without making significant budget savings and generating additional income, with high inflation and demand for services driving cost increases well above the increase in available funding. Building on the Financial Sustainability Programme launched in 2022, further focus on costs and income is embedded in the Stronger and Sustainable Council strategy agreed at Cabinet in September 2023.

Savings and new income of £49.6 million are reflected within service budgets to ensure services remain affordable.

Delivery of the savings and the improvements in services through change programmes will not be easy but the level of commitment from teams working together as one organisation, and the level of assurance that has been involved in the budget setting process, mean that the 2024/25 budget is as robust as possible.

Furthermore, delivery of the 2024/25 budget enables us to move forward with investment in our services to drive continuous improvement and efficiency in all areas of our organisation.

The Local Government Finance Settlement 2024/25

The Local Government Finance Settlement for 2024/25 will represent the final year of the Government's current 3-year Spending Review. Despite this being a 3-year Review, local authorities have only received a one-year settlement each year for 2022/23, 2023/24, and 2024/25. Funding information for 2025/26 and later years is not currently available therefore assumptions in the Medium Term Financial Plan are currently based on a continuation of the current approach and relative levels of funding.

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 Secretary of State issued a further Written Statement on 24 January 2024 indicating that a further £600 million of funding will be provided for local government in addition to the funding set out in the Provisional Settlement, with details to be provided in the Final Settlement. The Final Settlement is expected to be published on or before 8 February 2024.

Key information provided in the Settlement includes:

a) **Core Spending Power** – The Provisional Settlement indicated that Government has increased the Authority's overall Core Spending Power by 6.55% in 2024/25. This is broadly in line with the national average increase of 6.5%. The Written Statement on 24 January 2024 states the new additional funding will take the increase nationally to 7.5%. Individual authority allocations will be confirmed in the Final Settlement, and this will inform the Authority's own final Core Spending Power increase. In each case this incorporates the Government assumption that all authorities will implement the full flexibility to increase Council Tax up to the referendum threshold.

b) **Council Tax** – County Councils in England may increase Council Tax for 2024/25 by up to the referendum limit at 2.99% and social care authorities may also increase the tax rate by up to a further 2% specifically to fund adult social care costs, and therefore raise Council Tax by up to 4.99% overall without a referendum being required. The current draft estimates for 2024/25 assume the Authority will maximise this flexibility and increase the tax rate by 4.99% for next financial year, subject to formal recommendation by Cabinet and decision by Council in February 2024.

c) **Revenue Support Grant** – The provisional allocation for 2024/25 of this general funding grant is £713,381, an increase of £44,316 (6.6%) compared to 2023/24.

d) **Business Rates** – the business rates funding system contains a combination of fixed and variable elements. The settlement includes the baseline target set by

Government for the Council's expected share comprising a local share under the business rates retention system plus a Top Up to reach the target funding level. Actual total funding received through business rates will be determined using information provided by the district/borough/city councils in Devon, which is due to be received by 31 January 2024.

e) **New Homes Bonus** – this grant, which is based on delivered housing growth within the County, has been extended by a further year. The provisional allocation of NHB grant in 2024/25 is £1.14 million, which is an increase of £176,859 (18%) compared to 2023/24.

f) **Rural Services Delivery Grant** – Funding for this grant nationally was set at £95 million for 2024/25 and the Authority's provisional allocation for this general funding grant is £8.744 million – the same amount as received in 2023/24. However, the Ministerial Written Statement of 24 January 2024 indicated the national funding for RSDG will be increased to £110 million in the Final Settlement. Updated individual authority allocations have not been issued in advance of the Final Settlement however the draft budget includes a provisional estimate of £10.124 million for this grant for 2024/25, an assumed increase of £1.38 million compared to the Provisional Settlement.

g) **Services Grant** – the provisional allocation of this general funding grant towards the cost of local services is £653,263 in 2024/25, a decrease of £3.499 million (84%) compared to 2023/24.

h) **Social Care Grant** – it was announced in the Autumn Statement 2022 that adult social care charging reforms that were due to be introduced from October 2023 are postponed for 2 years, but that the funding that had been allocated by Government would be repurposed and still allocated to councils. This repurposed funding was added to the social care grant in 2023/24, and the former Independent Living Fund grant was also consolidated within the social care grant in 2023/24. The provisional allocation of this general grant funding in 2024/25, which aims to support local authorities in meeting the costs of adults' and children's social care needs, is £63.28 million, an increase of £9.265 million (17%) compared to 2023/24. It was announced in the Ministerial Written Statement 24 January 2024 that a further £500 million of new funding will be allocated in the Final Settlement through the Social Care Grant. Updated individual authority allocations have not been issued in advance of the Final Settlement however the draft budget includes a provisional estimate of £70.73 million for this grant for 2024/25, an assumed increase of £7.45 million compared to the Provisional Settlement.

i) **Improved Better Care Fund** – this grant funding may be used only for the purposes of meeting adult social care needs, reducing pressures on the NHS, including seasonal winter pressures, supporting people to be discharged from hospital when they are ready, and ensuring that the social care provider market is supported. The funding is pooled into the local Better Care Fund. The provisional allocation for 2024/25 is £29.127 million – the same amount as 2023/24.

j) **Adult Social Care Market Sustainability and Improvement Fund** – the primary purpose of the fund is to support local authorities to make tangible improvements to adult social care services in their area, in particular to build capacity and improve market sustainability in both social worker workforce capacity and social care providers. The Authority's allocation of funding for 2023/24 came in two tranches: £8.373 million allocated in the Settlement in February 2023, plus £5.438

million additional in-year allocation confirmed in August 2023. Total funding in 2023/24 is therefore £13.811 million. The Authority's 2024/25 provisional allocation is £15.643 million next year, an increase of £1.832 million (13%) on the funding received in 2023/24.

k) **Adult Social Care Discharge Fund** – the funding allocated to local authorities nationally has increased from £300 million in 2023/24 to £500 million in 2024/25. The grant funding must be pooled into the Better Care Fund and may be used to: enable more people to be discharged to an appropriate setting; prioritise those approaches that are most effective in freeing up the maximum number of hospital beds and reducing bed days lost; and boost general adult social care workforce capacity. The provisional allocation for Devon County Council is £6.806 million which is an increase of £2.722 million (67%) compared to 2023/24.

A breakdown of the key funding streams published within the Provisional Settlement are set out in the tables below. These set out the Authority's Core Funding of £111.1 million and shows the other government grants that have been announced so far.

The tables do not include the new funding identified in the Ministerial Written Statement of 24 January 2024, with individual authority allocations due to be confirmed in the Final Settlement. Indicative estimates of the potential additional funding for the Authority are included in paragraphs (f) and (h) above, and further commentary is provided at the end of this section regarding potential use of the funds.

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 we receive will be derived from returns completed by our 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 provisional settlement contains additional government funding to the Authority of £15.9 million when compared to 2023/24, as well as additional flexibility for raising Council Tax by up to 4.99% without the need for a referendum.

The Government has included a Minimum Funding Guarantee in the Provisional Settlement to ensure all local authorities see their core spending power increase by at least 3%. This Guarantee was increased to 4% in the Ministerial Written Statement of 24 January 2024. As this Authority's Core Spending Power increase is above this minimum, no funding is provided to us through this mechanism in 2024/25.

Scrutiny committees met during January to review the draft budget proposals. The committee members recognised the scale of challenges faced by the Authority and risks associated with budget assumptions, delivery of service redesign and achievement of budgeted savings. Additional funding announced in the Secretary of State's Written Statement on 24 January 2024, after draft budgets had been prepared and Scrutiny reports issued, provides the Cabinet the opportunity to further manage these risks and provide additional funding to invest in service delivery and improvement, for example:

- Drainage - additional investment specifically to support cyclical management of drainage maintenance in our highways.
- Homelessness - retaining the budget for the Authority's contributions to districts for homelessness services, providing further time for engagement with districts on the longer-term arrangements.
- Redesign - funding the cost of investment in replacement of systems supporting Adults' and Children's social care services; and supporting the implementation of service redesign and associated costs.
- Contingency - recognising risks around the delivery of savings plans.

Revenue Expenditure

It is well publicised that local authorities across the country continue to face financial challenges due to high inflation and interest rates as well as demands on local service provision. Building on the Financial Sustainability Programme undertaken towards the preparation of the 2023/24 budget, in September 2023 the Cabinet agreed the Working Well Together for a Sustainable and Stronger Council objectives setting out further steps to secure Best Value and thus ensure ongoing financial sustainability.

This has provided a clear purpose and approach to preparing the revenue budget for 2024/25. Costs related to adults' and children's social care represents the majority of the Authority's budget. The budget approach recognises the challenge of delivering improvements in Children's Services and meeting the ongoing trend of increasing complexity and demand for social care and SEND provision, as well as meeting the duties and priorities across the wide range of services provided by the Authority.

Directorate Budget Targets were set by Cabinet on 10th January 2024, totalling £743.4 million, a net increase of £43.8 million or 6.3% compared to the 2023/24 adjusted budget. Details of the directorate budgets analysed by service is set out on pages 43 to 92.

The Targets allow for £22.8 million in inflationary pressures. The rates of inflation used vary across services depending on the activity and any anticipated contractual obligations. Following many years of low inflation, Consumer Price Index (CPI) inflation peaked at 11.1% in October 2022. This gradually reduced to 6.7% in September 2023, which is a key measure as this is traditionally used as a basis in some aspects of the Local Government Finance Settlement. The rate has continued to fall and in December was 4%. The Bank of England commented recently “We expect inflation to continue to slow and be back to more normal levels by the end of 2025. By normal, we mean that on average, prices are rising by around 2% a year.” This was further reflected in the Autumn Statement which includes forecasts of inflation falling to 2.8% by end of 2024 and 2% by end of 2025.

The National Living Wage increase also drives an inflationary impact on our costs. In the Autumn Statement 2023, the Government confirmed the National Living Wage will increase by 9.8% to £11.44 per hour from April 2024. The Target Budgets include allowance for up to £25.7 million as an estimate for this additional cost.

Despite the rate of inflation falling in recent months the impact of inflation on cost of living, business and service delivery costs places sustained financial pressures nationally, and this contributes to the ongoing impact in terms of price and demand pressures on the Authority’s budget. This is reflected in the proposed Target Budgets with investment of £48.5 million to cover inflation and national living wage plus £44.9 million to cover demand and other spending pressures and priorities. To enable the authority to set a balanced budget, savings, alternative funding and additional income of £49.6 million have been identified. Overall, there is additional funding of £43.8 million or 6.3% for services next year.

The targets set for each service area have been subject to different pressures and influences. The table below shows the 2024/25 Budget Targets by service area.

	2023/24 Adjusted Budget *	**Inflation and National Living Wage**	**Other Growth and Pressures**	**Savings, alternative funding and additional income**	**2024/25 Target Budget**	**Net change 2023/24 to 2024/25**	
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'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%
	699,575	**48,519**	**44,886**	**(49,598)**	**743,382**	**43,807**	**6.3%**

*Adjusted for permanent virements (budget transfers).

The risks associated with the delivery of the 2024/25 budget and the mitigating action needed to try to contain that risk is detailed on pages 165 - 190.

Revenue Income - Specific Grants

In additional to general Core Funding the Authority also receives specific grants that relate to particular activities embedded within service budgets, and these are detailed in Key Table 5 on page 15 and 16. The most significant specific grant is the Dedicated Schools Grant which must be spent on schools and related expenditure. For 2024/25 the Dedicated Schools Grant has increased by £38 million to £714 million. Despite this increase Devon's schools remain some of the most poorly funded by Government.

Revenue Expenditure - Other costs and income

Key Table 1 on page 11 shows the estimated level of total spending on services and other items such as capital financing, interest income, costs met centrally and funded from specific reserves, and contingencies and provisions for additional costs not included in service budgets. These items are held centrally and not distributed to service budgets. Capital Financing Charges are dependent on the Authority's Capital Programme explained on pages 25 to 42. Factors that influence the income gained from investing our cash balances are set out on pages 131 to 153 that explains the Authority's Treasury Management Strategy.

Also included in Key Table 1 are several grants that are reported outside of services because they are general funding towards any services and in some cases to offset costs in only certain services but not fully prescribed. The former will include general grants such as New Homes Bonus and Rural Services Delivery Grant, and the latter can include grants to meet certain types of costs such as Social Care Grant.

Revenue Income - Council Tax

The Authority is required to set a Council Tax annually for each property band. This will need to be notified to each District Council for them to include in the billing process. Cabinet is required to recommend a tax level to County Council as part of the annual budget.

District Councils have now reported their final tax base for 2024/25 and estimated surpluses on collection up to March 2024. The level of tax collection surplus attributable to the Authority is an estimated £5.2 million and this sum provides additional income on a one-off basis in 2024/25. Key Table 2 sets out the Council Tax Requirement, Tax Base, Council Tax by band and individual District Precepts. These assume that Council decides to implement the maximum permitted increase without a referendum of 4.99% at its meeting on 15 February 2024.

Reserves and Balances

Members need to endorse the level at which general balances and earmarked reserves should be maintained. Pages 124 to 130 explain the authority's strategy for its reserves and balances. It is recommended that general balances are maintained at or above £15.8 million. A detailed risk assessment has been completed which demonstrates that residual risk after mitigation, falls below this level. Key Table 3 summarises the authority's Reserves and Balances and includes planned use of reserves to meet costs for which the reserves are intended in 2024/25.

Staffing

The Budget for 2023/24 includes estimated costs of the Authority's employed workforce which amounts to over 5,300 full time equivalent staff. One of the themes in the Stronger and Sustainable Council approach recognises the need to reduce overall staffing levels among the measures to contain costs within available funding and income. Key Table 7 provides a summary of the latest staffing estimates that is included in the 2024/25 Budget, which shows budgeted full-time equivalent staffing (excluding schools) reducing to just over 5,200.

Medium Term Financial Plan

The Authority's approach to the Medium Term Financial Plan (MTFP) is detailed on pages 95 to 123. The level of uncertainty over future funding and trends of expenditure and income means that significant assumptions must be made. When future funding levels are known the MTFP will be updated on an iterative basis throughout the year ahead. Key table 4 is the financial representation of the current MTFP for 2024/25.

Conclusion

The Council's Senior Leadership Team has led a strategic whole-Council approach to preparing the proposed budget for 2024/25. This has followed key themes set out in the Working Well Together for a Stronger and Sustainable Council. The approach has seen a collective response to service and financial challenges with a very clear focus on achieving a proposed budget that aligns with strategic corporate priorities and delivers within an affordable financial envelope.

It is a clear priority of both political and officer leadership that we must "live within our means" and in doing so include affordable expenditure plans that strike an appropriate balance of service delivery, risk management and financial sustainability.

Although overall funding levels have increased and this is welcome, it is evident that cost increases due to demand and inflation exceeds the additional funding, and appropriate savings and additional income targets have necessarily been included in budget plans. These will be carefully monitored and reported throughout the year ahead to ensure we remain on track to meet the budget overall and respond appropriately to changes that arise.

The exciting project to implement a new finance system during 2024 is on track and this will help to deliver improvements in financial controls and provide better quality reporting and information, helping to support strong budget management across the Council.

Key Table 1 – Council Tax Requirement

2023/24 Adjusted Budget £'000		Changes £'000	2024/25 Budget £'000
340,245	Integrated Adult Social Care	20,501	360,746
206,278	Children and Young People's Futures	21,507	227,785
21,678	Public Health, Communities & Prosperity	(755)	20,923
49,755	Corporate Services	(1,310)	48,445
81,619	Climate Change, Environment & Transport	3,863	85,482
770	Central Contingency - Apprenticeship Levy	120	890
(3,377)	Pension contribution	3,377	0
(1,712)	Workforce inflation and savings contingency	1,773	61
695,256	**TOTAL SERVICE BUDGETS**	**49,076**	**744,332**
38,611	Capital Financing Charges	(3,795)	34,816
12,235	Schools and Energy from Waste PFI Financing Charges	799	13,034
(3,750)	Interest on Balances	100	(3,650)
0	Interest on SEND Safety Valve Balances	(3,900)	(3,900)
(770)	Income generation initiatives and review of balances	159	(611)
(5,000)	Transformation and Best Value Savings	5,000	0
5,000	Pooling to Better Care Fund	1,806	6,806
2,000	Highways drainage works	(500)	1,500
0	Corporate parenting	10	10
0	Service Redesign, Quality and Improvement	4,425	4,425
0	Provision for reduction in care delivery costs	(2,100)	(2,100)
0	Family hubs development	1,000	1,000
0	Homes for Children in Devon - setup costs	334	334
0	Homelessness support	716	716
0	Contingency for risk mitigation Children's	1,000	1,000
1,880	Other contingencies	(1,880)	0
12,318	Spending from Reserves	(8,057)	4,261
4,180	Spending from Public Health reserve	(1,169)	3,011
	Payments to Outside Bodies		
656	Environment Agency - Flood Defence	13	669
359	Inshore Fisheries Conservation Authority (IFCA)	11	370
	Reserves and Balances		
(12,318)	Use of Reserves	8,057	(4,261)
(4,180)	Use of Public Health reserve	1,169	(3,011)
0	Contributions to Reserves	9,900	9,900
	Other Income		
(1,454)	Domestic Abuse New Burdens Grant	(27)	(1,481)
(27,105)	Business Rates - Government Grants and pooling gain	(5,160)	(32,265)
(1,476)	Education statutory retained duties - schools contribution	0	(1,476)
(640)	Core school improvement activities - schools contribution	0	(640)
(21)	IFCA Grant	0	(21)
(954)	Extended Rights Home to School Travel Grant	(131)	(1,085)
(963)	New Homes Bonus Grant	(177)	(1,140)
(8,744)	Rural Services Delivery Grant	(1,380)	(10,124)
(8,373)	Adult Social Care Market Sustainability & Improvement Fund	(7,270)	(15,643)
(4,152)	Services Grant	3,499	(653)
(54,015)	Social Care Grant	(16,714)	(70,729)
(4,084)	Adult Social Care Discharge Fund	(2,722)	(6,806)
(29,127)	Improved Better Care Fund	0	(29,127)
605,369	**NET BUDGET (BUDGET REQUIREMENT)**	**32,092**	**637,461**
(669)	Revenue Support Grant	(44)	(713)
(83,428)	BRRS Central Government Tariff / (Top Up)	(3,033)	(86,461)
(21,566)	BRRS Local Element	(580)	(22,146)
(716)	Collection Fund (Surplus)/Deficit - Business Rates	1,773	1,057
(9,489)	Collection Fund (Surplus)/Deficit - Council Tax	4,265	(5,224)
(489,501)	**COUNCIL TAX REQUIREMENT**	**(34,473)**	**(523,974)**

The 2024/25 Band D Council Tax is increased by 4.99% to £1,715.67

Key Table 2 – Precept & Council Tax

TOTAL SPENDING TO BE MET FROM COUNCIL TAX

	£
County Council Budget funded by District Councils' collection funds	529,198,103.08
Net Surplus on Council Tax collection in previous years	(5,223,838.10)
Total to be met from Council Tax Precepts in 2024/25	**523,974,264.98**

COUNTY COUNCIL TAX DUE FOR EACH PROPERTY VALUATION BAND

Valuation Band	Government Multiplier		Adult Social Care Precept	General Expenditure	2024/25 Council Tax Devon CC
	Ratio	% of Band D	£	£	£
A	6/9	66.7	165.06	978.72	**1,143.78**
B	7/9	77.8	192.57	1,141.84	**1,334.41**
C	8/9	88.9	220.08	1,304.96	**1,525.04**
D	**1**	**100.0**	**247.59**	**1,468.08**	**1,715.67**
E	11/9	122.2	302.61	1,794.32	**2,096.93**
F	13/9	144.4	357.63	2,120.56	**2,478.19**
G	15/9	166.7	412.65	2,446.80	**2,859.45**
H	18/9	200.0	495.18	2,936.16	**3,431.34**

The County Council Tax for Band D represents an increase of 4.99% on the 2023/24 amount.

NET AMOUNT DUE FROM EACH DISTRICT COUNCIL IN 2024/25

District Council	Surplus/(deficit) for 2023/24 £	Precepts Due 2024/25 £	Total due in 2024/25 £
East Devon	642,169.36	107,138,444.49	107,780,613.85
Exeter	1,185,158.84	66,988,335.15	68,173,493.99
Mid Devon	(258,383.16)	51,851,150.31	51,592,767.15
North Devon	1,272,656.35	60,792,072.85	62,064,729.20
South Hams	362,000.00	69,534,286.49	69,896,286.49
Teignbridge	788,015.00	87,394,514.13	88,182,529.13
Torridge	536,221.71	43,367,573.92	43,903,795.63
West Devon	696,000.00	36,907,887.64	37,603,887.64
	5,223,838.10	**523,974,264.98**	**529,198,103.08**

Council tax is collected on behalf of the County Council by the district/borough/city councils in Devon as listed above. This is distributed in the form of precepts from their Collection Fund Accounts to the County Council.

Key Table 3 – Reserves and Balances

COUNTY FUND BALANCES	£'000
Estimated Balance as at 31st March 2024	15,981
2024/25 Revenue Budget transfers to/from the balance	0
Estimated Balance as at 31st March 2025	**15,981**

EARMARKED REVENUE RESERVES

	Estimated Balance 31 March 2024	Estimated Spending	Contrib-ution To Reserves	Transfers Between Reserves	Estimated Balance 31 March 2025
	£'000	£'000	£'000	£'000	£'000
General Earmarked Reserves					
Budget Management	35,429	(500)	0	(8,678)	26,251
Business Rates Pilot	445	0	0	0	445
Business Rates Risk Management	17,233	0	0	(10,233)	7,000
Climate Change Emergency	1,358	(125)	0	0	1,233
Emergencies	19,089	0	0	(4,089)	15,000
Regeneration and Recovery	602	0	0	0	602
Safety Valve (SEND)	10,000	0	8,900	20,000	38,900
Service Transformation	6,031	(3,599)	1,000	3,000	6,432
Total General Earmarked Reserves	**90,187**	**(4,224)**	**9,900**	**0**	**95,863**
Special Purpose / Statutory Reserves					
Affordable Housing	100	(37)	0	0	63
On Street Parking	600	0	0	0	600
Public Health	11,260	(3,011)	0	0	8,249
Total Revenue Earmarked Reserves	**102,147**	**(7,272)**	**9,900**	**0**	**104,775**

Key Table 4 – Medium Term Financial Plan

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Integrated Adult Social Care	360,746	405,329	443,700	484,691
Children and Young People's Futures	227,785	239,313	250,911	259,538
Public Health, Communities & Prosperity	20,923	21,121	21,669	22,090
Corporate Services	48,445	50,008	51,327	52,545
Climate Change, Environment & Transport	85,482	89,936	95,433	99,234
Savings to Services	0	0	(22,032)	(53,881)
County Council Election	0	1,500	0	0
Central Contingency - Apprenticeship Levy	890	908	926	945
Workforce inflation and savings contingency	61	(190)	(190)	(190)
Insurance Provision	0	1,000	1,000	1,000
Total Service Budget	**744,332**	**808,925**	**842,744**	**865,972**
Other Budgets:				
Capital Financing Charges	34,816	35,425	36,145	34,704
Schools and Energy from Waste PFI Financing Charges	13,034	13,034	13,034	13,034
Interest on Balances	(3,650)	(2,600)	(1,950)	(1,950)
Interest in SEND Safety Valve payments	(3,900)	(2,630)	(2,960)	(3,400)
Income generation initiatives and review of balances	(611)	(610)	(610)	(610)
Pooling to Better Care Fund	6,806	6,806	6,806	6,806
Highways drainage works	1,500	1,000	1,000	1,000
Corporate Parenting	10	10	10	10
Service Redesign, Quality and Improvement	4,425	625	625	625
Reduction in costs of care provision	(2,100)	(2,100)	(2,100)	(2,100)
Family Hubs development	1,000	0	0	0
Homes for Children in Devon - setup costs	334	0	0	0
Homelessness support	716	0	0	0
Contingency for risk mitigation Children's	1,000	1,000	1,000	1,000
Spending from Reserves	4,261	4,196	2,717	1,131
Spending from Public Health Reserve	3,011	2,882	3,528	0
Payments to Outside Bodies				
Environment Agency - Flood Defence	669	682	696	710
Inshore Fisheries Conservation Authority (IFCA)	370	381	392	404
Reserves and Balances				
Use of Reserves	(4,261)	(4,196)	(2,717)	(1,131)
Use of Public Health Reserve	(3,011)	(2,882)	(3,528)	0
Contributions to Reserves	9,900	8,630	8,960	9,400
Other Grant Income				
Domestic Abuse New Burdens Grant	(1,481)	(1,481)	(1,481)	(1,481)
Business Rates - Government Grants	(32,265)	(32,870)	(33,487)	(33,487)
Education statutory retained duties - schools contribution	(1,476)	(1,476)	(1,476)	(1,476)
Core school improvement activities - schools contribution	(640)	(640)	(640)	(640)
Inshore Fisheries Conservation Authority (IFCA) Grant	(21)	(21)	(21)	(21)
Extended Rights Home to School Travel Grant	(1,085)	(1,085)	(1,085)	(1,085)
New Homes bonus	(1,140)	0	0	0
Rural Services Delivery Grant	(10,124)	(10,124)	(10,124)	(10,124)
Adult Social Care Market Sustainability & Improvement Fun	(15,643)	(15,643)	(15,643)	(15,643)
Services Grant	(653)	0	0	0
Social Care Grant	(70,729)	(70,729)	(70,729)	(70,729)
Adult Social Care Discharge Fund	(6,806)	(6,806)	(6,806)	(6,806)
Improved Better Care Fund	(29,127)	(29,127)	(29,127)	(29,127)
NET BUDGET (BUDGET REQUIREMENT)	**637,461**	**698,576**	**733,173**	**754,986**
Financed By:				
Revenue Support Grant	(713)	(727)	(742)	(757)
BRRS Central Government Tariff/(Top Up)	(86,461)	(88,190)	(89,954)	(91,753)
BRRS Local Element	(22,146)	(22,589)	(23,041)	(23,502)
Collection Fund Deficit/(Surplus) - BRRS	1,057	1,000	1,000	1,000
Collection Fund Deficit/(Surplus) - Council Tax	(5,224)	(5,000)	(5,000)	(5,000)
100% Council Tax Premium on 2nd homes	0	(16,000)	(16,640)	(17,309)
COUNCIL TAX REQUIREMENT	(523,974)	(545,038)	(566,947)	(589,737)
Budget savings required/(Surplus)	**0**	**22,032**	**31,849**	**27,928**
Savings and additional income	(49,598)	(4,006)	(485)	(227)
Further savings required	0	(22,032)	(31,849)	(27,928)
Total Savings to be delivered	(49,598)	(26,038)	(32,334)	(28,155)

Key Table 5 – Government Specific Grants Income

Service and Grant Title	Funded by	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Integrated Adult Social Care Operations					
Local Reform Community Voices Grant	Department of Health	142	142	142	142
Social Care in Prisons Grant	Department of Health	276	276	276	276
War Pensions Scheme Grant	Department of Health	445	445	445	445
Contributions	Health and other local authorities	20,204	20,204	20,204	20,204
		21,067	**21,067**	**21,067**	**21,067**
Integrated Adult Social Care Commissioning					
Local Reform Community Voices Grant	Department of Health	370	370	370	370
Contributions	Health and other local authorities	2,279	2,279	2,279	2,279
		2,649	**2,649**	**2,649**	**2,649**
Children's Social Care					
Assessed and Supported Year in Employment	Department for Education	26	26	26	26
Youth Detention Grant	Ministry of Justice	20	20	20	20
Staying Put Grant	Department for Education	459	450	450	450
Secure Stairs Grant	NHS England	474	474	474	474
Youth Justice Grant	Youth Justice Board	69	69	69	69
Unaccompanied Asylum Seekers Grant	Home Office	7,353	7,353	7,353	7,353
Supporting Families Programme	Department for Levelling Up, Housing & Communities	2,114	2,114	2,114	2,114
Reducing Parental Conflict	Department for Education	59	0	0	0
Turnaround Programme	Ministry of Justice	189	0	0	0
Staying Close Grant	Department for Education	980	0	0	0
Contributions	Health and other local authorities	3,200	3,200	3,200	3,200
		14,943	**13,706**	**13,706**	**13,706**
Education and Learning					
Dedicated Schools Grant*	Education Funding Agency	714,046	735,467	757,531	780,257
Post 16 Funding	Education Funding Agency	20	20	20	20
Pupil Premium	Education Funding Agency	29,868	30,764	31,687	32,638
Universal Infant Free School Meals	Education Funding Agency	8,119	8,119	8,119	8,119
PE & Sport Grant	Department for Education	5,641	5,641	5,641	5,641
Access to Work	Education Funding Agency	35	35	35	35
Contributions	Health and other local authorities	1,760	1,760	1,760	1,760
Virtual School Heads Grant	Department for Education	192	192	192	192
Holiday Activities and Food Programme	Department for Education	1,856	0	0	0
Wrap Around Care	Department for Education	3,794	1,749	0	0
Music Grant	Arts Council	1,090	1,090	1,090	1,090
		766,421	**784,837**	**806,075**	**829,752**
Economy and Enterprise					
Learn Devon - Community Learning	Skills Funding Agency	2,154	2,154	2,154	2,154
Learn Devon - Adult Skills Budget (inc Apprenticeships / Additional Learning Support)	Skills Funding Agency	814	814	814	814
Learn Devon - 14-19 EFA Funding	Education Funding Agency	31	10	0	0
Trading Standards	Government Grants	90	90	90	90
Future Farming Resilience Scale Up	DEFRA	872	0	0	0
Digital Business Utilisation Service	Other Local Authorities	145	0	0	0
The Digital Skills Service	Other Local Authorities	832	0	0	0
Supported Internships	Other	57	0	0	0
Fast Followers Net Zero Living	Other	169	59	0	0
Shared Prosperity Fund	Other Local Authorities	507	0	0	0
		5,671	**3,127**	**3,058**	**3,058**

*The Dedicated Schools Grant is estimated on October 2023 pupil numbers. The final grant allocation is expected to be notified by the end of March 2024.

Service and Grant Title	Funded by	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Transport Operations, Environment and Waste					
Areas of Outstanding Natural Beauty	DEFRA	1,131	363	363	363
Areas of Outstanding Natural Beauty	Other Local Authorities	73	74	74	74
Environment	Other Local Authorities	75	0	0	0
Environment	Other	54	12	0	0
Maritime and Fisheries projects	Other Local Authorities	13	13	13	13
Maritime and Fisheries projects	Other	14	14	14	14
FutureMares	Interreg Europe	2	0	0	0
Finding Nature's Footprints	Heritage Lottery Fund	2	0	0	0
Woodland Creation Accelerator Fund	DEFRA	141	0	0	0
Bus Service Operators Grant	Department of Transport	1,146	1,146	1,146	1,146
Bus Service Improvement Plan	Department of Transport	1,769	0	0	0
Bus Service Improvement Plan Plus	Department of Transport	1,677	0	0	0
Transport contributions	Other Local Authorities	57	57	57	57
Transport contributions	Other	994	994	994	994
		7,148	**2,673**	**2,661**	**2,661**
Communities and Other Services					
Active Devon	Sport England	892	731	722	604
Active Devon	Other	466	506	506	506
Active Devon	Other Local Authorities	149	32	0	0
Syrian Refugees	Home Office	28	15	7	3
Afghan Refugees	Home Office	325	294	157	0
Ukrainian Refugees	Home Office	1,278	0	0	0
Sherford Library	Other	15	0	0	0
Emergency Planning	Other Local Authorities	43	0	0	
		3,196	**1,578**	**1,392**	**1,113**
Public Health					
Public Health	Department of Health	30,801	30,801	30,801	30,801
Nicotine Replacement Therapy Contribution	New Devon CCG	652	0	0	0
Supplementary Substance Misuse & Treatment	Office of Health Improvement & Disparities	1,006	0	0	0
Rough Sleeper Drug & Alcohol Treatment	Office of Health Improvement & Disparities	957	0	0	0
Meet at the Gates	NHSE	150	0	0	0
Criminal Justice	OPCC	60	0	0	0
Smokefree Generation Grant	OHID	950	0	0	0
		34,576	**30,801**	**30,801**	**30,801**
Transformation and Business Services					
Private Finance Initiative	Department for Communities and Local Government	6,937	6,937	6,937	6,937
Private Finance Initiative	Exeter Diocesan Board	2,130	2,151	2,173	2,196
		9,067	**9,088**	**9,110**	**9,133**
Highways and Traffic Management					
Park & Ride Sites	Health	35	35	35	35
LEVI Capability Fund	Department for Transport	271	0	0	0
South West Coast Path & Country Parks	Other Local Authorities	38	38	38	38
South West Coast Path & Country Parks	RPA	33	33	33	33
South West Coast Path & Country Parks	DEFRA	4	4	4	4
South West Coast Path & Country Parks	Natural England	112	112	112	112
		493	**222**	**222**	**222**
Planning					
Bikeability	Active Travel England	485	0	0	0
Active Travel Local Delivery Pilot	Other Local Authorities	135	0	0	0
		620	**0**	**0**	**0**
Total		**865,851**	**869,748**	**890,741**	**914,162**

Where grants are expected to be ongoing, but figures are currently unavailable, it is assumed that the same level of grant will be received as in previous years. In these instances, grant funded expenditure plans will be modified to reflect the level of grant funding when confirmed.

Key Table 6 – Grants Paid to External Organisations

2023/24 £'000	Service and Grant Title	2024/25 £'000
	Integrated Adult Social Care Operations	
6	Ottery Help Scheme	6
7	Assist Teignbridge	7
15	Tavistock Area Support Services	15
12	Blackdown Support Group	12
25	Age Concern Barnstaple	25
32	The Olive Tree Association	32
97		**97**
	Integrated Adult Social Care Commissioning	
28	Recovery Devon	28
47	Devon Recovery Learning	47
39	Bridge Collective open access MH support	0
15	Connections open access MH support	15
25	Exeter CVS First step project open access MH support	25
154		**115**
	Children's Services	
128	University Bursary Grants	128
120	Facilitating Access to Mainstream Activities for Disabled Children's Services	55
248		**183**
	Transport Operations, Environment and Waste	
49	AONB (East, South and Tamar)	58
40	Dorset & East Devon World Heritage site (Jurassic Coast)	40
25	Cornwall & West Devon Mining Landscape World Heritage site	25
25	South West Energy & Environment group	26
4	Wembury Centre	6
2	Tamar Estuaries consultative forum	3
0	Teign Estuary Partnership	1
20	Devon Wildlife Trust Nature Improvement Area Project	20
40	Devon & Cornwall Rail Partnership	40
248	Community bodies - Transport Ring & Ride	248
453		**467**
	Communities and Other Services	
500	Citizens Advice Bureau	500
62	Devon Communities Together	62
562		**562**
	Public Health	
10	Contribution to NHSE - Mental Health Treatment Requirements	10
10		**10**
	Highways and Infrastructure Development	
9	Meldon Viaduct	9
9		**9**
1,533	**TOTAL**	**1,443**

Key Table 7 – Staffing Data

	2023/24 Adjusted Total FTEs	Changes FTEs	2024/25 Revenue Funded FTEs	2024/25 Externally Funded FTEs	2024/25 Total FTEs
Integrated Adult Social Care Operations	1,085	(51)	897	137	1,034
Integrated Adult Social Care Commissioning	159	6	157	8	165
Integrated Adult Social care	**1,244**	**(45)**	**1,054**	**145**	**1,199**
Children Social Care, Health and Wellbeing	1,408	36	1,112	332	1,444
Education and Learning - School Funding	104	1	0	105	105
Education Learning and Inclusion Services	289	(8)	252	29	281
Children's Services	**1,801**	**29**	**1,364**	**466**	**1,830**
Communities and Citizen Engagement	95	(12)	48	35	83
Economy, Enterprise and Skills	214	(33)	58	123	181
Public Health	43	(1)	0	42	42
Public Health, Communities and Prosperity	**352**	**(46)**	**106**	**200**	**306**
Chief Exec, Legal, People and Culture	111	7	117	1	118
Finance and Public Value	398	7	265	140	405
People and Culture	221	(3)	212	6	218
Transformation and Business Services	566	(49)	455	62	517
Corporate Services	**1,296**	**(38)**	**1,049**	**209**	**1,258**
Highways and Infrastructure Development	419	3	420	2	422
Planning	66	(3)	62	1	63
Transport Operations, Environment Waste	125	9	105	29	134
Climate Change, Environment and Transport	**610**	**9**	**587**	**32**	**619**
Total	**5,303**	**(91)**	**4,160**	**1,052**	**5,212**

Explanation of Movements	FTE Changes
Integrated Adult Social Care Operations	
Transfer of Emergency Duty Team to Mental Health	(14)
Reductions in staffing	(42)
Deprivation of Liberty Safeguarding	5
	(51)
Integrated Adult Social Care Commissioning	
European social fund - Cessation of scheme	(6)
Transfer of Emergency Duty Team	14
Reduction in mental health staffing	(2)
	6
Children's Social Care, Health and Wellbeing	
Formation of new in-house residential provision	40
Reconfiguration of Early Help commissioning arrangements	28
Regional Adoption Agency - addition of Cornwall to partnership	10
Externally funded posts	(24)
Service improvement - organisation restructure	(18)
	36
Education and Learning - School Funding	
Review of Hospital School	1
Service improvement - organisation restructure	(1)
Externally funded posts	1
	1
Education, Learning and Inclusion Services	
Service improvement - organisation restructure	(9)
Externally funded posts	1
	(8)
Communities and Citizens Engagement	
Externally funded - Active Devon	(2)
Externally funded - Refugee and Resettlement	(1)
Smarter Devon	(1)
Communities Team vacancies	(2)
Communications restructure	(6)
	(12)
Economy, Enterprise and Skills	
Externally funded - Learn Devon restructure	(24)
Externally funded - Careers Hub TUPE	(4)
Externally funded - various projects	1
Trading Standards Officers	(4)
Economy Service vacancies	(2)
	(33)

Public Health	
Externally funded - minor cumulative changes	1
Externally funded - removal of vacancies	(2)
	(1)
Chief Executive, Legal, and Democratic Services	
Service redesign	7
	7
Finance and Public Value	
Removal of vacant posts within Accountancy Services	(5)
Revenue & Payments officer	1
Court of Protection	1
Externally funded - Client Financial Services	5
Externally funded - Pensions	5
	7
People and Culture	
Service redesign	(3)
	(3)
Transformation and Business Services	
Service redesign	(49)
	(49)
Highways and Infrastructure Development	
Street Lighting engineer funded from capital programme	1
Externally funded Local Electric Vehicle Infrastructure project staff	2
	3
Planning	
Planning Officers	(3)
	(3)
Transport Operations, Environment and Waste	
Transport Operations Higher Apprentice	1
Externally funded Patient Transport Officers	4
Environment Officers	2
Externally funded Environment project staff	2
	9
Total	**(91)**

Statement on the Robustness of the Budget Estimates, the Adequacy of the Authority's Reserves and Affordability of the Capital Strategy

Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer to make a report to the Authority when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. The assessment of adequacy of reserves includes general balances and earmarked reserves. The Act requires the Council to have regard to the report (this Statement) in making its decisions.

There is a requirement to prepare a Capital Strategy in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2021. The Prudential Code requires that the Chief Finance Officer report explicitly on the affordability and risk associated with the capital strategy.

For Devon County Council the Director of Finance and Public Value holds the responsibilities of the Chief Finance Officer.

The preparation of the budget for 2024/25 has been set by the detailed assessment of the risks associated with each budget and the goals and objectives of the authority. Several budgets can be classified as high risk because they are subject to external demands which are difficult to manage. Other budgets are affected by above average inflation, strong market forces or other factors not easy to predict. Details of these budgets, the level of risk they present, and the action taken to mitigate the risk can be found on pages 165 - 190. It has been necessary to plan for delivery of savings and increases in income to meet the Targets set by the Cabinet. Details of these reductions within the Net Budget have been provided to Scrutiny Committees and are contained in the detailed budgets.

A key financial risk for the Authority is the deferred impact of the Dedicated Schools Grant SEND Deficit. The Deficit is driven by demand for additional support for children in education settings exceeding the High Needs funding provided through the DSG. This deficit has grown substantially in recent years and is projected to be more than £165 million by March 2025 and is projected to increase further in 2024/25 on the current trend. A Deficit Mitigation Plan has been developed and the Authority continues to engage with the Department for Education's Safety Valve Programme to seek financial support to contribute to the planned use of the Authorities own resources to reduce the deficit over time. Statutory accounting requirements mean this deficit is ringfenced from the Authority's usable revenue reserves, currently until 31 March 2026. This effectively means that the Authority needs to service the cash flow implications of the deficit but does not have to immediately fund it through the annual budget. The Medium Term Financial Plan includes planned contributions to a Safety Valve earmarked reserve to build up funds that can be used to offset the Deficit in due course.

Plans for savings, alternative funding and additional income have been developed with oversight and challenge by the Senior Leadership Team, providing a one Council collaborative approach and ensuring alignment with the principles and objectives within the Working Well Together for a Strong and Sustainable Council report that was agreed by the Cabinet in September 2023.

Directors and their leadership and management teams have been supported with advice and information from trained professional finance staff, providing further assurance to the reasonableness of estimates and assumptions incorporated into budget plans.

The availability of general balances to meet any unforeseen liabilities and provide flexibility during a period of change is a key element of prudent financial management. General balances for 2024/25 have been set at just under £16 million. This level is based on an assessment of the financial risks facing the Authority. Full details of this assessment are provided on page 124.

The Authority also holds earmarked reserves for specific purposes. The level of earmarked reserves as at 31st March 2025 is estimated at £104.8 million. The total for revenue reserves and balances for 2024/25 is forecast as £120.8 million. This is judged to be appropriate in the context of the Medium Term Financial Plan.

Budget monitoring experience in 2023/24 provides an indication of the pressures facing the Authority in 2024/25. Demand led budgets have been under pressure, and this has required timely compensating actions to be taken to ensure that overall, the Authority's spending is forecast to remain close to the budget total. Further action has been taken to either ensure that there is sufficient provision within the 2024/25 budget to meet ongoing service demands or review service delivery to remain within the budget available.

It is my view that the budget proposed by the Cabinet represents a sound and achievable financial plan for 2024/25. The total level of reserves and balances has been based on a comprehensive risk assessment and is judged adequate to meet all reasonable forecasts of future liabilities.

It is also my view that the Capital Strategy and associated capital programme is affordable and the risks associated have been assessed appropriately, with prudent Minimum Revenue Provision for the repayment of capital borrowing and reasonable estimates of interest costs included the MTFP.

Angie Sinclair

Director of Finance and Public Value

Capital Programme Overview 2024/25 – 2028/29

The Capital Programme sets out how the Authority aims to deliver the Capital Strategy over the next 5 years through planned capital investment in support of operational services and infrastructure.

Shaping the Capital Programme

The Capital Programme aims to meet the needs and priorities of operational services whilst remaining affordable. As such the approach in prioritising investment for inclusion in the Capital Programme focusses on maximising use of external funding and minimising the need to borrow except for essential investment in service priorities. The approach to capital financing is updated this year to reflect planned growth in capital receipts reserves as one of potential levers for tackling the DSG SEND Deficit as part of the Safety Valve discussions with central Government. As such it may be necessary to borrow to finance part of the Programme.

Availability of Resources

A large proportion of the Capital Programme is supported by external funding sources which include a variety of external capital grants, local contributions from developers and a small amount of revenue contributions, mainly from maintained schools. The size and nature of the Capital Programme is often shaped by the type of grant awarded, restrictions placed on the specific use of the grant, and by the availability of each of these funding sources.

The Authority also generates Capital Receipts, which is income generated from the sale of surplus assets. The use of Capital Receipts as a funding source can reduce the need for borrowing. The recommended approach this year, to be applied also when financing the 2023/24 capital programme outturn and future capital programme investment, is to retain capital receipts in reserves as a potential funding source towards any capitalisation of the DSG SEND Deficit. Discussions with Government regarding Safety Valve funding are still ongoing, therefore no expenditure in respect of this has been included in the Capital Programme. However, holding funds in reserve will provide the Authority with resources towards any future capitalisation agreement which will need to be built into the Programme when agreed.

In line with the Sustainable and Stronger Council strategies agreed by Cabinet in September 2023, the Property Change Programme continues to review the property estate and identify property which can be relinquished to deliver capital receipts as well as ongoing revenue savings.

The aim of the Treasury Management Strategy and Capital Strategy is to minimise the need to borrow. However, it is anticipated that it will be necessary to increase external borrowing to support planned capital expenditure as capital receipts are preserved for mitigating the SEND Deficit.

Internal borrowing relies on sufficient cash balances being held by the Authority, such that cash may be used to finance capital investment instead of external borrowing such as loans from the Treasury or other financial institutions such as banks. The Authority's cash balances have reduced as reserves have reduced and unfunded SEND Deficit has increased, therefore capacity to support internal borrowing is lower than in previous years. The aim in capital financing will be to prioritise internal borrowing that aligns with the Treasury Management Strategy but an increase in external borrowing may be necessary.

The Strategy also notes that to undertake or invest in a new major strategic project, external borrowing may be required. This option has already been approved by Cabinet for the Freeport project, with the Authority's capital investment currently anticipated in 2025/26 and which will be funded initially by external borrowing. That external borrowing, plus interest, will be repaid by a share of future Business Rates income generated through the Freeport.

Future new additions to the capital programme, which are not externally funded, will be subject to the availability of cash resources, the ability to generate significant additional capital receipts and any legislative restrictions imposed by Central Government with respect to external borrowing by Local Authorities. Any delay or restriction in these areas of funding may lead to schemes being paused, reprioritised, or removed from the Capital Programme, depending on strategic objectives.

Demand for Capital Investment

Over the five-year period between 2024/25 to 2028/29 planned additional capital will increase the total approved Capital Programme budget by £89 million, funded in the following ways:

- An increase in externally funded projects of £85.5 million mainly due to the addition of the 2028/29 estimated grant funding. This funding is not guaranteed, and estimates are based on current approved grants and so may vary to actual grants received. Estimates in respect of 2028/29 have been included as follows:
- £52.8 million Local Transport Capital Funding Highways Maintenance and Pothole Fund. (Further funding is anticipated but the amount of top up is not yet known).
- £9.0 million Disabled Facilities Grant (DFG) funded via the Better Care Fund
- £3.6 million estimated Local Transport Capital Funding Integrated Transport Block
- £1.1 million in estimated schools grant funding or contributions.
- A net increase in Corporately funded capital projects of £3.5 million as set out in Table A, funded from internal and external borrowing.
- The Capital Programme has also seen some reprofiling of existing schemes, which reallocates the timing of estimated spend between different financial years but has a net nil impact over the five-year period.

Table A - Changes to the Approved Capital Programme

Project:	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Corporately Funded - Additions						
DCC Operating Model ICT Replacement and Renewal	1,275	2,025	200	0	0	**3,500**
Fleet vehicle purchases	676	0	0	0	0	**676**
Winter Maintenance Vehicle Purchases	495	0	0	0	0	**495**
Carbon Reduction Programme	4	0	0	0	0	**4**
Vehicle Equipment Loans Pool (VELP)	0	0	0	100	100	**200**
School budget share contribution to school projects	0	0	0	0	500	**500**
Welland - Additional Residential Accommodation	80	0	0	0	0	**80**
Corporate Funding - Replaced by Grant						
Mill Water School - Extension	(115)	0	0	0	0	**(115)**
River Dart Academy - Dartington School site development	(406)	0	0	0	0	**(406)**
Corporately Funded Reductions / Adjustments						
South Devon Highway - Kingskerswell Bypass	(602)	0	0	0	0	**(602)**
South Molton Infants - Expansion to 420	(86)	0	0	0	0	**(86)**
Corporately Funded - Reduction / Reprofiling of External Borrowing						
Plymouth & South Devon Freeport - Cycle & Pedestrian Bridge	(3,669)	2,958	0	0	0	**(711)**
Plymouth & South Devon Freeport - Spine Road Extension	(4,000)	7,250	0	0	0	**3,250**
Plymouth & South Devon Freeport - Sandy/Holland Road roundabout	0	1,750	(5,000)	0	0	**(3,250)**
Corporately Funded - Reprofiling						
Destination Exmouth Levelling Up Fund	(752)	752	0	0	0	**0**
County Farms Estate Enhancement Programme	450	0	(450)	0	0	**0**
A361 North Devon Link Road	410	(410)	0	0	0	**0**
West Devon Transport Hub Levelling Up Fund	(74)	74	0	0	0	**0**
Total Increase (Reduction) to Corporate Capital Programme	**(6,314)**	**14,399**	**(5,250)**	**100**	**600**	**3,535**
Total Introduction of, or changes to, Externally funded projects	**(835)**	**11,740**	**824**	**6,304**	**67,481**	**85,514**
Total Increase (Decrease) to Capital Programme	**(7,149)**	**26,139**	**(4,426)**	**6,404**	**68,081**	**89,049**

Table B shows the anticipated future capital receipts, net of disposal costs. As described above, the capital strategy seeks to maintain and increase capital receipts reserves to support SEND Safety Valve potential funding arrangements. There is an overall aim in the capital strategy to raise £50 million in capital receipts. The table below represents a current prudent forecast, with potentially a cumulative total of £30 million in capital income being generated by 2027/28 which is reflected in forecasts also informing in the Treasury Management Strategy.

The work of the property focus area of our Stronger and Sustainable Council strategies will continue to identify and pursue further opportunities to meet the target over the medium term, and as at January 2024 the Property team is developing a pipeline which could generate further income from assets disposal that aims to increase the balance of capital receipts to £67 million by 2029/30, which exceeds the £50 million target.

There is a risk that capital receipts may not be realised in line with these original estimates in either timing or amount. If it transpires it is not feasible to use capital receipts towards the SEND Deficit, dependent on the outcome of Safety Valve arrangements being discussed with the Department for Education, then these receipts may be reprioritised to support the Capital Programme and/or repay capital borrowing.

Table B – Capital Receipts

	Estimated opening balance	Forecast receipts net of 4% costs	Forecast spend	Estimated closing balance
	£'000	£'000	£'000	£'000
2023/24	9,848	6,789	0	16,637
2024/25	16,637	1,009	0	17,646
2025/26	17,646	5,268	0	22,914
2026/27	22,914	6,499	0	29,413
2027/28	29,413	432	0	29,845
2028/29	29,845	0	0	29,845
		19,997	**0**	

Table C shows the level of commitments to be funded by internal and external borrowing. Expenditure funded by internal and external borrowing increases the Authority's Capital Financing Requirement (CFR) and is repaid through the Minimum Revenue Provision (MRP) charge to the revenue budget over time. Internal borrowing is always subject to the availability of cash. Should cash resources become limited in the future, schemes may need to be refinanced, rescheduled, paused, or removed from the Capital Programme, if alternative sources of funding cannot be identified which may include external borrowing. Similarly, as recognised through the Treasury Management Strategy and management of cash flow, it may be necessary to replace internal borrowing with external borrowing.

As in previous years and to support the rolling programme of investment, there remains a small amount of internal borrowing allocated to the Vehicle and Equipment Loans Pool (VELP). These are small loans provided to schools for the purchase of vehicles and often ICT equipment. This internal borrowing is included in the following table and MRP calculations, where it is then offset by annual loan repayments.

Table C – Internal Borrowing

	Internal Borrowing Commitments £'000	MRP Annual Impact Under Current MRP Policy £'000
2024/25 to 2028/29 Approved and committed	14,298	572
New projects/ changes to existing projects	4,035	161
Switch from capital receipts	8,562	343
	26,895	**1,076**

The Minimum Revenue Provision calculated in table C is based on an average 25-year repayment period, and a policy based on charging MRP equally over asset life. The MRP policy is in the process of being updated to an annuity-based method. Under this method, the MRP charge would commence at a lower value and increase each year, better reflecting the time value of money and the average trend of asset deterioration.

Capital Risk Assessment

Risks to the capital programme and mitigations are set out below, using the following Risk Matrix

<table>
<tr><td rowspan="5">LIKELIHOOD</td><td>6</td><td>12</td><td>18</td><td>24</td><td>30</td></tr>
<tr><td>5</td><td>10</td><td>15</td><td>20</td><td>25</td></tr>
<tr><td>4</td><td>8</td><td>12</td><td>16</td><td>20</td></tr>
<tr><td>3</td><td>6</td><td>9</td><td>12</td><td>15</td></tr>
<tr><td>2</td><td>4</td><td>6</td><td>8</td><td>10</td></tr>
<tr><td></td><td colspan="5">IMPACT</td></tr>
</table>

<table>
<tr><td>Risk Title:</td><td>Inherent Score</td><td>Current (Mitigated) Score</td><td>Mitigations</td></tr>
<tr><td>Capital Scheme costs are higher than estimated</td><td>Impact: 4
Likelihood: 5
20 – High</td><td>Impact: 2
Likelihood: 4
8 – Low</td><td rowspan="2">Early engagement of expert advice and qualified professionals.
Works which may be susceptible to seasonal variations are programmed during less volatile seasons wherever possible.
Projects and the economic climate monitored on a regular basis, and contingency built into major schemes to lessen the overall impact.
Litigation is unlikely as legal team are engaged early to draft contracts with default terms clearly communicated and understood.
Project boards set up for Major Schemes to try to identify synergies early.
Capital Programme may be slowed, paused or schemes halted to mitigate financial impact.</td></tr>
<tr><td colspan="3">Risk Description
Due to:
Inaccurate or overly optimistic original estimates.
Unexpected events causing increased costs, either inside or outside of our control, as well as additional supply chain, resource and transportation costs.
Economic factors such as inflation and interest rates.
Default event by either party resulting in litigation.
Agreed changes to original scheme scope.
Scheme costs may increase, resulting in:
Unexpected gap to be financed
Default fines
Reduction in funds available to other schemes
Increased internal borrowing or requirement to externally borrow.</td></tr>
</table>

<table>
<tr><td>Risk Title:

External funding resources are not received</td><td>Inherent Score

Impact: 3
Likelihood 4
12 – Medium</td><td>Current (Mitigated) Score

Impact: 2
Likelihood: 3
6 – Low</td><td rowspan="2">Mitigations
The level of internal borrowing required to finance the capital programme is monitored, and in accordance with borrowing limits.
The availability of cash resources to support internal borrowing is monitored.
Capital programme is reprioritised. Capital projects reengineered, paused, or deferred.
External funding balances are monitored monthly, including capital receipts.
Triggers are monitored for S106 and CIL payments.
Bi-monthly monitoring of the capital programme by the Capital Programme Group.
Regular monitoring by Director of Finance and Public Value.</td></tr>
<tr><td colspan="3">Risk Description
Due to:
Expectations around future funding based on prior year funding and current economic climate.
Lack of signed agreements from central government and other bodies.
Changes to central government priority/policy determining where funds are directed or the funds available to bid for.
The expected levels of funding may not be achieved, resulting in a shortfall for the delivery of planned works or schemes.</td></tr>
</table>

<table>
<tr><td>Risk Title:

Capital Programme is not delivered as planned</td><td>Inherent Score

Impact: 3
Likelihood 6
18 – High</td><td>Current (Mitigated) Score

Impact: 3
Likelihood: 4
12 – Medium</td><td rowspan="2">Mitigations
Development of a Medium Term Capital Programme (MTCP) that can realistically be delivered to the time scales agreed.
Mitigate delays by bringing forward the planned start dates of future projects in the MTCP.
The Capital Programme Group provides challenge and oversight and supports the Capital Programme delivery.
Regular monitoring by Director of Finance and Public Value.
Projects are monitored at a service level and board level.</td></tr>
<tr><td colspan="3">Risk Description
Delays and longer term delivery dates, particularly for Major Schemes with multiple funding and partners, due to:
Time taken to achieve planning consent, public consultation, environmental factors.
Availability of resource / specialist contractors.
Design reengineering.
Contractual variations.
Seasonal variations.</td></tr>
</table>

<table>
<tr><td>Risk Title:</td><td>Inherent Score</td><td>Current (Mitigated) Score</td><td>Mitigations</td></tr>
<tr><td>Capital Receipts arising later or lower than forecast</td><td>Impact: 4
Likelihood 4
16 – High</td><td>Impact: 3
Likelihood: 4
12 – Medium</td><td rowspan="2">Alternative funding sources, for example internal or external borrowing may be sought.
Capital schemes may be deferred if receipts are generated later than forecast or for a reduced sum.
Proceeds from the sale of assets are closely monitored.
Alternative measures included in the SEND Safety Valve discussions with Government.</td></tr>
<tr><td colspan="3">Risk Description
Forecast capital receipts are estimated by officers and advisors based on local market conditions. Receipts may be lower than expected or not realised, including due to:
Sale not taking place.
Limited supply of assets for sale.
Market conditions and economic climate.
Lasting economic impact of COVID-19 and the cost-of-living crisis.
Resulting in a need to reprioritise schemes.</td></tr>
<tr><td>Risk Title:</td><td>Inherent Score</td><td>Current (Mitigated) Score</td><td>Mitigations</td></tr>
<tr><td>Risk of government funding to other geographical areas</td><td>Impact: 3
Likelihood 4
12 – Medium</td><td>Impact: 2
Likelihood: 4
8 – Low</td><td rowspan="2">Projects and the economic climate monitored on a regular basis.
Contingency built into major schemes to lessen the overall impact.
The level of internal borrowing required to finance the capital programme is monitored, and in accordance with borrowing limits.
External funding balances are monitored monthly, including capital receipts.
Triggers are monitored for S106 and CIL payments.
Monitoring of the capital programme by the Programme Group.
Regular monitoring by Director of Finance and Public Value.
Monitoring by individual project and programme groups.</td></tr>
<tr><td colspan="3">Risk Description
Central government priority or policy determines where funds are directed or funds available to bid for may result in a reduction in funding for the South West or less opportunity overall to bid for funding.</td></tr>
</table>

<table>
<tr><td rowspan="2">Risk Title:

Capital Project aborted due to external forces</td><td>Inherent Score</td><td>Current (Mitigated) Score</td><td>Mitigations</td></tr>
<tr><td>Impact: 3
Likelihood 4
12 – Medium</td><td>Impact: 2
Likelihood: 3
6 – Low</td><td rowspan="2">Effort is made to ensure that a project is not aborted.
Alternatives will be investigated to ensure service needs are met by meeting capital objectives, whilst minimising a risk that abortive capital costs impact the revenue budget.
If it is not possible to avoid aborting the project, the normal revenue mitigations of in year savings and use of earmarked reserves and balances, may be used.
Process reengineering or pausing a project whilst alternative funding sources are identified are possible mitigations allowable under the Local Government Code of Practice.
Monitoring by Capital Programme Group.
Regular monitoring by Director of Finance and Public Value.
Monitoring by individual project and programme groups.</td></tr>
<tr><td colspan="3">Risk Description
Should funding be revoked or an alternative solution be preferred, a capital project may be aborted which results in costs to date becoming revenue in nature.

A project may also be aborted as a result of a change in legislation for the service, for example requiring an alternative delivery method, or if an alternative solution is preferred.</td></tr>
</table>

The Medium Term Capital Programme

The Authority plans to invest over £484 million in Devon over the next five years. The latest forecast of the programme analysed by funding sources is shown in Table D. The funding available each year may change as Government policies and grant allocations are announced.

Table D - Medium Term Capital Programme Summary

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Integrated Adult Social Care	9,065	9,065	9,065	9,065	9,015
Children & Young People's Futures	1,705	1,655	1,605	1,515	1,465
Climate Change, Environment & Transport	138,690	96,317	63,729	63,631	57,601
Finance & Public Value	0	0	0	0	0
Public Health, Communities & Prosperity	2,304	262	27	0	0
Transformation, Performance & Resources	3,467	3,713	1,438	0	0
Total Capital Expenditure	**155,231**	**111,012**	**75,864**	**74,211**	**68,081**
Cumulative Capital Expenditure	**155,231**	**266,243**	**342,107**	**416,318**	**484,399**
Funding Source:					
Borrowing - External (Freeport)	0	14,289	0	0	0
Borrowing - Internal / External	12,983	11,032	2,880	0	0
Borrowing - Internal Forward Funding	477	50	0	0	0
Borrowing - VELP	100	100	100	100	100
Capital Receipts - IID	0	73	0	0	0
Direct Revenue Funds - Services	580	500	500	500	500
External Funding - Contributions	14,978	900	100	100	100
External Funding - Grants	123,060	81,331	72,234	73,461	67,331
External Funding - S106	3,053	2,737	50	50	50
Total Capital Financing	**155,231**	**111,012**	**75,864**	**74,211**	**68,081**
Cumulative Capital Financing	**155,231**	**266,243**	**342,107**	**416,318**	**484,399**

Detailed Medium Term Capital Programme 2024/25 – 2028/29

The following tables detail the Medium Term Capital Programme for each service, and how that programme is being funded.

Integrated Adult Social Care

Total Approval (includes prior years)	Capital Expenditure:	2024/25	2025/26	2026/27	2027/28	2028/29
£'000		£'000	£'000	£'000	£'000	£'000
	Integrated Adult Social Care Commisioning & Operations					
N/A	Care Teams Accommodation & Equipment	50	50	50	50	0
N/A	Disabled Facilities Grant	8,965	8,965	8,965	8,965	8,965
N/A	Works for ACO&H Provider Services	50	50	50	50	50
	Integrated Adult Social Care Commisioning & Operations Total	**9,065**	**9,065**	**9,065**	**9,065**	**9,015**
	Integrated Adult Social Care Total	**9,065**	**9,065**	**9,065**	**9,065**	**9,015**
	Financed by:					
	External Funding - Grants	9,065	9,065	9,065	9,065	9,015
	Total Capital Financing	**9,065**	**9,065**	**9,065**	**9,065**	**9,015**

This table does not show expenditure on capital projects currently programmed in financial year 2023/24 which may be deferred to 2024/25 or future years.

Children & Young People's Futures

Total Approval (includes prior years) £'000	Capital Expenditure:	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
	Children's Social Care					
N/A	Grant to foster carers	40	40	40	0	0
	Children's Social Care Total	**40**	**40**	**40**	**0**	**0**
	Education & Learning					
N/A	Devolved Formula Capital Grant (DFC)	865	815	765	715	665
N/A	External contribution to school projects	100	100	100	100	100
N/A	External Grants to school projects	100	100	100	100	100
N/A	School budget share contribution to school projects	500	500	500	500	500
N/A	Vehicle Equipment Loans Pool (VELP)	100	100	100	100	100
	Education & Learning Total	**1,665**	**1,615**	**1,565**	**1,515**	**1,465**
	Children & Young People's Futures Total	**1,705**	**1,655**	**1,605**	**1,515**	**1,465**
	Financed by:					
	Borrowing - Internal / External *	40	40	40	0	0
	Borrowing - VELP	100	100	100	100	100
	Direct Revenue Funds - Services	500	500	500	500	500
	External Funding - Contributions	100	100	100	100	100
	External Funding - Grants	965	915	865	815	765
	Total Capital Financing	**1,705**	**1,655**	**1,605**	**1,515**	**1,465**

* Financing through borrowing will be by internal borrowing where feasible but may require use of external borrowing instead depending on availability of cash resources through treasury management.

This table does not show expenditure on capital projects currently programmed in financial year 2023/24 which may be deferred to 2024/25 or future years.

Climate Change, Enviroment & Transport

Total Approval (includes prior years) £'000	Capital Expenditure:	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
	Schools Maintenance and Improvements					
	Committed Works					
N/A	DDA projects (contingency)	200	0	0	0	0
N/A	MUMIS (contingency)	110	0	0	0	0
N/A	Schools Capital Maintenance (contingency)	808	0	0	0	0
	Planned Works					
38	Abbotskerswell Primary - Blocks 01, 03 & 04 doors & windows. Block 01 Ext Refurb	38	0	0	0	0
84	Bassetts Farm Primary - Resurface play areas	84	0	0	0	0
41	Berrynarbor C of E Primary - Block 01 windows, rooflight & ext refurb	41	0	0	0	0
76	Bidwell Brook School - Fire Compartmentation work	76	0	0	0	0
96	Bishopsteignton School - Boundary fence, tarmac & retaining wall	96	0	0	0	0
61	Bovey Tracey Primary - Fire Compartmentation work	61	0	0	0	0
159	Bow Community Primary - Block 01 replace boilers, flues, pumps & provide CO detection	159	0	0	0	0
37	Chestnut Nursery - Replace heating system	37	0	0	0	0
114	Cullompton Community College - Block 01 Doors. Block 08 windows. Block 09 windows & ext refurb	114	0	0	0	0
93	Ilfracombe C of E Junior School - Fire Alarm & Associated work	93	0	0	0	0
78	Marpool Primary School-Fire Alarm System	78	0	0	0	0
84	Offwell C of E Primary - Block 02 Renew fascias, bargeboards, guttering & re-roof	84	0	0	0	0
183	Southbrook School - Block 04 Cladding	183	0	0	0	0
25	Southbrook School - Fire Compartmentation work	25	0	0	0	0
50	Southmead School - Replace Fire Alarm	50	0	0	0	0
25	Spreyton School - Block 01 Renew fascias	25	0	0	0	0
43	Stoke Canon C of E Primary - Block 01 Investigate damp issues & carry out remedial work	43	0	0	0	0
25	Stoke Hill Infants & Nursery - Block 01 Renew switchgear & isolation equipment	25	0	0	0	0
63	Stoke Hill Junior - Block 01 Investigate cracking & remedial work	63	0	0	0	0
120	Tavistock Community Primary - Block 01 replacement windows	120	0	0	0	0
69	The Castle School Tiverton - Improve site fencing & renew tarmac	69	0	0	0	0
190	Thorverton C of E Primary - Block 02 windows & Block 01 Flooring	190	0	0	0	0
92	Tiverton High School - Various work to Blocks 03 & 11	92	0	0	0	0
84	West Croft School - Block 01 Replace electrical supply & board. Block 201 Renew CWS system	84	0	0	0	0
52	Withycombe Raleigh C of E Primary - Window replacement	52	0	0	0	0
N/A	Estimate Capital Maintenance - SCA Grant	0	2,600	2,100	1,600	1,100
	Schools Maintenance and Improvements Total	**3,100**	**2,600**	**2,100**	**1,600**	**1,100**

Total Approval (includes prior years) £'000	Capital Expenditure:	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
	Waste					
5,838	Tavistock Household Waste Recycling Centre	387	4,471	950	0	0
N/A	Waste Recycling Centre - Capital works	165	165	165	0	0
	Waste Total	**552**	**4,636**	**1,115**	**0**	**0**
	Highways					
N/A	Local Transport Capital Funding Highways Maintenance and Pothole Fund	59,486	52,823	52,823	52,823	52,823
N/A	Fleet Vehicle purchases	676	0	0	0	0
3,071	Stover Discovery Centre	57	0	0	0	0
4,237	Telensa Street lighting CMS	2,057	0	0	0	0
N/A	Winter Maintenance Vehicle Purchases	495	0	0	0	0
	Highways Total	**62,771**	**52,823**	**52,823**	**52,823**	**52,823**
	Highways, Infrastructure Development and Waste Total	**66,423**	**60,059**	**56,038**	**54,423**	**53,923**
	Planning, Transportation and Enviroment					
	Large and Major Highway Schemes					
67,629	A361 North Devon Link Road	3,861	50	50	50	50
N/A	A382 Live Labs Carbon Negative Project	509	1,660	0	0	0
N/A	Active Travel Fund	518	0	0	0	0
N/A	Barnstaple Longbridge Active Travel Improvements	91	0	0	0	0
17,518	Destination Exmouth Levelling Up Fund	11,029	1,752	0	0	0
10,700	Bus Service Improvement Plan (BSIP)	4,065	0	0	0	0
1,252	Cedars Junction, Barnstaple	428	0	0	0	0
61	Footpath Clovelly Road, Bideford	61	0	0	0	0
N/A	Local Transport Capital Funding Integrated Transport Block	3,767	3,628	3,628	3,628	3,628
N/A	Pinhoe Access Strategy Measures	44	0	0	0	0
11,570	Plymouth & South Devon Freeport - Spine Road Extension	0	8,870	0	0	0
7,338	Plymouth & South Devon Freeport - Cycle & Pedestrian Bridge	2,568	3,669	0	0	0
5,000	Plymouth & South Devon Freeport - Sandy/Holland Road roundabout	1,160	1,750	0	0	0
N/A	Slapton Line Minor Road Improvements	167	0	0	0	0
117,999	South Devon Highway	150	0	0	0	0
55,140	South West Exeter Housing Infrastructure Fund	14,381	0	0	0	0
300	Sport England Pedestrian/Cycle Infrastructure Exeter	84	0	0	0	0
106	Station Road Footways - Near Clyst Vale CC	86	0	0	0	0
14,950	West Devon Transport Hub Levelling Up Fund	11,009	1,273	0	0	0
	Large and Major Highway Schemes Total	**53,978**	**22,652**	**3,678**	**3,678**	**3,678**

Total Approval (includes prior years) £'000	Capital Expenditure:	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
	Enviroment					
N/A	Carbon Reduction Programme	147	0	0	0	0
13,339	Home Upgrade Grant Phase 2	7,033	0	0	0	0
5,294	Flood & Coastal Innovation & Resilience Programme Phase 2	1,664	863	422	0	0
N/A	Flood Prevention Works	340	230	260	0	0
	Enviroment Total	**9,184**	**1,093**	**682**	**0**	**0**
	Childrens & Schools Expansion					
N/A	Advanced Design Fees	200	200	0	0	0
450	Axe Valley Ac.–Food Tech refurb/Canopies	450	0	0	0	0
500	Barnes - Additional Residential Accommodation	446	0	0	0	0
246	Bovey Tracey Primary School - Expansion	100	0	0	0	0
4,032	Braunton Academy - Additional Accomodation	1,880	800	0	0	0
N/A	Confirmed Basic Need Allocation	500	5,678	3,331	5,530	0
2,343	Cranbrook Education Campus (Academy) - New build	400	0	0	0	0
1,800	Cranbrook Education Campus (Academy) - New build - Phase 1	1,200	600	0	0	0
1,132	Dawlish College - replace ROSLA block	0	500	0	0	0
4,147	Exeter Creative Free School Contribution	0	1,146	0	0	0
3,173	Exmouth Community College Expansion	0	100	0	0	0
142	Gatehouse Primary - Internal Remodelling	32	0	0	0	0
1,656	Ivybridge College -Additional Accomodation	656	1,000	0	0	0
342	Loddiswell Primary - Single class extn	266	7	0	0	0
9,532	Mill Water School - Extension	0	115	0	0	0
891	Pilton Community College - Additional Accommodation	75	591	0	0	0
1,720	Proposed New Primary School West Barnstaple	200	0	0	0	0
2,500	Sherford Vale Primary School - Expansion	1,000	0	0	0	0
300	Sidmouth Primary - Expansion to PAN 90	300	0	0	0	0
720	Welland - Additional Residential Accommodation	352	0	0	0	0
	Childrens & Strategic Schools Programme Total	**8,057**	**10,737**	**3,331**	**5,530**	**0**
	SEND Programme					
30	Brixington Primary – SEN resource base	15	0	0	0	0
135	Holsworthy College – SEN resource base	68	0	0	0	0
11,250	Okehampton Special School	150	0	0	0	0
507	River Dart Academy - Dartington School site development	0	507	0	0	0
3,700	SW Devon Special School	300	0	0	0	0
30	West Croft Primary – SEN resource base	15	0	0	0	0
N/A	SEND Places (new build and expansion)	500	1,269	0	0	0
	SEND Programme Total	**1,048**	**1,776**	**0**	**0**	**0**
	Planning, Transportation & Enviroment Total	**72,267**	**36,258**	**7,691**	**9,208**	**3,678**
	Climate Change, Enviroment & Transport Total	**138,690**	**96,317**	**63,729**	**63,631**	**57,601**

Financed by:	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Borrowing - External (Freeport)	0	14,289	0	0	0
Borrowing - Internal / External *	7,173	7,018	1,375	0	0
Borrowing - Internal Forward Funding	478	50	0	0	0
Capital Receipts - IID	0	73	0	0	0
Direct Revenue Funds - Services	80	0	0	0	0
External Funding - Contributions	14,878	800	0	0	0
External Funding - Grants	113,028	71,350	62,304	63,581	57,551
External Funding - S106	3,053	2,737	50	50	50
Capital Financing	**138,690**	**96,317**	**63,729**	**63,631**	**57,601**

* Financing through borrowing will be by internal borrowing where feasible but may require use of external borrowing instead depending on availability of cash resources through treasury management.
This table does not show expenditure on capital projects currently programmed in financial year 2023/24 which may be deferred to 2024/25 or future years.

Corporate Services

Total Approval (includes prior years) £'000	Capital Expenditure:	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
	Transformation, Performance & Resources					
N/A	Building Maintenance	675	675	675	0	0
N/A	County Farms Estate Enhancement Programme	900	450	0	0	0
N/A	DCC Operating Model ICT Replacement and Renewal	1,275	2,025	200	0	0
N/A	Property Enabling Budget	113	113	113	0	0
N/A	Replace and Upgrade Corporate Estate	450	450	450	0	0
717	SCOMIS ICT	54	0	0	0	0
	Transformation, Performance & Resources Total	**3,467**	**3,713**	**1,438**	**0**	**0**

Financed by:					
Borrowing - Internal / External *	3,467	3,713	1,438	0	0
Total Capital Financing	**3,467**	**3,713**	**1,438**	**0**	**0**

* Financing through borrowing will be by internal borrowing where feasible but may require use of external borrowing instead depending on availability of cash resources through treasury management.

This table does not show expenditure on capital projects currently programmed in financial year 2022/23 which may be deferred to 2023/24 or future years.

Public Health, Communities & Prosperity

Total Approval (includes prior years) £'000	Capital Expenditure:	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
	Economy, Enterprise and Skills					
2,391	Devon & Somerset - Superfast broadband programme	1,907	0	0	0	0
577	Mullacott - Industrial estate road	235	235	0	0	0
179	Okehampton East Business Park	35	0	0	0	0
2,160	Roundswell South Business Park	100	0	0	0	0
	Economy, Enterprise and Skills Total	**2,277**	**235**	**0**	**0**	**0**
	Commissioning Services For Communities					
N/A	Youth service minor capital works	27	27	27	0	0
	Commissioning Services For Communities Total	**27**	**27**	**27**	**0**	**0**
	Public Health, Communities & Prosperity Total	**2,304**	**262**	**27**	**0**	**0**
	Financed by:					
	Borrowing - Internal / External *	2,304	262	27	0	0
	Total Capital Financing	**2,304**	**262**	**27**	**0**	**0**

* Financing through borrowing will be by internal borrowing where feasible but may require use of external borrowing instead depending on availability of cash resources through treasury management.

This table does not show expenditure on capital projects currently programmed in financial year 2023/24 which may be deferred to 2024/25 or future years.

It should be noted that tables for Finance & Public Value, and Legal & Democratic Services have been omitted as they are zero in value.

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Integrated Adult Social Care

How the 2024/25 Budget has been built up

	2023/24 Adjusted Budget	Changes	2024/25 Outturn Budget
	£'000	£'000	£'000
Integrated Adult Social Care Operations	311,944	17,550	329,494
Integrated Adult Social Care Commissioning	28,301	2,951	31,252
Total	**340,245**	**20,501**	**360,746**

Reasons for changes in Revenue Budget	**Change £'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	29,887
Price pressures, demographic and other growth in demand	19,525
Deprivations of Liberty and Safeguarding	500
	49,912
Savings, alternative funding and additional income	
Supporting people with disabilities to live more independently	(6,456)
Improved market management for commissioned bed based services	(8,074)
Improved market management for commissioned community based services	(6,313)
Contract savings	(763)
Supporting people with mental health needs to live more independently	(500)
Reductions in staffing	(1,864)
	(23,970)
Alternative sources of funding and additional income	
Better Care Fund mandated increase to Adult Social Care	(4,308)
Increase in partner and client income	(1,133)
	(5,441)
Total	**20,501**

Analysis of Total Expenditure 2024/25

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
Integrated Adult Social Care Operations	441,274	(36,104)	(75,676)	0	329,494
Integrated Adult Social Care Commissioning	34,556	(2,649)	(655)	0	31,252
Total	**475,830**	**(38,753)**	**(76,331)**	**0**	**360,746**

Better Care Fund
The following table details the sources of income for the Better Care Fund:

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
Integrated Adult Social Care Operations					
Better Care Fund	127,245	(44,898)	(78,193)	(4,154)	0
Total	**127,245**	**(44,898)**	**(78,194)**	**(4,154)**	**0**

Note: The above table sets out the provisional estimates of funding for the BCF, in advance of receiving confirmation of the actual funding for 2024/25. Further information related to the BCF is included in the MTFP on pages 103 - 105.

Integrated Adult Social Care Operations

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Disability Services				
3,277	Day Opportunities	3,287	(24)	**3,263**	(14)
19,773	Direct Payments	24,886	(4,612)	**20,274**	522
55,640	Enabling including supported living	59,348	(654)	**58,694**	3,054
2,434	Nursing Care	4,255	(450)	**3,805**	1,371
12,280	Personal Care	17,045	(6,481)	**10,564**	(1,935)
41,194	Residential Care	49,137	(3,911)	**45,226**	4,072
134,598		157,958	(16,132)	**141,826**	7,070
9,500	**Improved Better Care Fund**	9,476	0	**9,476**	0
	In House Services				
4,596	Day Opportunities and Reaching For Independence	3,990	(17)	**3,973**	(432)
4,990	Reablement	5,507	(896)	**4,611**	(381)
4,797	Residential Care	4,708	(500)	**4,208**	(589)
14,383		14,205	(1,413)	**12,792**	(1,402)
	Older People				
795	Day Opportunities	760	(55)	**705**	(50)
7,765	Direct Payments	10,834	(3,669)	**7,165**	(78)
4,114	Enabling including supported living	4,456	(658)	**3,798**	(176)
31,219	Nursing Care	48,900	(14,794)	**34,106**	4,978
16,940	Personal Care	37,685	(19,142)	**18,543**	1,149
62,924	Residential Care	120,704	(52,304)	**68,400**	6,157
123,757		223,339	(90,622)	**132,717**	11,980
31,925	**OP&D Care Management**	35,461	(3,613)	**31,848**	(98)
835	**Workforce Development**	835	0	**835**	0
314,998		**441,274**	**(111,780)**	**329,494**	**17,550**

Analysis of changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	28,290
Price pressures, demographic and other growth in demand	17,790
Deprivations of Liberty Safeguarding	500
Transfer of Emergency Duty Service to Mental Health	(982)
	45,598
Savings	
Supporting people with disabilities to live more independently	(6,456)
Improved market management for bed based services	(8,074)
Improved market management community based services	(6,313)
Reduction in staffing	(1,764)
	(22,607)
Alternative sources of funding and additional income	
Better Care Fund mandated increase to Adult Social Care	(4,308)
Increase in partner and client income	(1,133)
	(5,441)
Total	**17,550**

Service Commentary

Integrated Adult Social Care services deliver the Authority's statutory responsibility as set out in the Care Act (2014). This includes advice, information and signposting to anyone who may feel they need care or support as well as assessment, review and support planning for older people and working age adults with learning disabilities, autism, mental health and physical disabilities who have eligible needs. There is a new Care Quality Commission (CQC) inspection framework of local authority Care Act duties.

The service also arranges care, largely from the independent sector, for either short-term interventions or long-term care, on a personalised basis. Additionally, the service delivers a small amount of adult social care directly, rather than commission from the independent sector. These include several different establishments throughout the county which provide services to older people and people with disabilities.

The service undertakes statutory safeguarding responsibilities for vulnerable adults. The workforce undertaking these functions includes professionally qualified social workers, occupational therapists, and non-registered staff who are co-located and co-managed alongside community-based NHS staff.

People tell us they want to live in the place that they call home, with the people and things they love, in communities that look out for each other, doing the things that matter to them. This is at the heart of our Promoting Independence vision, and it shapes the work we do every day.

As a service we have four key cost drivers: demand, market sufficiency, the cost of care, and the acuity and complexity of people we are serving.

Subject to joint agreement with NHS partners, in addition to the £9.5 million Improved Better Care Fund within the Operations budget there is a further £46.66 million of funding from the Better Care Fund (BCF), which contributes directly to the provision of social care services, and there is a further £5.49 million of health income which contributes to joint health and social care arrangements.

A total of £22.6 million of savings are included in the 2024/25 budget, and to achieve this will require significant operational redesign and rigour and may impact further on already challenging assessment waiting times, on the organisation's prevention agenda, ensuring a sufficient market and our partnership working.

As the service moves forward with its vision of promoting independence via a strengths-based approach, which is the right thing to do and is required for the successful delivery of the budget, there will be a reduction to the care and support which people are currently receiving. The available resource will be focused on those people who need it most.

Service Statistics and Other Information

		Number of service agreements budgeted to be serviced Average through Year		
		2023/24	**Change**	**2024/25**
Reablement (across all client groups)	Service Agreements	3,150	0	3,150
These are new people expected to go through the reablement process				
Disability Services (incl. Autistic Spectrum)				
Day Opportunities	Service Agreements	321	(15)	306
Direct Payments	Service Agreements	1,466	20	1,486
Enabling	Service Agreements	1,830	(48)	1,782
Nursing Care (including Respite)	Service Agreements	48	5	53
Personal Care	Service Agreements	940	5	945
Residential Care (including Respite)	Service Agreements	523	29	552
Older People and Disability - In house				
Day Opportunities	Service Agreements	64	(13)	51
Residential Care (including Respite)	Service Agreements	44	(9)	35
Reaching for Independence	Service Agreements	744	(204)	540
Older People				
Day Opportunities	Service Agreements	167	(17)	150
Direct Payments	Service Agreements	632	(18)	614
Enabling	Service Agreements	464	31	495
Nursing Care (including Respite)	Service Agreements	720	(35)	685
Personal Care	Service Agreements	2,180	179	2,359
Residential Care (including Respite)	Service Agreements	2,119	(6)	2,113

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Integrated Adult Social Care Commissioning

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Integrated Adult Commissioning				
2,442	Centrally Managed Contracts	3,960	(687)	**3,273**	831
1,061	Change Team	1,082	(20)	**1,062**	1
1,332	Policy, Performance and Involvement Team	1,750	0	**1,750**	418
3,367	Strategic Commissioning Team	3,352	0	**3,352**	(15)
8,202		10,144	(707)	**9,437**	1,235
	Mental Health Services				
4,382	Care Management	5,582	(595)	**4,987**	605
66	Day Opportunities	147	(169)	**(22)**	(88)
886	Direct Payments	972	(60)	**912**	26
7,760	Enabling including supported living	9,137	(1,011)	**8,126**	366
85	Nursing Care	89	0	**89**	4
150	Personal Care	362	(321)	**41**	(109)
6,770	Residential Care	8,123	(441)	**7,682**	912
20,102		24,412	(2,597)	**21,815**	1,716
28,301		**34,556**	**(3,304)**	**31,252**	**2,951**

Analysis of changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	1,597
Price pressures, demographic and other growth in demand	1,735
Transfer of Emergency Duty Service from Operations	982
	4,314
Savings	
Supporting people with mental health needs to live more independently	(500)
Commissioning efficiencies	(763)
Reduction in Mental Health staffing	(100)
	(1,363)
Total	**2,951**

Service Commentary

Local authorities have a statutory requirement to meet the needs of people eligible for care, to support them and their carers, and to fund care for those people with needs who meet financial eligibility criteria.

The Integrated Adult Social Care Commissioning team work with NHS colleagues to assess the strategic health and social care needs of the Devon population and ensure there are solutions to meet those needs through commissioning with the provider market and integrated services. This includes the management and oversight of the Better Care Fund.

Commissioners have duties under the Care Act to shape and maintain an efficient and effective market of services for meeting care and support needs in the local area, including working with the provider market to ensure sufficiency of choice, quality and information. This includes addressing workforce challenges through supporting the recruitment and retention of care workers, including actively recruiting people from overseas.

Local authorities have a responsibility to ensure care is maintained where a provider fails financially and services cease – for everyone, including self-funders – to ensure people’s needs can continue to be met. This is undertaken by working with the Care Quality Commission to assure and improve quality along with managing contractual provider relationships to ensure their delivery, and consultation with people including carers and families. 2023 saw the introduction of CQC assurance of Adult Social Care duties that will result in a formal inspection and assessment similar to the Ofsted process.

The commissioning function is also responsible for commissioning arrangements for support to carers, for the care management of people with mental health needs (working with Devon Partnership NHS Trust), and for the coordination of activity and governance of the statutory Torbay and Devon Safeguarding Adults Partnership as well as for the oversight of contracts including service user representation and grants to the voluntary and community sector.

The team is also responsible for commissioning intelligence, statutory returns and surveys, internal performance management, and involvement in sector-led improvement; for commissioning and operational policy development and strategic planning; and engaging the users of our services and their carers.

The key challenges for Integrated Adult Social Care Commissioning in the year ahead will be maintaining a sufficient provider market and associated workforce for people of all ages, and the delivery of planned savings in Mental Health. We will need to continue to work with people in a strengths-based approach, building their resilience and promoting their independence in a way that reduces the reliance on statutory services.

Service Statistics and Other Information

		Number of service agreements budgeted to be serviced Average through Year		
		2023/24	Change	2024/25
Mental Health Services				
Day Opportunities	Service Agreements	12	(2)	10
Direct Payments	Service Agreements	134	(17)	117
Enabling including supported living	Service Agreements	664	12	676
Nursing Care (including Respite)	Service Agreements	2	0	2
Personal Care	Service Agreements	28	11	39
Residential Care (including Respite)	Service Agreements	166	1	167

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Children and Young People's Futures

How the 2024/25 Budget has been built up

	2023/24 Adjusted Budget £'000	Changes £'000	2024/25 Outturn Budget £'000
Children Social Care, Health and Wellbeing	148,322	13,832	162,154
Education and Learning - School Funding	0	0	0
Education Learning and Inclusion Services	57,956	7,675	65,631
Total	**206,278**	**21,507**	**227,785**

Reasons for changes in Revenue Budget	**Change £'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	9,795
Demographic and demand pressures	13,169
Transformation and improvement	7,693
	30,657
Savings	
Improvements to placements sufficiency and Placement Pathways	(7,260)
Removal of vacant posts	(651)
Route reviews of Home to School transport	(500)
Realignment of service	(175)
	(8,586)
Alternative sources of funding and additional income	
Children's Centres / Family Hubs - alternative funding source	(500)
Education Transport Fee increase for Concessionary & Post 16 charges	(64)
	(564)
Total	**21,507**

Analysis of Total Expenditure 2024/25

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
Children Social Care, Health and Wellbeing	192,920	(14,448)	(1,177)	(15,141)	162,154
Education and Learning - School Funding	763,809	(759,444)	(598)	(3,767)	0
Education Learning and Inclusion Services	76,989	(5,887)	(1,701)	(3,770)	65,631
Total	**1,033,718**	**(779,779)**	**(3,476)**	**(22,678)**	**227,785**

The following services (which are not included above) are wholly self-funded and do not directly impact on Council Tax.

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
Children Social Care, Health and Wellbeing					
Atkinson Home	4,823	(495)	(3,640)	(688)	0
Education Learning and Inclusion Services					
Music Services	1,148	(1,090)	(58)	0	0
Outdoor Learning	551	0	(541)	(10)	0
School Library Service	703	0	(324)	(379)	0
Total	**7,225**	**(1,585)**	**(4,563)**	**(1,077)**	**0**
Grand total	**1,040,943**	**(781,364)**	**(8,039)**	**(23,755)**	**227,785**

Children's Social Care, Health and Wellbeing

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
4,192	**Family Hubs**	3,710	(40)	**3,670**	(522)
	Corporate Parenting Service				
2,139	Adopt South West	2,227	0	**2,227**	88
885	Adoption Allowances and Fees	1,073	0	**1,073**	188
270	Child Arrangement Orders	262	0	**262**	(8)
4,904	Corporate Parenting Teams	5,047	0	**5,047**	143
1,062	Family Time Contact Centre	1,110	0	**1,110**	48
4,948	Fostering Team	5,384	0	**5,384**	436
5,583	Special Guardianship Orders	6,046	0	**6,046**	463
1,278	Support For Children and Young People	1,323	0	**1,323**	45
21,069		22,472	0	**22,472**	1,403
	Disabled Children Services				
9,160	Children In Need Short-Break Services	10,251	(1,054)	**9,197**	37
4,468	Social Work Area Teams	5,726	(1,084)	**4,642**	174
2,136	Support For Disabled Children	2,165	(23)	**2,142**	6
15,764		18,142	(2,161)	**15,981**	217
	Early Help				
2,153	Bridges	2,233	0	**2,233**	80
2,529	Early Help Co-Ordination	6,926	(3,688)	**3,238**	709
596	REACH	556	(10)	**546**	(50)
771	Youth Justice Service	1,918	(1,135)	**783**	12
6,049		11,633	(4,833)	**6,800**	751
	MASH and EDS Services				
1,667	Emergency Duty Team	1,723	0	**1,723**	56
1,678	Multi Agency Safeguarding Hub	1,942	0	**1,942**	264
3,345		3,665	0	**3,665**	320
	Placements				
8,059	Disabled Children's Placements	9,913	(580)	**9,333**	1,274
9,190	Independent Fostering	10,271	(12)	**10,259**	1,069
5,648	Independent Post 18 Placements	4,361	(980)	**3,381**	(2,267)
24,105	Independent Residential Care	22,937	(306)	**22,631**	(1,474)
9,412	Independent Supported Accommodation	14,252	0	**14,252**	4,840
10,609	Internal Fostering	12,016	(162)	**11,854**	1,245
386	Internal Post 18 Placements	477	(464)	**13**	(373)
604	Internal Residential	3,862	0	**3,862**	3,258
985	Secure Accommodation	1,101	(20)	**1,081**	96
1,548	Unaccompanied Asylum Seeking Children	10,580	(7,353)	**3,227**	1,679
70,546		89,770	(9,877)	**79,893**	9,347
0	**Public Health Nursing**	12,983	(12,983)	**0**	0
	Quality Assurance and Practice				
2,398	Quality Assurance Reviewing Safeguarding	3,527	0	**3,527**	1,129
1,300	Workforce Academy	1,060	(80)	**980**	(320)
3,698		4,587	(80)	**4,507**	809
18,703	**Social Work Teams**	20,013	0	**20,013**	1,310
4,956	**Strategic Management, Legal Disbursement**	5,945	(792)	**5,153**	197
148,322		**192,920**	**(30,766)**	**162,154**	**13,832**

Analysis of changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	7,425
Children in Care placements - higher demand and increased costs	8,604
In-house children's homes - open new residential provision	3,200
Adoption and SGO allowances - implementation of DfE means testing calculator and Regional Adoption Agency formula review	515
Management and frontline staffing	1,794
Expansion of Mockingbird foster carers support programme	122
	21,660
Savings	
Staying Close Programme for Care Experienced Young People	(1,000)
In-house children's homes - open new residential provision	(3,054)
Placement Pathways	(2,474)
Foster carer recruitment	(632)
Other various	(168)
	(7,328)
Alternative sources of funding and additional income	
Children's Centres / Family Hubs - external grant contribution	(500)
	(500)
Total	**13,832**

Service Commentary

Children's Social Care

Children in our care and care experienced young people. It includes a range of services to support children, and their families (Early Help), at the earliest opportunity to prevent needs or risks increasing, and to avoid whenever it is safe to do so the need for children to come into our care.

Our vision is to:

- Offer help and support to the right children, in the right way at the right time.
- Intervene when children need help so that they can remain in the care of their families and in their communities.
- Help all children and young people to have the best possible start in life, and grow up with good health, education, and emotional wellbeing.
- Work restoratively with families and their networks to harness strengths and find solutions that last.
- Champion the voice and influence of children and young people and ensure their lived experience is understood.
- Ensure children and young people in our care and leaving our care are healthy, feel safe and reach their full potential.

The budget for 2024/25 reflects the continued investment required to embed the reshape to support improved service delivery and recognises the ongoing recruitment and retention challenges experienced locally and across the country. Achieving a stable and experienced workforce is the cornerstone of our improvement work.

Provision of appropriate homes, or other suitable accommodation, along with support for our vulnerable children, is a key priority. The care and support that some of our children and young people require is increasingly complex and expensive. The budget reflects the additional investment required to meet need, but successful delivery of a balanced budget is going to require careful demand management and cost control.

Achievement of the improvements needed to get us to where we want to be requires a whole system response from the wider council, partner agencies, voluntary sector, and our communities.

The Public Health Nursing Service provides health visiting and school nursing services across Devon, working alongside Children's Social Care delivering universal child and family health services as well as ongoing additional services for vulnerable children and families.

Service Statistics

Children's Social Care	Unit of Measurement	Number of people budgeted to receive service Average through Year 2023/24	Change	2024/25
Children in Care and Care Experienced Young People				
External Residential	Full Year Equivalents	109	(5)	104
Internal Residential	Full Year Equivalents	0	5	5
Internal Fostering Placements	Full Year Equivalents	386	45	431
External Fostering Placements	Full Year Equivalents	163	(16)	147
External Supported Lodgings/Housing	Full Year Equivalents	53	6	59
Internal Residential Special School	Full Year Equivalents	4	(2)	2
Medical Establishment	Full Year Equivalents	3	0	3
Placed For Adoption	Full Year Equivalents	23	8	31
Placed with Parents	Full Year Equivalents	61	1	62
Other Placements	Full Year Equivalents	1	2	3
Secure Welfare	Full Year Equivalents	1	0	1
Separated Migrant Children	Full Year Equivalents	76	60	136
Separated Migrants over 18	Full Year Equivalents	27	0	27
Staying Put/Care Experienced	Full Year Equivalents	95	(31)	64
Total		**1,002**	**73**	**1,075**

Other Children's Services		2023/24	Change	2024/25
Adoption Allowances	Full Year Equivalents	89	(2)	87
Special Guardianship Order Allowances	Full Year Equivalents	530	9	539
Residence/Child Arrangement Order Allowances	Full Year Equivalents	28	(3)	25
Short breaks and Direct Payments	No. of Young People	1,633	(95)	1,538

Education Learning and Inclusion Services

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
0	**Education and Learning Reserves**	350	(350)	**0**	0
	Infrastructure				
1,046	Admissions, Data and Strategic Management	1,588	(587)	**1,001**	(45)
14	Support Team Services	1,188	(1,156)	**32**	18
1,292	Teachers Pension - Historic Enhancements	1,337	0	**1,337**	45
2,352		4,113	(1,743)	**2,370**	18
	School Improvement Inclusion and Safeguarding				
813	Inclusion Service	1,589	(376)	**1,213**	400
878	Safeguarding and Attendance	1,458	(541)	**917**	39
1,153	School Effectiveness	1,343	(711)	**632**	(521)
6,561	SEND Services	10,562	(882)	**9,680**	3,119
9,405		14,952	(2,510)	**12,442**	3,037
	School Transport				
0	Home to College	144	(208)	**(64)**	(64)
18,530	Home to School	19,204	(131)	**19,073**	543
26,607	Personalised Transport	30,704	(85)	**30,619**	4,012
45,137		50,052	(424)	**49,628**	4,491
542	**Vulnerable Groups and Virtual School**	1,151	(585)	**566**	24
520	**Early Years Service**	6,371	(5,746)	**625**	105
57,956		**76,989**	**(11,358)**	**65,631**	**7,675**

Service Commentary

This service budget represents the Authority's responsibilities for education and learning other than those funded by the Dedicated Schools Grant and Post 16 funding which are shown separately. It includes infrastructure and support to ensure the delivery of more than 200 statutory duties to deliver a range of specialist support for inclusion services, admissions, home to school transport, safeguarding in schools, maintained schools, education support for children with special needs and vulnerable groups of children.

The Transport Coordination Service manages school transport alongside public, health and social care transport. This coordinated approach is nationally recognised as the best way to provide an integrated, cost effective transport service. However, the regulatory and operational pressures remain high and together with external market pressures, is putting pressure on bus, coach, and taxi operators.

The cost of Personalised School Transport continues to rise due to ongoing increases in the number of children requiring complex transport arrangements. This has also led to increased journey times for many students to access their nearest appropriate provision.

Service Statistics

Transport	Unit of Measurement	2023/24	Change	2024/25
School/College Transport	Pupil Numbers p.a.	12,800	13	12,813
Personalised Transport	Pupil Numbers p.a.	2,379	139	2,518

Education and Learning - School Funding

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Schools				
23,928	Academy Grants	24,658	0	**24,658**	730
293,067	Primary Schools	294,322	0	**294,322**	1,255
238,821	Secondary Schools	241,706	0	**241,706**	2,885
(275)	Pupil Growth	2,638	0	**2,638**	2,913
555,541		563,324	0	**563,324**	7,783
	De-Delegated Schools Budget				
103	Facilitation and Representation	91	0	**91**	(12)
673	Licences and Subscriptions	675	0	**675**	2
994	Maternity	981	0	**981**	(13)
59	School Intervention Fund	24	0	**24**	(35)
547	Schools and DSG Contingency	610	0	**610**	63
871	Targeted Specialist Services	1,274	(409)	**865**	(6)
3,247		3,655	(409)	**3,246**	(1)
	Central Provision Within Schools Budget				
550	Admissions	643	(74)	**569**	19
1,652	Other DSG Services	1,804	(152)	**1,652**	0
292	Phase Associations	292	0	**292**	0
868	Support Services	961	(85)	**876**	8
873	Termination of Employment Costs	873	0	**873**	0
4,235		4,573	(311)	**4,262**	27
	High Needs Budget				
7,469	Alternative Provision	8,223	(588)	**7,635**	166
1,649	Children In Care and Inclusion	1,652	0	**1,652**	3
574	Hospital Education Services	579	0	**579**	5
150	Inclusion	150	0	**150**	0
41,535	Maintained and Academy Special Schools	49,222	(182)	**49,040**	7,505
49,780	Other Special School Fees	53,209	(1,757)	**51,452**	1,672
1,767	Recoupment	3,482	(1,715)	**1,767**	0
343	Safeguarding Every Learner	390	0	**390**	47
2,167	SEND Early Years Services	2,380	(213)	**2,167**	0
22,274	SEND Mainstream	26,986	0	**26,986**	4,712
7,741	SEND Mainstream - Further Education	9,357	0	**9,357**	1,616
2,566	SEND Specialist Support	2,442	0	**2,442**	(124)
1,794	SEND Support	2,273	(446)	**1,827**	33
0	SEND100 Projects	423	(423)	**0**	0
139,809		160,768	(5,324)	**155,444**	15,635
42,865	**Early Years Budget**	68,314	(71)	**68,243**	25,378
	Schools Funding				
(676,036)	Dedicated Schools Grant (DSG)	0	(714,046)	**(714,046)**	(38,010)
(14,645)	Other School Grants	0	(13,760)	**(13,760)**	885
(20)	Post 16 Funding	0	(20)	**(20)**	0
(28,769)	Pupil Premium	0	(29,868)	**(29,868)**	(1,099)
(719,470)		0	(757,694)	**(757,694)**	(38,224)
(26,227)	**Transfer to DSG Deficit Reserve**	(36,825)	0	**(36,825)**	(10,598)
0		**763,809**	**(763,809)**	**0**	**0**

Analysis of changes:	**£'000**
Additional investment for children with complex needs	15,635
Net changes to mainstream school budgets due to increase in Schools Funding Block and demographic changes	7,079
Net changes to Early years funding due to increase in Early Years funding and demographic changes	25,378
Increase in DSG and other grants arising from National Funding Formula changes and demographic changes	(33,322)
Increase in DSG due to baseline changes to the High Needs block and demographic changes.	(4,688)
Net change of Academy Grant funding due to Teachers Pay & Pension Grant now part of DSG	730
Net movement in Other Grant funding	(214)
Increase to Unfunded High Needs Block deficit (Funding shortfall)	(10,598)
Total	**0**

Service Commentary

Services funded by the Dedicated Schools Grant (DSG) include high needs funding, Post 16 funding, Early years funding, Pupil Premium and other school grants. Most funding in the Dedicated Schools Grant is delegated directly to schools or early years settings.

Funding for maintained schools is delegated and managed by the individual schools, in the same way as academies, therefore the staffing data summarised within this Budget Book does not include the 6,372 staff working in these schools.

Within the DSG a significant cost pressure continues to relate to support for children with special educational needs and disabilities (SEND). This is largely due to the continued rise in the number of children with an Education Health and Care Plan (EHCP) and a year-on-year increase in demand for higher cost independent specialist provision. Whilst Devon supports a higher than average percentage of children in mainstream settings, which could be linked to the higher proportion of EHCPs in Devon overall, it does not have sufficient state funded special school or specialist resource provision to meet current or future demand. This has resulted in the need for more independent places to be commissioned.

Significant investment by the authority and the DfE (through the Free Schools Programme) has recently increased the number of places in our special schools. It is estimated the special school estate will increase by 48% between 2020 and 2025, providing 525 additional places including through three new schools. Further work will be undertaken over the next three years to improve Devon's SEND sufficiency.

The SEND Transformation Programme will address the significant challenges that the local area faces, improve the experiences of children, young people and their families. It is also a fundamental improvement that supports the ongoing financial sustainability of the Authority. The programme contains seven work strands looking at specific parts of the SEND system:

1) Strategy – embedding a shared vision and shared priorities to improve partnership working to support children and young people with SEND.
2) Inclusion and Early Help (Education) – strengthening the universal and targeted support available to children and young people with SEND.
3) Preparation for Adulthood – ensuring young people with SEND receive the appropriate support to go on to lead fulfilling lives.
4) SEND Statutory processes – improving the Education, Health and Care needs assessment and review processes.
5) Sufficiency – ensuring that there is a continuum of provision available to meet the diverse needs of children and young people with SEND.
6) Financial management and placement value – improving the Council's systems and processes, and commissioning strategies, to drive better value for money.
7) Multi-agency pathways – improving the way partnership services work together to ensure a seamless experience for families when accessing support.

Service Statistics

Number of local authority maintained schools and academies	Number of organisations	Number of Schools
Local Authority Maintained Schools		**153**
Federations	29	81
Management Partnerships	19	39
% of schools actively collaborating		78%
Free Schools		**14**
Academies		**204**
Number of schools in multi-academy trusts/collaborations		199
% of academies in multi academy trusts / collaborations		91%
Total all schools and academies		**371**

Number of pupils in nursery and LA maintained schools	Unit of Measurement	Census Oct-2022	Change	Census Oct-2023
Nursery Schools (Universal Entitlement 15 hours)	Pupil Numbers PTE	100	(3)	97
Nurseries within Primary Schools (Universal Entitlement 15 hours)	Pupil Numbers PTE	2,886	(84)	2,802
		2,986	**(87)**	**2,899**
Primary	Numbers on Roll	28,535	(1,289)	27,246
Secondary	Numbers on Roll	4,649	(747)	3,902
Post 16	Numbers on Roll	149	(149)	0
		33,333	**(2,185)**	**31,148**
Number of pupils in academy schools				
Primary	Numbers on Roll	24,926	359	25,285
Secondary	Numbers on Roll	31,718	757	32,475
		56,644	**1,116**	**57,760**
Number of pupils in Free schools				
Primary	Numbers on Roll	1,551	200	1,751
Secondary	Numbers on Roll	606	138	744
		2,157	**338**	**2,495**
Total number of pupils in LA maintained schools, academies and free schools				
Nursery Schools	Pupil Numbers PTE	2,986	(87)	2,899
Primary	Numbers on Roll	55,012	(730)	54,282
Secondary	Numbers on Roll	36,973	148	37,121
Post 16 (maintained only)	Numbers on Roll	149	(149)	0
		95,120	**(818)**	**94,302**
Percentage of pupils in academy/free schools				
Primary	Numbers on Roll	48.1%	1.7%	49.8%
Secondary	Numbers on Roll	87.4%	2.1%	89.5%

Early Years Education Provision		2023/24	Change	2024/25
Early Years Independent Provision (Universal entitlement 15 hours)	Pupil Numbers PTE	6,666	(194)	6,472
Early Years Entitlement Take up	Percentage of eligible children	96.6%	-0.5%	96.1%
3 and 4 Year old additional 15 hours for all sectors	Pupil Numbers PTE	4,122	223	4,345
Disadvantaged two year olds	Pupil Numbers PTE	1,354	(215)	1,139
2 Year old funding for working parents (15 hrs)	Pupil Numbers PTE	0	2,654	2,654
Under 2's funding for working parent (15 hrs from Sept 2024)	Pupil Numbers PTE	0	1,345	1,345

Young People with Additional Needs		2023/24	Change	2024/25
Pupils with Education Health Care Plans in Mainstream provision (pre 16)	Number of young people	3,551	152	3,703
Educated Other Than At School	Number of young people	214	21	235
Maintained and Academy Special Schools (pre 16 and post 16)	Number of budgeted Places	1,731	56	1,787
Independent Special Schools (pre 16 and post 16)	Number of budgeted Places	1,264	71	1,335
Further Education	Number of Budgeted Places	879	154	1,033
Inter-Authority recoupment	Net number of Exported Pupils	167	0	167
Import / export adjustments for local authorities	Net number of Exported Pupils	566	0	566
Alternative Provision	Number of Planned Places	289	0	289
Alternative Provision - Other Medical Provision	Number of Budgeted Pupils	286	0	286

Public Health, Communities & Prosperity

How the 2024/25 Budget has been built up

	2023/24 Adjusted Budget	Changes	2024/25 Outturn Budget
	£'000	£'000	£'000
Communities and Citizen Engagement	16,009	(429)	15,580
Economy, Enterprise and Skills	5,669	(326)	5,343
Public Health	0	0	0
Total	**21,678**	**(755)**	**20,923**

Reasons for changes in Revenue Budget	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	533
Capacity and demand changes	329
Increase in Members Locality Budgets	180
Skypark Development - reduction in core funding	(220)
	822
Savings	
Citizen Engagement service redesign	(300)
Reduction in Library Contracts	(300)
Reduction in Community Grant Programme	(210)
Removal of vacant posts	(424)
Trading Standards service efficiency	(50)
Reduction to transitions contract	(200)
	(1,484)
Alternative sources of funding and additional income	
Increase in overhead recovery for Communities staffing	(93)
	(93)
Total	**(755)**

Analysis of Total Expenditure for 2024/25

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
Communities and Citizen Engagement	17,861	(58)	(519)	(1,704)	15,580
Economy, Enterprise and Skills	9,118	(90)	(2,918)	(767)	5,343
Public Health	34,636	(34,576)	0	(60)	0
Total	**61,615**	**(34,724)**	**(3,437)**	**(2,531)**	**20,923**

The following services (which are not included above) are wholly self-funded and do not directly impact on Council Tax.

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
Communities and Citizen Engagement					
Active Devon	1,626	(1,507)	(11)	(108)	0
Refugee Resettlement	1,641	(1,631)	0	(10)	0
Economy, Enterprise and Skills					
Digital Business Utilisation Service	145	(145)	0	0	0
Fast Followers Net Zero Living(Innovate)	169	(169)	0	0	0
Future Farming Resilience Scale Up	872	(872)	0	0	0
Growth Hub	269	0	(269)	0	0
Learn Devon	2,999	(2,999)	0	0	0
SPF Business Support Exeter	113	(113)	0	0	0
SPF Business Support East Devon	118	(118)	0	0	0
SPF Business Support Mid Devon	116	(116)	0	0	0
SPF Business Support South Hams	80	(80)	0	0	0
SPF Business Support West Devon	80	(80)	0	0	0
Supported Internships	57	(57)	0	0	0
The Digital Skills Service	832	(832)	0	0	0
Total	**9,117**	**(8,719)**	**(280)**	**(118)**	**0**
Grand total	**70,732**	**(43,443)**	**(3,717)**	**(2,649)**	**20,923**

Communities and Citizens Engagement

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
1,263	**Citizens Engagement**	1,296	(235)	**1,061**	(202)
	Commissioning Services For Communities				
812	Heritage Centre and Devon Records Office	840	(10)	**830**	18
7,300	Library and Information Service	7,435	(310)	**7,125**	(175)
1,975	Youth Services	2,121	(21)	**2,100**	125
10,087		10,396	(341)	**10,055**	(32)
	Planning and Insight				
1,400	Community Safety and Violence Prevention	2,281	(800)	**1,481**	81
290	Emergency Planning	379	(107)	**272**	(18)
132	Research, Intelligence and Performance	141	0	**141**	9
1,822		2,801	(907)	**1,894**	72
	Safer and Stronger Communities				
1,386	Commissioning / Grants	1,176	0	**1,176**	(210)
1,151	Community	1,712	(798)	**914**	(237)
300	Locality	480	0	**480**	180
2,837		3,368	(798)	**2,570**	(267)
16,009		**17,861**	**(2,281)**	**15,580**	**(429)**

Analysis of Changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living wage	404
Capacity and demand pressures	103
Domestic Abuse Duty	81
Increase in Members Locality Budgets	180
	768
Savings	
Citizen Engagement service redesign	(300)
Reduction in Library Contract	(300)
Reduction in Community Grant Programme	(210)
Reduction in staffing	(294)
	(1,104)
Alternative sources of funding and additional income	
Increase in overhead recovery	(93)
	(93)
Total	**(429)**

Service Commentary

The Communities portfolio leads a range of commissioning and collaboration to develop services and support, helping people and organisations in communities to be better connected, resilient and safe.

This includes:

- Commissioning of Devon’s youth services, support to tackle interpersonal and gender-based violence and abuse, and meeting the Authority's related statutory duties, and its library and heritage services.
- Community safety and coordination of work and partnerships to tackle serious violence and vulnerability, and statutory coordination to prevent extremism and radicalisation.
- Leading the authority's response to food insecurity and wider aspects of poverty.
- Community development and capacity building across the County and its links to the authority’s priorities.
- Work to support resettlement, migration and support to those seeking asylum.
- Through Active Devon, accessing and increasing physical activity across the County.

Increasingly the team's work is focussed on support around the emerging priorities of resettlement and migration, and in delivering the Government's Household Support Fund.

Citizens Engagement covers a number of essential functions including being responsible for core public information and promoting strategic priorities. It provides support to services by connecting with hard to reach groups, promoting healthy communities and behaviour change, and engaging with key partners in the public sector and beyond.

Service Statistics and Other Information

Service/ Activity	Unit of Measurement	2023/24 Estimate	Change	2024/25 Estimate
Libraries				
Static Libraries & Mobile Libraries	No.	50	0	50
PCs available with public access	No.	323	(136)	187
Stock issues	No.	2,220,000	0	2,220,000
Membership	No.	112,000	8,000	120,000
Library Visits	No.	1,776,000	0	1,776,000
Library Events	No.	8,100	0	8,100
Youth Service				
Organisations supported	No.	90	(5)	85
Young people attending open sessions per qtr	No.	5,300	800	6,100
Young people prevented from permanent exclusion	No.	105	0	105
Heritage Service				
Searchroom visits	No.	2,400	0	2,400
Social Media followers	No.	3,750	200	3,950

Economy, Enterprise and Skills

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Business Support and Innovation				
316	Business Growth Support	594	(262)	**332**	16
2,058	Trading Standards	4,304	(2,227)	**2,077**	19
2,374		4,898	(2,489)	**2,409**	35
	Economic Infrastructure and Development				
1,302	Economic Development	1,621	(299)	**1,322**	20
305	Industrial Estates	234	(74)	**160**	(145)
1,607		1,855	(373)	**1,482**	(125)
	Employment and Skills				
263	Labour Market Development	1,020	(793)	**227**	(36)
1,425	Post 16 Provision	1,345	(120)	**1,225**	(200)
1,688		2,365	(913)	**1,452**	(236)
5,669		**9,118**	**(3,775)**	**5,343**	**(326)**

Analysis of changes:	**£'000**
Inflation, National Living Wage and other pressures	
Inflation and National Living wage	129
Broadband UK Connecting Devon and Somerset	70
Skypark Development reduction in core funding	(220)
Industrial Estates income reduction	75
	54
Savings	
Trading Standards service efficiency	(50)
Removal of vacant posts	(130)
Reduction to transitions contract	(200)
	(380)
Total	**(326)**

Service Commentary

This service supports creating productive, inclusive, and sustainable growth across the Devon economy and leads on responding to economic shocks, working with a range of public and private partners. It leads on delivering regulatory services through the Heart of the South West Trading Standards Service, delivers a range of adults and young people skills programmes, supporting the Authority's corporate parenting duty, and supports infrastructure programmes including workspace and broadband and unlocking housing. It provides a strategic overview of the Devon economy and works with Team Devon and a wide range of local and national partners to secure investment opportunities. The key priorities for the service are:

- Leading economic strategy and response to economic shocks.
- Delivering careers, advice and guidance for young people and adults, including our statutory duties, and supporting corporate parenting duty.
- Raising aspirations and opportunities for our young people through promoting apprenticeships, internships and work placements and delivering adult basic skills and community learning.
- Stimulating innovation and business support including encouraging new business startups, developing growth sectors, and bringing forward key infrastructure and employment sites.
- Protecting communities and consumers, and supporting businesses by ensuring a safe, fair, responsible, sustainable, and competitive trading environment.
- Securing investment and external funding into Devon and delivering a Devolution Deal for Devon.
- Working with partners to develop plans for local places including housing, regeneration, utilising joint assets and levelling up.
- Leading on an economic assessment duty and analysis to support growth strategies and influencing national and local growth and skills policies.

Service Statistics and Other Information

Service/ Activity	Unit of Measurement	2023/24 Estimate	Change	2024/25 Estimate
Trading Standards (Shared Service)				
Number of businesses in Service area (ONS data)	No.	86,800	0	86,800
Programmed interventions at high priority premises	Percentage	100	0	100
Complaints and service requests	No.	18,500	(2,500)	16,000
Learn Devon				
Learn Devon - Enrolments	No.	6,000	0	6,000

Public Health

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Public Health				
2,608	Children 5-19 Public Health Programmes	2,558	0	**2,558**	(50)
873	Comm Sfty, Violence Prvntn and Social Excl	871	0	**871**	(2)
72	Health At Work	71	0	**71**	(1)
273	Health Protection	187	0	**187**	(86)
9,801	Mandated 0-5 Children's Services	9,626	0	**9,626**	(175)
98	National Child Measurement Programme	95	0	**95**	(3)
272	NHS Health Check Programme	650	0	**650**	378
393	Obesity	277	0	**277**	(116)
590	Other Public Health	590	0	**590**	0
206	Physical Activity	114	0	**114**	(92)
360	Public Health Expert Advice	350	0	**350**	(10)
(31,511)	Public Health Income	0	(31,453)	**(31,453)**	58
417	Public Mental Health	399	(60)	**339**	(78)
7,139	Sexual Health	7,208	0	**7,208**	69
1,316	Smoking and Tobacco	2,350	(950)	**1,400**	84
5,717	Substance Misuse	7,708	(2,173)	**5,535**	(182)
1,376	Support Services	1,582	0	**1,582**	206
0		**34,636**	**(34,636)**	**0**	**0**

Analysis of changes:	**£'000**
Inflation, National Living Wage and other pressures	
Inflation and National Living Wage	235
Support Services - Inflationary increase to support costs	46
NHS Health Check Programme increase	378
Smoking and Tobacco contract changes	90
Drug and Alcohol support for under 18's - replacement of temporary reserves funding	58
	807
Savings	
Public Health Nursing contract realignment	(215)
Mental Health service remodelling	(100)
Contractual changes - Substance misuse	(277)
Renegotiation of Obesity contracts	(138)
Various demand led, contract and staffing changes	(77)
	(807)
Total	**0**

Service Commentary

Public Health is funded by means of a ringfenced grant to the Authority from the Department of Health and Social Care. The grant covers the whole cost of Public Health's work, with the vast majority going on the commissioning and delivery of public facing health services which the Local Authority has a statutory requirement to provide.

Service demand is starting to return to pre-pandemic levels for key public health services such as health visitors and school nurses, sexual health services, for drug and alcohol services, and NHS health checks. Public Health must manage increase in demand against a backdrop of below inflation increases in the public health grant.

Central government has issued additional short-term ringfenced funding to public health to support delivery of the national drugs strategy, which is resulting in increasing numbers in treatment, and has indicated additional funding will be provided for stop smoking services. However, a lack of certainty about the long-term future of this specific funding and the likelihood of below inflation rises in the general Public Health ringfenced grant in future years, has necessitated a focus on the budget towards safeguarding statutory public health services.

Key priorities for 2024/25 include utilising the additional short-term funding to continue to increase the numbers in treatment and improve outcomes within the substance misuse service. The additional smoking funding will enable us to increase support for existing smokers to quit and importantly work with partners to curb the rise in youth vaping. Public Health will continue to work with NHS partners to identify at risk individuals and enable early diagnosis and optimal treatment of key conditions such as cardiovascular disease and cancer to help reduce morbidity and excess mortality. An additional priority will be to ensure the available public health data and intelligence is utilised to inform future service development and provision across the Local Authority with a key emphasis on tackling health inequalities and improving health outcomes.

Service Statistics and Other Information

Service/ Activity	**Unit of Measurement**	**2023/24 Estimate**	**Change**	**2024/25 Estimate**
Opiate clients in treatment	Individuals	1,263	(83)	1,180
Non-opiate only clients in treatment	Individuals	159	34	193
Alcohol only clients in treatment	Individuals	657	58	715
Alcohol & non-opiate clients in treatment	Individuals	97	164	261
Genito-urinary medicine patients treated	Individuals	37,822	1,065	38,887
Contraception services accessed	Individuals	30,521	(2,814)	27,707

Corporate Services

How the 2024/25 Budget has been built up

	2023/24 Adjusted Budget	Changes	2024/25 Outturn Budget
	£'000	**£'000**	**£'000**
Chief Exec, Legal and Democratic Services	8,614	(223)	8,391
Finance and Public Value	14,741	553	15,294
People and Culture	4,848	(108)	4,740
Transformation and Business Services	21,552	(1,532)	20,020
Total	**49,755**	**(1,310)**	**48,445**

Reasons for changes in Revenue Budget	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	2,160
People and Culture Restructuring	542
Additional staffing	210
Coroner Services	174
Reduction in external funding & other income	181
Various other demand led and contract pressures	254
	3,521
Savings	
Additional vacancy management and reductions in staffing	(2,712)
Review of contracts	(819)
Savings in external legal disbursements	(500)
	(4,031)
Alternative funding and additional income	
Increased existing and new income streams	(800)
	(800)
Total	**(1,310)**

Analysis of Total Expenditure 2024/25

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Chief Exec, Legal, Democratic Services	12,628	0	(3,376)	(861)	8,391
Finance and Public Value	25,737	0	(4,911)	(5,532)	15,294
People and Culture	27,212	0	(3,508)	(18,964)	4,740
Transformation and Business Services	37,896	(9,103)	(4,176)	(4,597)	20,020
Total	**103,473**	**(9,103)**	**(15,971)**	**(29,954)**	**48,445**

The following services (which are not included above) are wholly self-funded and do not directly impact on Council Tax.

	Gross Expenditure	Grant and Contribution	External Income	Internal Income	Net Expenditure
Finance and Public Value					
Devon Audit Partnership	2,011	0	(2,011)	0	0
Peninsula Pensions	5,251	0	(5,236)	(15)	0
Transformation and Business Services					
SCOMIS	4,847	0	(2,509)	(2,338)	0
Total	**12,109**	**0**	**(9,756)**	**(2,353)**	**0**
Grand total	**115,582**	**(9,103)**	**(25,727)**	**(32,307)**	**48,445**

Chief Executive, Legal and Democratic Services

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Chief Exec, Legal and Democratic Services				
1,940	Coroner Services	2,221	(37)	**2,184**	244
264	Corporate Management	358	(79)	**279**	15
1,955	Cost of Democracy	2,259	(177)	**2,082**	127
5,287	Legal Services	6,046	(1,295)	**4,751**	(536)
153	Local Authority Subscriptions	167	(1)	**166**	13
(985)	Registration Services	1,577	(2,648)	**(1,071)**	(86)
8,614		**12,628**	**(4,237)**	**8,391**	**(223)**

Analysis of changes:	**£'000**
Inflation, National Living Wage and other pressures	
Inflation and National Living Wage	209
Coroner Services	174
Cost of Democracy	68
Various other demand led and contract pressures	76
	527
Savings	
Legal Service redesign	(700)
	(700)
Alternative funding and additional income	
Increased income from Registration Services	(50)
	(50)
Total	**(223)**

Service Commentary

Chief Executive, Legal and Democratic Services provides all the Council's legal services, the Registration of Births, Deaths & Marriages, His Majesty's Coroners Services, Democratic and Elected Member Services, Scrutiny and Equality, Diversity, and Inclusion. The Directorate is responsible for the Council's constitution and the Member's Code of Conduct.

There are a number of pressures affecting the service, not least the increasing demands for legal support in respect of childcare and safeguarding adults, contract and procurement support and the financial pressures on the Coroners Service.

Service Statistics

Coroners Service	**Unit of Measurement**	**2023/24 estimates**	**Change**	**2024/25 estimates**
Deaths Reported	No.	1,857	109	1,966
Inquests opened	No.	408	(45)	363
Body Removals	No.	1,189	(70)	1,119
Post-mortems	No.	850	(19)	831
Registration Service				
Certificates Issued	No.	50,000	9,000	59,000
Ceremonies Performed	No.	5,572	0	5,572
Premises licences issued	No.	53	(2)	51

Finance and Public Value

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Core Finance Services				
3,761	Accountancy Services	5,359	(1,620)	**3,739**	(22)
748	Corporate Management and Commissioning	1,624	(997)	**627**	(121)
2,455	Financial Systems, Processes and Compliance	3,646	(860)	**2,786**	331
1,801	Strategic Financial Planning	4,449	(2,599)	**1,850**	49
8,765		15,078	(6,076)	**9,002**	237
	Other Finance Services				
126	Bank Charges	130	0	**130**	4
50	Council Tax Support Partnership	50	0	**50**	0
270	External Audit	312	0	**312**	42
4,384	Unfunded Pensions	7,726	(3,048)	**4,678**	294
4,830		8,218	(3,048)	**5,170**	340
1,146	**Procurement**	2,441	(1,319)	**1,122**	(24)
14,741		**25,737**	**(10,443)**	**15,294**	**553**

Analysis of changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	656
Reduction in external funding & other income	167
Increased cost of external audit	34
Additional staffing	210
	1,067
Savings	
Additional vacancy management and staff savings	(280)
	(280)
Alternative funding and additional income	
Additional income	(234)
	(234)
Total	**553**

Service Commentary

Finance and Public Value provides a range of finance and procurement services. The combining of Finance and Procurement early in 2022 enables a greater focus towards achieving Best Value and closer working in these key service areas. The vision for the service is to be a Partner, an Enabler of Learning and to provide Stewardship.

Services are provided internally across the Authority and to external clients and partners. Devon Audit Partnership is a joint service working in partnership with other Devon authorities and provides a comprehensive assurance service covering Internal Audit, Risk Management and Counter Fraud. Peninsula Pensions is a joint service with Somerset Council to provide pensions administration for employers and scheme members of the Local Government Pension Scheme. The Client Financial Services team provide help and support to social care clients, and Court of Protection provide help and support to vulnerable clients in the management of their affairs. Our Investments Team provide treasury management services to the Authority and manage Pension Fund strategy and investments of over £5 billion. Procurement provides strategic procurement support across the Authority including collaborative initiatives such as the Southern Construction Framework and others.

The Authority has an annual turnover of more than £1.7 billion and all of the expenditure and income flows through Finance and Public Value in one way or another.

During 2022 a procurement was undertaken to replace our core finance system. Implementation during the year ahead will bring new opportunities to develop innovative new practice to drive greater efficiency and value for the Authority. The implementation of the new system is well underway, and we expect to start using the system part way through 2024/25.

Service Statistics

		Unit of Measurement	2023/24 estimates	Change	2024/25 estimates
Pensions Administration					
Completed cases (DCC Fund – all members)					
	High Priority	No.	16,000	(1,500)	14,500
	Medium Priority	No.	23,300	1,900	25,200
	Low Priority	No.	7,500	(1,300)	6,200
Debt Management					
Debtors raised		No.	105,000	1,000	106,000
Debtors raised		£000	284,000	55,000	339,000
Payments					
Invoices paid		No.	403,000	13,000	416,000
Proportion paid using BACS		Percentage	99.9	0.0	99.9
Procurement					
Invitations to Tender issued		No.	280	(30)	250
Contract awarded		No.	375	30	405

People and Culture

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	People and Culture				
659	HR Helpline and Support Services	1,163	0	**1,163**	504
1,206	HR Operations	2,597	(1,112)	**1,485**	279
150	Management and Trade Unions	552	(229)	**323**	173
1,840	Organisational Development	1,049	(52)	**997**	(843)
435	Payroll Services	1,344	(1,234)	**110**	(325)
558	Recruitment and Retention	20,507	(19,845)	**662**	104
4,848		**27,212**	**(22,472)**	**4,740**	**(108)**

Analysis of changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	204
Redesign & support to People Strategy	542
Loss of income from academy schools	14
	760
Savings	
Redesign	(345)
Review of contracts	(7)
	(352)
Alternative funding and additional income	
New income streams	(300)
Increase in income from maintained schools and external organisations	(216)
	(516)
Total	**(108)**

Service Commentary

The focus of the People and Culture Directorate is our workforce – ensuring we are working well – both in terms of the performance of our work and that we are happy in our environment. At a practical level this includes how we recruit, retain, and develop staff with the right skills and experience to achieve the strategic purposes of the Authority, and from a cultural perspective in terms of our mindsets and how we behave towards each other. We aim to create a culture that supports and enables high performance, helping us to be a trusted, inclusive, and innovative council.

We have recently developed our first People Strategy which sets the overall direction for both the Directorate and the organisation from a workforce perspective. Delivery of its Action Plan and 6 themes (Voice, Recruitment, Learning, Wellbeing, Belonging and Reward) is the key focus of the directorate.

Coupled with the delivery of the People Strategy, the drive to transform and change services continues to be acute. Balancing those demands for support from front line services within the available financial envelope remains a key pressure. There is a critical balance in resourcing activities within the Directorate to ensure delivery of both operational support to front line services – such as in relation to Health & Safety, managing absence, disciplinary and grievances, safe and effective recruitment, apprenticeships, learning & development, and payroll – alongside leading on more strategic and long-term projects such as workforce planning and organisational wide development.

The directorate will support the organisation in relation to redesign and enabling the Council to have the right people, in the right structures to deliver a stronger and more sustainable Council. The financial challenges also mean there is an increased need to make the best use of the skills within our workforce alongside continuing to attract and retain good quality staff in a highly competitive market. There will also be other external developments that will impact on the workforce, such as employment related legislative changes, which will need to be identified and addressed. All of these demands will form challenges the directorate will need to meet over the coming year.

Service Statistics and Other Information

Human Resources (HR)	**Unit of Measurement**	**2023/24 estimates**	**Change**	**2024/25 estimates**
DCC staffing FTE – contracted workforce excl schools	No.	5,303	(91)	5,212
Apprentices employed	No.	120	(30)	90
Payslips issued	No.	198,000	(4,000)	194,000
HR direct and operational/consultancy cases	No.	3,566	0	3,566
DBS checks processed	No.	24,000	0	24,000
Recruitment Adverts processed	No.	6,000	1,000	7,000
Employment contracts processed	No.	1,290	0	1,290

Transformation and Business Services

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Business Services				
8,080	Business Services and Support	9,120	(2,453)	**6,667**	(1,413)
822	Customer Relations	1,027	(179)	**848**	26
1,380	Customer Service Centre	1,506	(72)	**1,434**	54
10,282		11,653	(2,704)	**8,949**	(1,333)
12,138	**Digital Technology Services**	14,200	(2,349)	**11,851**	(287)
	Estates				
1,054	Building Maintenance	1,057	(3)	**1,054**	0
1,209	Corporate Estates	1,526	(291)	**1,235**	26
(534)	County Farms Estate	856	(1,390)	**(534)**	0
2,751	Facilities Management	4,698	(2,058)	**2,640**	(111)
(5,348)	Private Finance Initiatives	3,906	(9,081)	**(5,175)**	173
(868)		12,043	(12,823)	**(780)**	88
21,552		**37,896**	**(17,876)**	**20,020**	**(1,532)**

Analysis of changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	1,091
IT Roadmap & Software	76
	1,167
Savings	
Business Services redesign	(1,683)
Reduction in Digital Technology Service & Estates	(204)
Review of Digital Technology and Estates contracts	(812)
	(2,699)
Total	**(1,532)**

Service Commentary

Transformation and Business Services supports the Authority's change agenda and ensures that critical services including IT, digital, business support and property are delivered to ensure the smooth running of the Council.

Operationally the Service is responsible for key support to frontline service delivery including Information and Communications Technology, Property Asset Strategy, Land and Property Management including the County Farms Estate, Facilities Management, Business Support - both front line and back office, Customer Services Centre, Customer Relations, Information Governance, Digital Transformation and Cyber Security.

Over the coming year the focus of work to improve and effect change in the Council aligned to the Council's Corporate Plan will be digital transformation support within SEND, the property change programme and Children's Services improvement.

Aligned to the Council's risk register the management and mitigations relating to cyber security continue to be an area of significant focus for the Council, alongside ensuring compliance with statutory obligations relating to providing information to members of the public under the Freedom of Information Act, data security and property compliance.

Service Statistics

	Unit of Measurement	2023/24 estimates	Change	2024/25 estimates
Property				
Owned or leased operational properties (excl farms)	No.	420	(17)	403
County Farms Estate				
No of Farms	No.	65	(1)	64
Total acreage	Acres	9,548	14	9,562
IT Infrastructure & Support				
Managed Desktops	No.	6,467	(114)	6,353
Networked Sites	No.	191	(18)	173
User accounts (DCC IT systems)	No.	5,248	353	5,601
WiFi points	No.	269	6	275
Cases raised to IT Helpdesk by phone	No.	15,168	(2,854)	12,314
Cases raised to IT Helpdesk online	No.	36,880	(4,054)	32,826
Data and Intelligence Services supported	No.	20	5	25
Digital Services supported	No.	32	2	34

Climate Change, Environment & Transport

How the 2024/25 Budget has been built up

	2023/24 Adjusted Budget	Changes	2024/25 Outturn Budget
	£'000	£'000	£'000
Highways and Infrastructure Development	30,986	(459)	30,527
Planning	3,195	(145)	3,050
Transport Operations, Environment Waste	47,438	4,467	51,905
Total	**81,619**	**3,863**	**85,482**

Reasons for changes in Revenue Budget	**Change £' 000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	6,144
Change in funding source for cyclic maintenance from reserve to core budget	800
Funding for bus services previously paid under S106	73
Implementation of Environmental legislation and carbon offsetting	183
Waste contract pressures and impact of new legislation	1,292
	8,492
Savings	
Street Lighting energy savings from additional dimming	(250)
Waste service operational savings	(100)
Removal of vacant posts	(151)
	(501)
Alternative sources of funding and additional income	
Income generation and staff time recharges	(2,168)
Alternative funding of pothole patch permanent repairs from capital budgets	(1,800)
Waste contract profit sharing	(100)
Traffic data and road safety projects alternative source of funding	(60)
	(4,128)
Total	**3,863**

Analysis of Total Expenditure for 2024/25

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Highways and Infrastructure Development	36,714	(127)	(4,062)	(1,998)	30,527
Planning	3,217	0	(160)	(7)	3,050
Transport Operations, Environment and Waste	59,090	(1,134)	(5,123)	(928)	51,905
Total	**99,021**	**(1,261)**	**(9,345)**	**(2,933)**	**85,482**

The following services (which are not included above) are wholly self-funded and do not directly impact on Council Tax.

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Highways and Infrastructure Development					
Highways Permit Scheme	1,655	0	(1,655)	0	0
LEVI Capability Funding	271	(271)	0	0	0
On Street Parking	8,671	(95)	(8,576)	0	0
Planning					
Cycle Bikeability Training	485	(485)	0	0	0
Sports Eng Active Travel and Environ Prog	135	(135)	0	0	0
Transport Operations, Environment Waste					
AONB Blackdown Hills	250	(235)	0	(15)	0
AONB North Devon	223	(200)	0	(23)	0
Devon Maritime Forum	37	(3)	(24)	(10)	0
Exe Estuary Partnership	37	(24)	(2)	(11)	0
Other Countryside Projects	1,049	(1,039)	0	(10)	0
NHS Patient Transport Advice Service	3,768	0	(3,737)	(31)	0
Transport Co-ordination Service	6,519	(4,592)	(1,810)	(117)	0
National Lottery Comm Fund - Food Rescue	56	(56)	0	0	0
Total	**23,156**	**(7,135)**	**(15,804)**	**(217)**	**0**
Grand total	**122,177**	**(8,396)**	**(25,149)**	**(3,150)**	**85,482**

Highways and Infrastructure Development

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Highway Maintenance				
5,383	Cyclic Maintenance	6,535	0	**6,535**	1,152
4,408	Highway Lighting	5,225	0	**5,225**	817
750	Maintenance of Public Rights of Way	795	(45)	**750**	0
46	Other Highway Services	166	(120)	**46**	0
336	Retaining Walls and Bridges	358	0	**358**	22
4,144	Routine Maintenance	4,414	0	**4,414**	270
6,748	Safety Reaction	5,388	0	**5,388**	(1,360)
3,006	Winter and Emergencies	3,202	0	**3,202**	196
24,821		26,083	(165)	**25,918**	1,097
6,485	**Highway Network Management**	9,551	(4,098)	**5,453**	(1,032)
31,306		35,634	(4,263)	**31,371**	65
222	**Highways Development Management**	1,149	(892)	**257**	35
	Infrastructure Development				
196	Compliance Surveys - School Buildings	196	0	**196**	0
(821)	Engineering and Design Group	(348)	(1,032)	**(1,380)**	(559)
83	Schools Estates Work	83	0	**83**	0
(542)		(69)	(1,032)	**(1,101)**	(559)
30,986		**36,714**	**(6,187)**	**30,527**	**(459)**

Analysis of Changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	2,881
Change in funding source for cyclic maintenance from reserve to core budget	800
	3,681
Savings	
Street Lighting energy savings from additional dimming	(250)
	(250)
Alternative sources of funding and additional income	
Alternative funding of pothole patch permanent repairs from capital budgets	(1,800)
Increase in income from Highways licences	(600)
Full cost recovery from staff time recharges	(1,490)
	(3,890)
Total	**(459)**

Service Commentary

The Highways and Infrastructure Development service includes Highways and Traffic Management, Highways Development Management and the Engineering Design Group.

The purpose of the Highways and Traffic Management Service is to safely connect people in Devon to the people and places that matter to them and to enable people, communities, and business to thrive. The service is driving efficiency in the way it works, through managing demand and enabling community self-help.

The service adopts asset management principles to identify priority needs and to focus the available funding on reducing whole life maintenance costs, for example by delivering preventative maintenance rather than repairing roads on a worst first basis. The main road network is being maintained in a good condition; however, parts of the minor road network are in poor condition. Such roads will be kept safe by repairing safety defects in accordance with adopted policy.

The service continually reviews its approach to maintenance and adopts new technology and innovation from across the sector and shares learning and experience with peers. The reduction of carbon emissions from maintenance operations is a key objective for the service.

The service works in a collaborative way with its contractors, communities, and individuals, which is enabling the Authority to maximise Government capital funding. Service discipline on spending enables the service to respond to in year changes and pressures due, for example, to extreme weather events.

The Highways Development Management Team comment on behalf of the highway authority to planning applications. These range from small access alterations, new supermarkets, through to sites of several hundred houses in locations across Devon. Additionally, the team considers potential Local Plan allocations and deal with pre application enquires as well as liaising and then managing the adoption process through legal agreements.

The purpose of the Engineering Design Group is to deliver the Authority's Capital Programme. The Service provides technical engineering consultancy services. The Group is the Authority's intelligent client for the procurement of construction contracts and is focussed on driving efficiency and providing a flexible and responsive service to meet the needs of the Authority.

Service Statistics and Other Information

Service/Activity	Unit of Measurement	2023/24 Estimate	Change	2024/25 Estimate
Size of Network	Km	12,990	0	12,990
Bridges	No.	3,343	2	3,345
Structural retaining walls (>1.35m height)	No.	1,810	17	1,827
Structural retaining walls (>1.35m height)	Km	115	10	125
Street lights total	No.	80,914	40	80,954
Street lights converted to LED	No.	63,500	5,500	69,000
Street lights operated by Central Management	No.	15,477	10,124	25,601
Rights of way	Km	5,017	0	5,017
Length of road salted	Km	2,688	2	2,690
Illuminated road markings and signs	No.	11,403	20	11,423
Gullies emptied	No.	151,000	5,661	156,661
Total grass area cut	m^2	7.78 million	0	7.78 million

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Planning

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Planning and Transportation				
483	Development Management	526	(83)	**443**	(40)
2,712	Planning and Transportation	2,691	(84)	**2,607**	(105)
3,195		**3,217**	**(167)**	**3,050**	**(145)**

Analysis of changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living Wage	94
	94
Savings	
Removal of vacant posts	(151)
	(151)
Alternative sources of funding and additional income	
Full cost recovery from staff time recharges	(28)
Traffic data and road safety projects alternative source of funding	(60)
	(88)
Total	**(145)**

Service Commentary

The Planning service includes strategic infrastructure planning and the development of strategic documents such as the Education and Transport Plans, as well as the Waste and Minerals plans. Additionally, services include development of large infrastructure projects, overview of planning applications and delivery of projects to enhance the ecology, landscape, marine and historic environment of Devon. The responsibility for planning schools' infrastructure, sustainable travel and road safety also resides in this team.

Service Statistics and Other Information

Service/Activity	Unit of Measurement	2023/24 Estimate	Change	2024/25 Estimate
County Matter applications	No.	25	0	25
County Council development applications	No.	30	0	30

Transport Operations, Environment and Waste

2023/24 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	**2024/25 Outturn Budget £'000**	2024/25 Net Changes £'000
	Environment Service				
826	Environment Policy	1,159	(272)	**887**	61
806	Flood Risk and Surface Water Management	953	(7)	**946**	140
771	Projects and Partnerships	818	(13)	**805**	34
2,403		2,930	(292)	**2,638**	235
	Public and Community Transport				
1,534	Fleet Services	1,693	(159)	**1,534**	0
7,128	National Concessionary Travel Scheme	7,663	(15)	**7,648**	520
4,656	Public Transport Support	6,402	(1,062)	**5,340**	684
1,773	Transport Co-Ordination Service	2,697	(867)	**1,830**	57
15,091		18,455	(2,103)	**16,352**	1,261
	Waste Disposal and Recycling				
15,862	Disposal of Statutory Waste	22,029	(4,220)	**17,809**	1,947
510	Landfill Tax on Disposal	510	0	**510**	0
223	Other Site Related Costs	225	(2)	**223**	0
6,869	Recycling Centres	8,006	(300)	**7,706**	837
5,140	Recycling Credits	5,397	0	**5,397**	257
1,159	Waste Management	1,131	(42)	**1,089**	(70)
181	Waste Minimisation Activities	407	(226)	**181**	0
29,944		37,705	(4,790)	**32,915**	2,971
47,438		**59,090**	**(7,185)**	**51,905**	**4,467**

Analysis of changes:	**£'000**
Inflation, National Living Wage, and other pressures	
Inflation and National Living wage	3,169
Funding for bus services previously paid under S106	73
Implementation of Environmental legislation and carbon offsetting	183
Waste contract pressures and impact of new legislation	1,292
	4,717
Savings	
Waste service operational savings	(100)
	(100)
Alternative sources of funding and additional income	
Public Transport income and full cost recovery of staff time recharges	(50)
Waste contract profit sharing	(100)
	(150)
Total	**4,467**

Service Commentary

The Transport Operations, Environment and Waste group of services covers the Transport Coordination Service (TCS), Environmental Policy, Flood Risk Management, Climate Change, Waste Disposal and Recycling.

The TCS covers all aspects of passenger transport including subsidised local bus services, the national bus pass, community transport, fleet management and transport services to provide access for education, social care and the NHS. The coming year sees opportunities with an increase in funding from government to enhance the bus service in the county, but it also sees risks due to the slow recovery in patronage and revenue for bus companies following the pandemic.

The Environment Team is leading the climate change agenda where we are working with stakeholders as well as progressing our own range of initiatives. There are also areas of additional responsibility including Bio Diversity Net Gain, the management of Historical Records and around Sustainable Drainage which will impact on the teams work in 2024/25

The Waste Management service is responsible for the disposal of local authority collected waste. The service supports and enables waste prevention activity, manages waste contracts for recycling, treatment, and disposal, provides new waste infrastructure and manages redundant landfill sites. The service works with Waste Collection Authorities to join up waste collection and waste disposal where possible. Only around 3% of Devon's total household waste is now disposed of at landfill sites.

Waste tonnage is extremely volatile and sensitive to both economic and demographic factors and needs to be closely monitored, as fluctuations in tonnages could have a significant impact on the budget. The service will be impacted by various changes in 2024/25, including the management of Persistent Organic Pollutants and understanding the implications of the DIY waste changes that occurred at the end of 2023.

Service Statistics and Other Information

Service/Activity	Unit of Measurement	2023/24 Estimate	Change	2024/25 Estimate
Transport Operations				
Local bus services contracts	No.	115	14	129
Ring and Ride community transport schemes	No. of schemes	15	0	15
Community buses	No.	5	0	5
Fare car supported taxi schemes	No. of schemes	6	0	6
Environment				
Sustainable drainage consultations for major development	No.	530	0	530
Land drainage consents	No.	130	20	150
Historic records updated	No. updated	3,566	3,434	7,000
Waste				
Municipal waste disposal to landfill	Tonnes	5,000	0	5,000
Municipal waste recycled (excl. soil & rubble)	Tonnes	190,000	0	190,000
Trade Waste rechargeable income	Tonnes	10,000	0	10,000
Municipal waste sent for energy recovery	Tonnes	155,000	0	155,000
Recycling, reusing and composting	Percentage	54.0	0	54.0
Recycling centres provided	No.	19	0	19
Landfill sites after care	No.	58	0	58

Fees and Charges

Income budgets include the impact of increases in some fees and charges. Most of these are small increases but it is proposed that any variations are agreed by the responsible cabinet member and chief finance officer via a delegated decision. No new charges are proposed for 2024/25.

Medium Term Financial Plan 2024/25 – 2027/28

Introduction

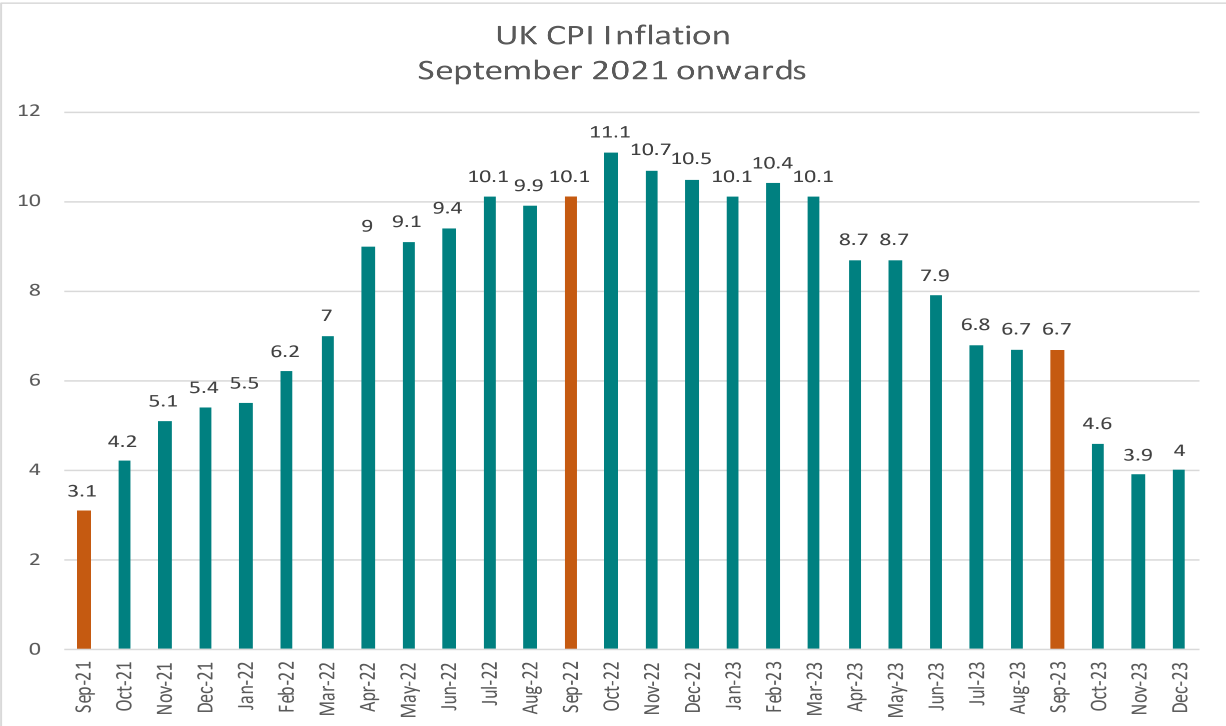
The Authority's Medium Term Financial Plan (MTFP) provides a four year overview that covers projections of estimated service costs and income, other operating costs and income, and funding through grants and council tax.

The Council's leadership has developed a clear and focussed approach to strategic and financial planning, working together and in partnership with others to ensure budgets are aligned with service demand and strategic priorities. Availability of resources is an ongoing challenge, with costs of demand and service delivery increasing by more than the rise in available funding. This results in a Budget Gap and the MTFP forecasts a shortfall each year that will need to be managed to ensure ongoing financial sustainability of the Authority and its services.

Building on the Financial Sustainability Programme that commenced in 2022, the financial strategy is underpinned by the Stronger and Sustainable Council strategies that were agreed by the Cabinet in September 2023. There is a key challenge to improve services and reduce costs. The 2024/25 Budget is set to be balanced overall, and it is important both to deliver the planned savings included in the budget and develop further savings and additional income to balance every year of the MTFP.

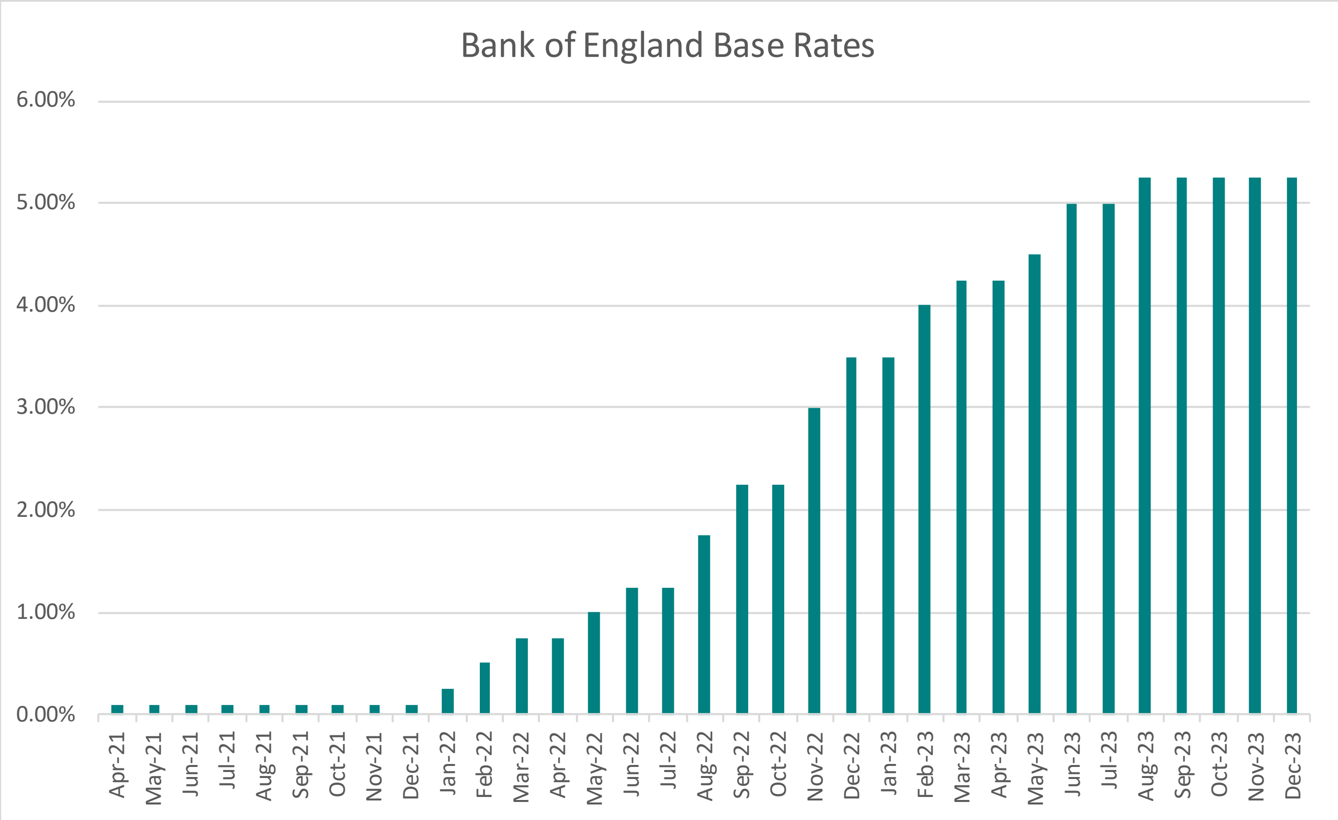
National Context

The Authority's financial performance has been significantly impacted by factors outside of is control such as inflation and interest rates. After many years of low inflation and low interest rates, inflation peaked at a 40-year high with the Consumer Price Index (CPI) rising to 11.1% in October 2022, although it is now starting to decrease and has fallen to 4% in December 2023. The September 2023 CPI of 6.7% is key as it is used by Government for increases in pensions, business rates. It is also applied to certain elements of local government funding.



Inflationary increases adversely impact on the costs of services provided by the Authority and can also affect demand for services through the impact on residents and businesses in the County. This is particularly evident in the care sector where cost increases have been significantly above CPI inflation levels. Through his Autumn Statement in November 2023 the Chancellor announced the National Living Wage will increase by 9.8% to £11.44 per hour from April 2024.

To bring inflation under control the Bank of England has been increasing interest rates, which had been below 1% since March 2009. The base rate rose from 0.1% in November 2021 to 5.25% in July 2023 where it has remained since. This has an impact on both investment performance and the cost of borrowing, as explained in the Authority's Treasury Management Strategy.



In his Autumn Statement the Chancellor included forecasts of inflation falling to 2.8% by end of 2024 and 2% by end of 2025.

Building a stronger and financially sustainable Council

Introduction

This is a time of significant challenge and change for English local government. Despite central government increasing funding for councils over recent years, a combination of high inflation and rising demand has left all local authorities facing some of their toughest budgetary decisions to date.

Devon County Council is addressing these challenges through a focus on becoming stronger and more financially sustainable by:

- Achieving value for money and financial sustainability.
- Supporting and empowering staff to deliver the best outcomes for the people of Devon.
- Improving the arrangements for decision-making and governance

Value for money and financial sustainability

The Authority has a general statutory duty of Best Value to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. The Chartered Institute of Public Finance and Accountancy defines “value for money” as encompassing:

- Economy - ‘Spending less’.
- Efficiency - ‘Spending well’.
- Effectiveness - ‘Spending wisely’.
- Equity - ‘Spending fairly’.

The Authority’s financial strategy is to achieve better value for money within available funding so as to avoid, as far as possible, the need to make ongoing reductions or cuts in services. The Working Well Together for a Stronger and Sustainable Council report was considered and agreed by Cabinet in September 2023, and this provides a clear focus on staffing, contract management, efficiency of services, income generation and the use of assets and buildings as described below.

Staffing

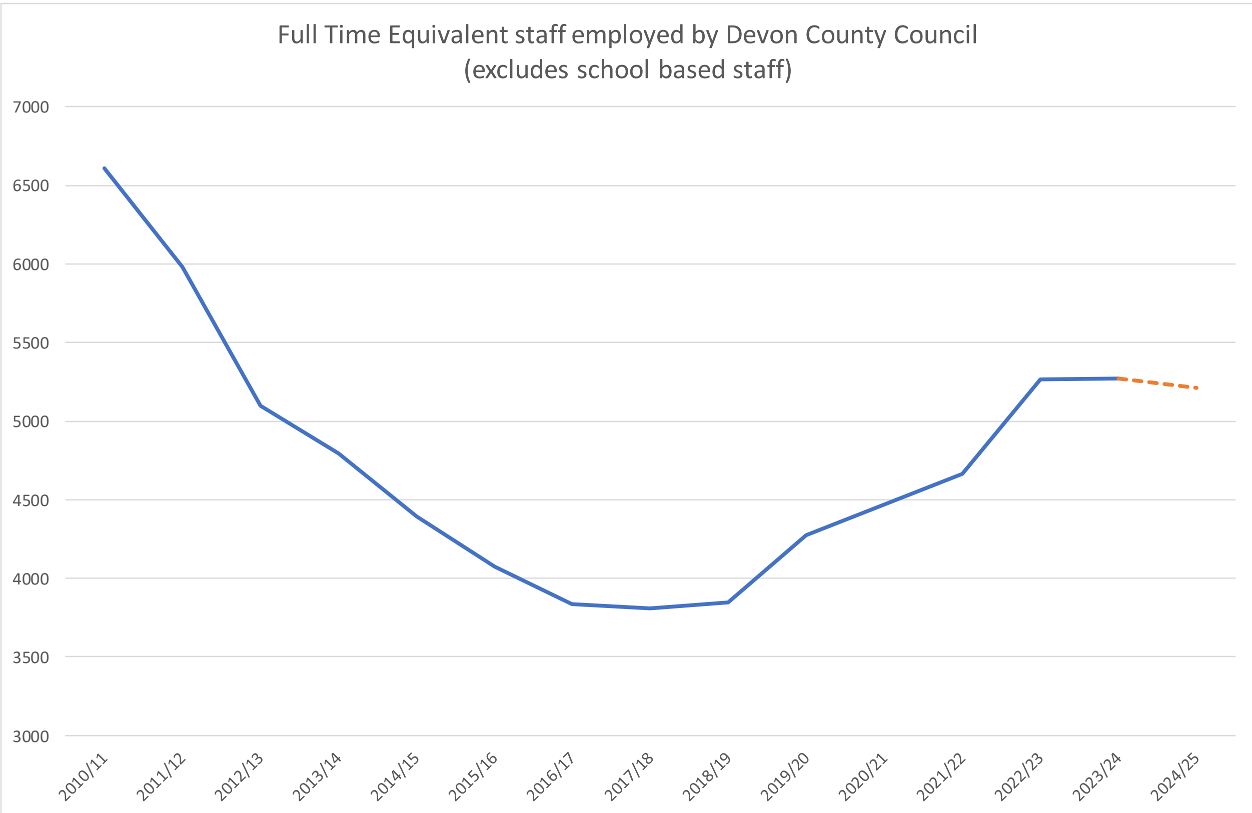
The total number of full-time equivalent staff employed in 2017/18 was 3,845 and the figure for 2023/24 (as at December 2023) is 5,277. There is a need to reduce staffing costs to a sustainable level over the medium term. As part of the People Strategy, this will be achieved through a focus on areas such as more effective recruitment strategies and ways to improve staff retention, balanced with modernisation of policies and terms and conditions with a view to improving culture and performance across the authority. These include:

Pay & Allowances – some of the terms and conditions of employment agreed locally, rather than through national frameworks, have not been reviewed for many years. Benchmarking data highlights that in many areas the authority is an outlier in the sector and there is a lack of parity between staff groups. A review of the arrangements has taken place and they are, through negotiation with Trades Unions, being modernised.

Recruitment – the growth in the workforce will be managed by only filling business critical vacancies and where possible deploying staff from other posts into priority areas to mitigate redundancies.

Agency and interim staff - the use of agency and interim staff has contributed to financial pressures. Renewed contractual arrangements for the external agency framework together with the recruitment of a permanent children's services leadership team has reduced spend.

The following graph shows in 2010/11 the authority employed over 6,600 Full Time Equivalent (FTE) staff, excluding school-based staff. By 2017/18 this had reduced to 3,800. Since that time there has been an increase each year with an increase of just over 587 in 2022/23, mainly attributable to investments in children's services including the Education and Inclusion contract being brought in house from August 2022. In 2024/25 there is forecast to be a reduction of 91 to 5,212 full time equivalent staff. The strategy recognises that the current level of staffing is not affordable in the medium term.



Contract management

The council has about 330 contracts with a wide variety of suppliers and providers. Opportunities continue to be taken to cease contracts where services are no longer needed or can be secured in a more effective way and where termination costs can be avoided. All contracts are reviewed, managed, and monitored to secure the best possible value for money.

Efficiency of services

Enabling people to use and access services digitally improves value for money. The work to make more services available in ways that best suit customers' needs will continue and develop as part of the Authority's transformation of customer engagement. Using technical and digital solutions to connect service areas will reduce failure demand, ease pressures on services and offer more choice to service users. The performance of services will be benchmarked with those of comparable local authorities to ensure that the Authority is learning from good practice elsewhere. Compliance with some policies and processes within some service areas is inconsistent. There will be a rigorous approach to ensuring that processes are adhered to.

Income generation and full cost recovery

There are opportunities for the Authority to generate more income through commercial activities and fees/charges. For projects and activities that are externally funded, for example through grants, the authority will recover all the costs of administering, delivering, and running the project. The cost effectiveness of income collection will be reviewed.

Use of assets and buildings

The Council owns, leases, or occupies 364 schools, 500 land assets, 64 farms and about 300 operational buildings (including offices, children centres, libraries, youth centres, industrial estate, recycling centres, day centres, respite centres, contact centres and children's homes). It is responsible for properties with estimated annual gross running costs of about £8 million, and a maintenance liability in excess £20 million, excluding schools. The average daily occupancy of the office spaces is currently between 20% and 30%. The property strategy is transforming the corporate estate and future use of assets. Some buildings are being relinquished as part of a rolling change programme. The use of office spaces, including County Hall, is being reviewed to assess the needs of the organisation and ensure that spaces are suitable for different ways of working. This will deliver one off capital receipts to fund the capital programme and revenue budget savings on an ongoing basis and provide potential flexibility to support the SEND safety valve.

Savings, Alternative Sources of Funding and Additional Income

To deliver a balanced budget for 2024/25 and over the medium term, and to mitigate rising costs in service delivery, the Budget and MTFP includes provision for achieving Net Budget reductions through a combination of savings, using alternative sources of funding, and generating additional income. The Authority has a strong track record of achieving these measures for many years whether required to offset funding reductions or meeting increased service requirements and new priorities.

The 2024/25 Budget includes the requirement to deliver savings, alternative sources of funding and additional income of almost £50 million, which is at a similar level and on top of the 2023/24 requirement of £47 million. This requires some difficult and challenging decisions to ensure the Authority delivers to budget. Based on projections of changes in annual net costs and funding, the MTFP shows further savings will be needed in each year of the Plan in order the maintain a balanced budget position over the medium term. Including the 2024/25 budget, estimated annual savings, funding and income increases totalling £136 million is forecast to be required by 2027/28. This represents approximately 8% of current gross expenditure.

Cumulative Savings, Alternative Funding and Additonal Income	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Savings Built in to MTFP	49.6	4.0	0.5	0.2
Additional Savings Required	0.0	22.0	31.8	27.9
Cumulative Savings Requirement	49.6	75.6	107.9	136.0

Investment in Services

Integrated Adult Social Care

Adult social care is at the heart of neighbourhoods and communities across Devon. It plays a vital role developing and maintaining resilience and strengths, supporting people to live where they want to be, in their own home and community, living their lives as independently as possible doing things that matter to them, this is what people tell us they want.

Whilst we have achieved positive outcomes, we must acknowledge that these are challenging times for individuals and communities. The backstop is often statutory services who are seeing greater demand, pressure and stress on workforce and services.

Challenges remain, we are seeing increasing demand from working age adults and older people. Medical advances are having positive health outcomes meaning people with disabilities are living longer and need greater support to stay independent.

Greater awareness and understanding of mental health challenges means more people are seeking and getting the support they need.

It is important that we address these challenges working collaboratively with people and communities. The voluntary sector has a key role to play, working with us to build resilience.

The proposed budget for Integrated Adult Social Care includes an increase of £20.5 million, a 6% increase compared to the previous year, to fund current and forecast demand and inflationary pressures (including National Living Wage) on the budget in 2023/24. Budget savings totalling £29.4 million are also required, the implementation of which is likely to present a considerable operational challenge. The successful delivery of the budget will be based on promoting greater independence for all the people that we work with, and at better value.

Included in the Operations budget is £46.6 million of funding from the Better Care Fund (BCF), subject to joint agreement with NHS partners, which contributes directly to the provision of social care services, and a further £5.49 million which contributes to joint health and social care arrangements. The BCF is required to be used to help meet health and social care outcomes, although a subset (the Improved BCF) can be used solely for the purposes of meeting adult social care needs. The total pooled budget for the BCF is currently planned to be in the region of £127 million for 2024/25.

There are four core cost drivers in Adult Social Care:

Demand

The level of demand can be volatile in several areas across adults of all ages. Learning disability services (including autism) have seen significant growth in activity over recent years and continue to be under pressure going forward, particularly when children transition to adulthood. Devon has an above average elderly population when compared nationally, which is forecast to continue increasing and therefore risks additional pressure on services due to natural growth. The 2024/25 budget has been planned based on the most recent volume data available at the time of preparation, with estimates made for anticipated growth in demand for services next year and the effects of planned savings strategies.

Market Sufficiency and Workforce

Internal workforce challenges continue, relating to attracting Occupational Therapists, Social Workers, and Team Managers. Our grow your own approach and apprenticeship schemes are having impact, but the challenges remain. The success of international recruitment has meant more care workers being deployed within the independent care sector but there are still challenges in recruiting nurses, registered managers, and care roles. This has a localised impact on market sufficiency as well as being a driver for care costs increasing.

Cost of Care

Cost of living increases, fuel, energy, goods and services, labour, impacted by the greater increase in the national living wage, and inflationary costs are contributing to pressure within our provider market and supply chains. It has meant that we have not been able to buy some services in year, at budgeted costs.

Acuity and Complexity

Population projections indicate that Devon will see an increase in complexity for both older people and working age adults, this means we will require greater provision of more complex care beds and community services to meet the projected increase in dementia prevalence of 36% between 2020 and 2030.This means that the support needed for each individual is (on average) greater year on year, even during 'normal' times. The legacy of the pandemic could distort the balance further.

Social Care Reform

The government has delayed the introduction of social care charging reforms and the introduction of Liberty Protection Safeguards and has yet to communicate revised implementation dates.

The social care reforms legislated for in the Health and Care Act 2022 introduced an assurance framework, empowering the Care Quality Commission (CQC) to review, assess, and report on Council regulated adult social care functions under Part One of the Care Act (2014), such as care market shaping, the provision of adult social care, the provision of preventative services and information and advice, the promotion of individual wellbeing, the promotion of integration between health and care services, and adult safeguarding.

In 2023, CQC conducted, reported on, and evaluated five pilot assessments and updated their framework and attendant guidance, and in December 2023 began to issue notifications to local authorities, stating their intention to assess all councils with adult social services responsibilities within two years. The Council has plans in place to respond to CQC requirements when contacted to do so.

Each local authority will be given a graded judgement similar to the Ofsted inspection regime, with equivalent arrangements for government support and intervention where it judges necessary to secure improvement.

The Better Care Fund

Partners across the wider Devon health and care community (The One Devon Partnership) are united in a single ambition and shared purpose to create a clinically, socially, and financially sustainable health and care system that will improve health and wellbeing across the population of Devon. Our joint commitment is to transform care to deliver the best possible outcomes for our local population; shifting our model of care so that more people are cared for outside of hospital settings – through prevention, more proactive care, and new models of care delivery.

The Government established the Better Care Fund (BCF) in 2014 to encourage more integrated commissioning. The BCF requires that every Integrated Care Board (ICB) hold a pooled budget with the local authority and agree a joint plan to commission services which are more joined up and person centred. This was underpinned by the mandates issued to NHS England from 2015-16 onwards.

The BCF is the outcome of the mandatory policy to facilitate integration and brings together health and social care funding. There was a major injection of funding in 2017 known as the Improved Better Care Fund or iBCF.

There are specific conditions around how we use BCF funding and the metrics against which we will be measured, with a focus on investing in out of hospital services and increasing independence at home. There are also conditions about how local authorities and ICBs work together in agreeing proposals for how we use the money. This includes mandatory contributions governed by a S75 agreement between the partner organisations; the BCF is based on LA footprint, reporting to the Health and Wellbeing Board (HWB), so the ICB will also have S75 agreements with Plymouth and Torbay.

There are national conditions that govern the operation of the BCF. They are as follows:

- The BCF annual plan must be jointly agreed between local health and social care commissioners, signed off by the HWB.
- NHS contribution to adult social care to be maintained in line with the uplift to ICB minimum contribution. In Devon this is currently £26.782 million.
- There must be agreement to invest in NHS commissioned out of hospital services.
- Implementing BCF policy objective 1: enabling people to stay well, safe and independent at home for longer.
- Implementing BCF policy objective 2: providing the right care, at the right place, at the right time.

There is also a requirement to jointly agree services and investment that support the delivery of metrics that reduce pressure on adult health and social care services.

Supporting objective 1:

- admissions to residential and care homes
- unplanned admissions for ambulatory sensitive chronic conditions

- the proportion of older people who were still at home 91 days after discharge from hospital into reablement or rehabilitation services
- emergency hospital admissions due to falls in people over 65
- new 2024/25: outcomes following short-term support to maximise independence

Supporting objective 2:

- discharge to usual places of residence
- discharge metric ahead of winter 2023
- new 2024/25: proportion of people discharged who are still at home after 91 days

In Devon the Better Care Fund spending plan is based on the Long Term Plan ambitions for adult services. The Fund supports the delivery of services such as multi-agency community teams, rapid response/ reablement, market sufficiency (personal care and reablement), carers services, community equipment and dementia services.

Resourcing:

Contributions	Carried Forward £'000	2023/24 Sources £'000	**Revenue Total £'000**	**Capital £'000**	**Overall Total £'000**
Devon County Council	6,652	40,859	**47,511**	**8,965**	**56,476**
NHS Devon ICB	-	74,683	**74,683**	**-**	**74,683**
	6,652	**115,542**	**122,195**	**8,965**	**131,159**
Application					
Capital pool	-	-	-	8,965	8,965
Improved BCF pool	-	29,127	29,127	-	29,127
Hospital Discharge pool	2,000	14,021	16,021	-	16,021
Revenue Pools	4,652	72,395	77,047	-	77,047
	6,652	**115,542**	**122,195**	**8,965**	**131,159**

The table below sets out the planned spend of the 2023/24 BCF resource:

	Budget £'000
Assistive Technologies and Equipment	7,587
Bed Based Intermediate Care Services	100
Care Act Implementation Related Duties	132
Carers Services	3,908
DFG Related Schemes	8,965
Enablers for Integration	181
High Impact Change Model for Managing Transfer of Care	17,062
Home-based intermediate care services	4,051
Home Care or Domiciliary Care	19,831
Integrated Care Planning and Navigation	2,336
Other	2,792
Personalised Budgeting and Commissioning	7,250
Personalised Care at Home	34,021
Prevention / Early Intervention	488
Residential Placements	19,151
Urgent Community Response	3,303
	131,159

The table below sets out the value of the BCF grant elements:

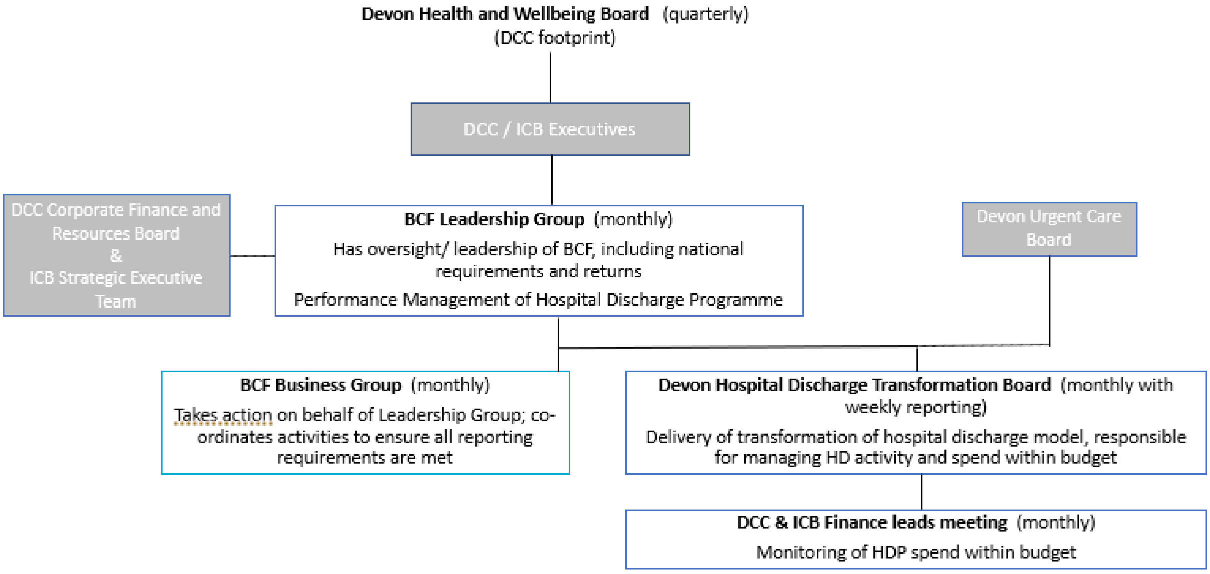
Contributions	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/26 £'000	2025/26 & future years £'000
Improved Better Care Fund	29,127	29,127	29,127	29,127	29,127
Disabled Facilitie Grant	8,245	8,245	8,965	8,965	8,965
Additional Discharge Grant	-	2,980	4,084	6,806	6,806
	37,372	**40,352**	**42,176**	**44,898**	**44,898**

No announcement has yet been made on the level of grant the authority can expect beyond 2024/25. The MTFP assumes the grants ongoing at £44.871 million, but this is far from certain.

As in previous years, the key system priority for 2023/2024 was urgent care and system flow to address the impact delayed discharge has on the ability to deliver health and social care to people in a timely way to achieve best outcomes. The Devon BCF plan for 2023 - 2025 responds to this with targeted investments to build sustainable community services for people upon discharge across all care pathways through services that enable people to stay well, safe, and independent at home for longer.

Governance

The current (2023/24) BCF governance structure:



Public Health

Public Health is principally funded by a ringfenced grant that comes directly to the Authority from the Department of Health and Social Care. Most of the grant is spent on the commissioning of health services for which the local authority has a statutory requirement to provide.

In 2023/24 the Public Health Grant increased by 3.3% but the grant settlement 2024/25 is still to be announced and can be as late as March. For budget setting it has been assumed the grant remains at 2023/24 levels. Increasingly, additional public health funding is allocated as condition-based grants such as the Supplementary Substance Misuse Grant and the recently announced Stop Smoking Services and Support grant, which will be paid, over the financial years of 2024/25 through to 2028/29. This funding will be ringfenced for local authority-led stop smoking services and support and must not replace existing spend.

There are increasing numbers accessing key services such as sexual health services, smoking cessation and NHS Health Checks since the drop seen during the pandemic and this will add to budget pressures going forward. The budget position is increasingly limiting new investment and the ability to maintain existing levels of service and the range of service offers.

Public Health will pursue both its commissioning responsibilities and its influencing remit working closely with the NHS and key partners, with a focus on and commitment to:

- Improving health and wellbeing for everyone in Devon; and
- Narrowing inequalities in health and wellbeing in Devon.

The key challenges ahead for public health is to respond to the increase in service activity causes because of the pandemic and cost of living crisis. Priorities for 2024/25 include utilising the additional short-term funding to continue to increase the numbers in treatment and improve outcomes within the substance misuse service. The additional smoking funding will enable us to increase support for existing smokers to quit and importantly work with partners to curb the rise in youth vaping. Public Health will continue to work with the NHS to identify at risk individuals and enable early diagnosis and optimal treatment of key conditions such as cardiovascular disease and cancer to help reduce morbidity and excess mortality. An additional priority will be to ensure the available public health data and intelligence is utilised to inform future service development and provision across the Local Authority with a key emphasis on tackling health inequalities and improving health outcomes.

Children and Young People's Futures

Children's Social Care and Health & Wellbeing

We remain committed to ensuring that children and young people are at the heart of everything we do, we believe we can make Devon the best place to grow up. As corporate parents our focus is on ensuring that all children in Devon’s care are looked after well and are supported to meet their full potential. This includes ensuring that they have access to the services that they need, somewhere safe to stay and support through education, training and employment and their transition to adulthood.

The longer-term effects of the cost-of-living crisis continue to place strain on families and the health and social care system. The changes we are making to the way in which we deliver our social cares services are designed to assist us to be better equipped to meet and manage increasing demand for the services we provide.

Our Improvement Plan sets out our aspiration to provide consistently Good, or better, services to children and their families, and we recognise that we have considerable work to do to achieve this. We are continuing to transform the way that we deliver services to children, young people, and families. Strengthened practice, performance and quality assurance will ensure that we are meeting the needs of our children at the right time in the right place. This in turn will result in improved decision making, efficiencies and better value for money.

The children’s service faces financial challenges in four principal areas:

Early help - we believe that by intervening earlier we can reduce the number of families who require statutory services. **Staffing** - where we are working hard to reduce services reliance on agency staff. **Placements for children in care** - where we want to bring children closer to home to improve the support they receive as well as reducing the reliance on expensive residential placements. We also need to improve our grip and control on **Special Educational Needs (SEN)** spending. The 2024/25 budget provides additional investment of £14.2 million to meet growth and demand and to support transformation. The impact of inflation, including pay and national living wage, adds £7.4 million meaning that investment of £21.6 million has been allocated to the Children's Social Care and Health & Wellbeing budget.

Planned savings strategies of £7.8 million are underpinned by the improvements and transformation set out in the paragraphs above. Not only are these the right things to do; they will also lead to greater financial stability and better outcomes for our children and young people, putting us in a position of strength to deliver our services effectively into the medium term.

Overall, the 2024/25 budget has increased by a net £13.8 million (9.2%).

The scale of challenge faced by Children and Young People's Futures is recognised and forms part of the Corporate Risk Assessment. Achieving the improvements needed requires a whole system response from the wider council, partner agencies, voluntary sector, and our communities. Implementation plans have been developed with the establishment of a cross-council task force to support delivery of these strategies.

We are changing our early help offer and partnership working so that, when our families need us most, they receive the right support from the right person at the right time. We intend to expand access for families to a broader range of resources that will enable them to receive direct support from a much wider network. We will work with partners during 2024/25 to deliver transformation through newly formed Family Hubs.

We are improving our social care practice based on listening and acting on the voice of the child and the families that we work with, to ensure that children at risk assessments are timely and focussed on delivering the best outcomes for that child. The acute shortage of social workers and other care staff across the social care sector in England is continuing to pose significant challenges. This budget recognises that in the past year our reliance on agency staff has increased, although our ambition remains to build and retain our workforce because experienced and motivated staff are the cornerstone of our improvement work and future sustainability. To this end we are relaunching our recruitment and retention strategy.

Working restoratively will enable us to transform, develop, and improve our children's services so that wherever possible and where it is appropriate families to stay together safely at home.

Where children come into our care, we are focussed on finding the right home first time and doing all we can to help children and young people to return safely and swiftly back to their families. Competition for appropriate accommodation for our most vulnerable children and rising prices add to the cost of care placements, and the risk of ongoing volatility in the market remains. We are continuing to see an increased number of children coming into our care experiencing mental health issues requiring a greater level of specialist support. We are working closely with our health partners and with our other partners such as schools, to ensure that we respond to this challenge through strong partnership working so that vulnerable children and adults receive the right help at the right time. We are investing in our own new residential provision to provide stable homes for some of our most complex and vulnerable young people. Over time we want more of our young people to be in family settings.

With the aid of DfE grant funding we are piloting the Staying Close programme to provide semi-independent supported accommodation for care experienced young people who would otherwise be living in high-cost placements. This will result in improved outcomes for the young people and better prepare them for independent living.

Our ambition is that all children are cared for in a stable, loving family home environment and this is underpinned by our commitment to increase our foster carer numbers and to provide them with strong support networks through the Mockingbird programme.

Dedicated Schools Grant & SEND High Needs Block

Schools Funding

The Authority has seen an increase in 2024/25 of just under £8 million within the Schools Block funding after adjusting for the £17.1 million Mainstream Schools Additional Grant (MSAG) now included within the base funding.

The authority will continue to determine the final allocation for school funding in 2024/25 through a local formula which is now mirroring the National Funding Formula.

The Early Years Funding has received additional funding of £25 million increasing the allocation to £68.3 million and is predominantly due the introduction of financial support for working parents that required childcare.

From April 2024, up to 15 hours per week of funded childcare will be available for 2-year-olds and from September 2024 this will extend to under 2's and for babies from 9-mth old. From September 2025, these new entitlements will increase to up to 30 hours a week in line with the current 30 hours funding available for 3- and 4-year-olds.

The authority, with the support of schools and local Members of Parliament, continues to state our concerns that although the increases in Dedicated Schools Grant (DSG) is a step in the right direction there still needs to be further reviews around the allocation of funds through deprivation factors and minimum funding levels.

Special Educational Needs & Disabilities (SEND)

It has remained very difficult to contain the costs of SEND within the funding envelope received from Government. The High Needs Block (HNB) is £116.9 million for 2024/25 which is an increase of £5 million. However, this is insufficient to meet current demand and costs resulting in a projected deficit of £37 million.

Within the DSG a significant cost pressure continues to relate to support for children with special educational needs and disabilities (SEND). This is largely due to the continued rise in the number of children with an Education Health and Care Plan (EHCP) and a year-on-year increase in demand for higher cost independent specialist provision. Whilst Devon supports an above average percentage of children in mainstream settings, which could be linked to the higher proportion of EHCPs in Devon overall, it does not have sufficient state funded special school or specialist resource provision to meet the current or future demand; this has resulted in more independent places needing to be commissioned.

Significant investment by the Authority and the DfE (through the Free Schools Programme) has recently increased the number of places in our special schools. It is estimated the special school estate will increase by 48% between 2020 and 2025, providing 525 additional places including through three new schools. Further work will be undertaken over the next three years to improve Devon's SEND sufficiency.

The SEND Transformation Programme will address the significant challenges that the local area faces, improve the experiences of children, young people and their families and will lead to the financial sustainability of the authority. The programme contains seven work strands looking at specific parts of the SEND system:

- Strategy - embedding a shared vision and shared priorities to improve partnership working to support children and young people with SEND.
- Inclusion and Early Help (Education) - strengthening the universal and targeted support available to children and young people with SEND.
- Preparation for Adulthood - ensuring young people with SEND receive the appropriate support to go on to lead fulfilling lives.
- SEND Statutory processes - improving the Education, Health and Care needs assessment and review processes.
- Sufficiency - ensuring that there is a continuum of provision available to meet the diverse needs of children and young people with SEND.
- Financial management and placement value - improving the Council's systems and processes, and commissioning strategies, to drive better value for money.
- Multi-agency pathways - improving the way partnership services work together to ensure a seamless experience for families when accessing support.

Capital programme delivery of sufficiency is essential to realising the benefits of the authority's DSG Deficit Management activity, so it is critical to avoid delays and accelerate where possible.

Partnership with schools and culture change: Given most of the Authority's demand for statutory assessments comes from schools, changing behaviours as part of a supportive system is important to managing demand. Proposals are to focus on working with schools to co-produce early intervention solutions to meet the needs of children and young people with SEND. The 0.25% schools block transfer will be reinvested in Early Help to support this rather than putting to deficit.

Workforce: Recruitment and retention of teachers, Educational Psychologists and SEN Caseworkers are national and local issues and represent an additional challenge in scaling up early help and inclusion. The authority is working with partners to collaborate to support improved recruitment and retention, and to ensure the workforce across the partnership have the skills and knowledge to effectively support children and young people with SEND.

Post Covid demand impacts and placement breakdown pressures: The Covid pandemic has had a significant impact on children, young people, families, and the organisations that support them. The Authority is developing a strengthened approached to wrapping support around children, families and schools to minimise the impact of these pressures through our inclusion and early help offer.

Safety Valve Intervention Programme and Deficit Management Plan

Due to the current DSG Deficit the DfE procedures require the authority to submit a Deficit Management Plan; the plan sets out the authority's strategy to recover the deficit within the DSG in future years.

The authority submitted its DSG Deficit Management Plan in December 2023 to the DfE's Safety Valve Intervention Programme and discussions are ongoing. This Programme targets support to local authorities with the highest DSG deficits and requires them to develop plans to reform their high needs systems and place them on a sustainable footing.

If the Authority can demonstrate that its DSG management plans create financial sustainability - returning them to an in-year balance - and improved support for children and young people with SEND, the department will enter into an agreement with the authority, subject to Ministerial approval. If successful the Authority will be subject to regular monitoring and will receive incremental funding, if progress is being made, to contribute to their historic accumulated deficits over several years.

At the time of writing no outcome from these discussions has been confirmed to the Authority.

The Devon Economy

The Devon economy has historical weaknesses when compared to national averages. The economy has low productivity, inequalities across our communities, low wages, high house price to earnings ratios, and poor connectivity. These issues were exacerbated during the COVID-19 Pandemic and more recently by various events, including global conflict leading to high inflation and energy prices and cost of living pressures for many households. Businesses, communities, and the workforce, are all being impacted along with the county's overall economic performance. Dependence on sectors such as tourism, construction, transport, retail, and hospitality that are more susceptible to inflationary rises and reduced disposable income means the Devon economy has been disproportionately affected.

Devon has an above average number of lower income households who have also been impacted disproportionately by housing, energy and inflation cost rises. Costs have exceeded increases in earnings for many, with discretionary spend significantly reduced for households. The greatest pressures are being felt across younger families and those with a fixed income. Whilst there is good evidence of wages having risen above the national average within Devon up to summer 2023, this is from a low base and such increases are not across all roles or keeping pace with costs, meaning real income levels are declining.

Since November 2022 unemployment has remained static and low but began to increase in November 2023 to 2%. The economy's recovery continues to be constrained by labour and skills shortages across many key sectors and the labour pool has contracted with high levels of early retirements, inactivity of some skilled staff, rising levels of young people remaining or returning to education and not into the workforce, and a long lead in time to upskill new workers. The UK's exit from the EU also reduced the labour pool and job vacancies remained persistently high until summer 2023, impacting on companies' recruitment. Vacancies remain high within the health and care, hospitality, and professional services sectors. It was expected that cost of living pressures during 2023 would drive more people to return to the labour market, although this has had less impact on the over 50s, with part of the issue being that businesses cannot always recruit staff with skills and experience that they require.

The economy has experienced a decline in longer term rental properties and affordable housing over the past 3 years, driven in part by inward migration and retirement from elsewhere in the UK, plus the switch of private rental to short stay holiday accommodation. There is a clear housing crisis facing Devon in terms of availability, affordability and accessibility, and a worsening position, placing a significant constraint on economic growth, as well as creating social, health and wellbeing challenges. This is felt most sharply in certain parts of Devon such as in South Hams and North Devon.

Devon's economy is dominated by small and micro businesses, and our Chambers of Commerce and Federation of Small Businesses are reporting low levels of business confidence over the next 6 to 12 months, with many continuing to indicate less than 3 months cash flow, and little ability to invest in facilities and equipment. Rising cost bases across energy, labour, debt repayment and raw materials are amongst the key cost drivers. Increasing levels of competition and reducing consumer spend are also taking a toll on levels of confidence.

The impacts are not the same for all parts of the economy. Businesses working in green technologies and digital services are more buoyant and there are clear opportunities to move to a greener and more inclusive economy. Economic recovery timescales remain uncertain and although forecasts are indicating the county's productivity may return to pre pandemic levels in 2024, this will not be the case for some sectors and communities. The current skilled labour shortages and business confidence will impact on this timescale with ongoing significant uncertainty in the global economic and financial situation being a major factor.

The Authority has enabled and invested in a range of business, regeneration, energy, innovation and skills programmes over the last two years, including a Recovery Programme working in partnership with Government and Team Devon. Achievements are summarised here: Devon Recovery Fund - Economy and Enterprise. In addition, the Council has been successful in drawing in external funding to support a range of initiatives, including Skills Bootcamps, One Public Estate, Future Farm Resilience, Plymouth and South Devon Freeport, and Government's Levelling Up funding. This work continues with a strong focus on securing external funding, generating income and joint working with public and private sector partners to deliver our economic priorities to support a sustainable and inclusive economy.

The integration of functions previously carried out by the Local Enterprise Partnership and the potential standing up of a County Combined Authority through a Devon and Torbay Devolution Deal in 2024 mean the Council has an increasing role in providing additional impetus and funding to support the development of our local economy. Our aim is to support a resilient and inclusive economy. Our priority services in 2024 are:

The Heart of the South West Trading Standards Service plays a key role in supporting economic growth integrating Business Support, Compliance and Regulatory Services. The service is facing recruitment and retention challenges, whilst responding to a range of new enforcement and business advice responsibilities including emerging areas such as Vaping, Food Allergens, Environmental legislation, and evolving Animal Disease outbreaks. We are continuing to raise consumer confidence by addressing scams, doorstep crime and rogue trading along with proactive work on food standards, illicit goods, product safety and age restricted products. We ensure there is a 'level playing field' that enables legitimate businesses to flourish, and we continue to work with key business groups and participate in and share best practice across national business and regulatory forums.

Working in partnership we are continuing to deliver the Heart of the South West Growth Hub which supports small businesses and encourages new business startups. We are working in partnership on several significant national programmes for the land-based and Agri-tech sectors including delivering the Future Farm Resilience Programme and the Devon Food Partnership.

Responding to ongoing challenges within the labour market also remains a key service priority to address rising unemployment and high vacancy demand. With significant changes in the skills funding and delivery landscape the authority is taking a proactive role focused on supporting young people and adults to access work, enter and stay in learning, upskill and retrain.

We are placing a particular emphasis on supporting care experienced young people, those furthest from the labour market and individuals with special educational needs. We are working in partnership with our public sector partners and employers to create opportunities for care experienced young people, leveraging our role as an employer and purchaser of services, offering a favoured approach under our corporate parenting duty. We will continue to operate a Youth Hub in Exeter Library, supported internships and apprenticeship opportunities.

Similarly, the service is prioritising its work with partners and colleagues to support adults seeking employment with a health, mental health, or a disability barrier. Learn Devon, reinspected as Good during the year by Ofsted, continues to deliver the County's primary literacy and numeracy programmes, including the Government's national Multiply Programme, building on a package of support to more than 6,500 new learning opportunities during 2023/24. We will continue to support technical and vocational training provision working with a Local Skills Improvement Partnership, led by Plymouth and Devon Chamber.

We will continue to develop and engage across a range of strategic partnerships, such as working with the University of Exeter, to deliver the recently signed Civic University Agreement. The two institutions over the next five years will be focusing on the development of programmes and projects, such as innovation for core sectors, housing and improving and driving forward social mobility aspirations for the areas.

Delivering key capital investments and infrastructure schemes continues as a priority for the service, including major employment sites, broadband and energy networks and support for work hubs utilising private and public funding. We are working in partnership to unlock land and development opportunities to support housing and employment opportunities and deliver on Devon Carbon Plan targets and support place-based interventions. We are participating in the Devon Housing Task Force and One Public Estate programmes and are continuing to support and deliver the Plymouth and South Devon Freeport and the Exeter and East Devon Enterprise Zone.

Natural capital, community energy, and green innovation formed significant strands of our recovery programme and we aim to build on these to generate new business opportunities and promote our green and environmental technology sector. We are continuing to monitor the economy and provide briefings and research to support the Authority and partners to target resources where they can have the greatest social, environmental, and economic impact, and respond to the cost-of-living crisis.

Digital and Technology Strategy

The 3-year strategy originally planned for April 2021 – March 2024 has been recently replaced with the 18-month workplan to support the Authority's Financial Sustainability plan.

We remain committed to the principles of the original D&T Service Strategy and outcomes underpinned by:

- **User Centred Design,** focusing on the needs of the user to ensure the best possible user experience
- **A multi disciplinary Digital & Technology Service** (operating model changes)
- A **cloud first approach**, including consuming Software as a Service
- **A zero trust approach**, securing devices and software, not geographical locations.

- A **digitally enabled workforce**
- **A low code platform, with automation tools** to enable services to be built internally where commercially available services do not meet the needs of our users.
- A robust **cyber security operations centre**
- **A modernised Customer Engagement Centre**, meeting the needs of the people of Devon.
- **Continuing upgrades and replacement of technologies and devices.**

However, given the Authority's financial situation, several projects required to deliver these outcomes have been ceased.

Whilst investment in ICT is paused, the Digital & Technology Service will focus on:

- Diverting resources **to supporting and delivering the priorities identified in the Authority's Financial Sustainability Programme.**
- Continuing to **support changes required for statutory or regulatory purposes.**
- **Strengthening and delivering core IT Services** to ensure existing services are robust and to reduce the probability of service disruption due to cyber attacks
- **Delivering key upgrades** to ensure our services and data remain secure, including supporting key business led system procurements and implementations.

Working in Partnership for a Better Devon

Informed decisions and responses to both key strategic and operational challenges and opportunities faced across Devon continue to rely on strong local partnerships. A 'Team Devon' ethos, where colleagues and organisations with common interests continue to work towards shared and better outcomes for Devon, is more important than ever.

The Team Devon ethos has continued to involve the development of various pan-Devon partnerships, involving the wider public sector and local councils, voluntary and community sector groups, business and the arts and creative sector.

The established regular Team Devon meeting of Leaders and Chief Executives of the county council, district councils, Dartmoor National Park Authority together with representatives of Devon's town and parish councils has provided a strong collective voice for local government. This has resulted in greater coordinated decisions, approaches and action; from responding to the cost of living crisis by deploying the Household Support Fund, supporting migration and refugee resettlement, developing shared support as corporate parents to children and young people in care, understanding and developing strategies to tackle food insecurity and the shortage of affordable housing, improving transport access and links, and developing the skills of local people, infrastructure and economy; making Devon a more attractive and assured place for Government to pursue a devolution deal with Devon partners and for inward business investment and job development.

Many of the Authority's partnership arrangements are outlined and required by statute including arrangements around safeguarding, community safety, emergency planning, health, and many other areas of the Authority's responsibility.

Areas of the Authority’s tactical and operational leadership and management come from shared arrangements with partners, including the NHS where shared budget and commissioning decisions continue to be taken together.

Many of the key strategic challenges faced by the County are better understood and considered through a multi-agency, partnership lens and established Boards regularly meeting on issues including safeguarding, community safety, climate change and health and wellbeing. We are stronger and more effective in responding to the challenges we all face when we work together!

Funding

Funding for the Authority's services comes from several sources. Most of the funding of the Net Budget is raised through Council Tax, reflecting the Government's funding strategy over many years to reduce reliance on central government grants and fund a greater proportion of local services through local taxation. General funding that is allocated to local authorities by central Government is announced in December each year and confirmed in February for the following financial year.

Government funding is normally determined through its Spending Review, the last of which covered the period 2022/23 to 2024/25. The next Spending Review is due in 2024 and with no information at this stage the approach used in the MTFP is to assume a continuation of existing funding. These assumptions will be updated as new information becomes available.

Settlement Funding Assessment (Core Funding)

The Authority’s Settlement Funding Assessment consists of:

- Revenue Support Grant (RSG) – a general grant.
- Business Rates Retention Scheme Local Element – 9% of the Business Rates paid by businesses in Devon.
- Business Rates Retention Top Up – based on the difference between the Government's assessment of the share of business rates funding needed by the Authority, and the level of funding received through the Local Element.

When the Government announces changes to business rates such as freezing the multiplier or extending business reliefs, local authorities are compensated through additional grant.

Due to the uncertainty around the level of future funding the MTFP assumes that the Settlement Funding Assessment (including business rates compensation grant) will increase by inflation year on year over the term of the plan. Government intentions on levelling up and how funding will be distributed to local authorities around the country is not known at this stage.

Revenue Support Grant

This general grant funding represents a relatively small element of general funding received by the Authority. At its peak in 2013/14 RSG for the Authority was £134.8 million, however by 2019/20 it had reduced to just £537,000.

Since 2019/20 RSG has increased by inflation each year, and for 2024/25 the grant is £713,000. The MTFP assumes this grant will continue to increase by inflation in future years.

Business Rates Retention

When the Business Rates Retention system was introduced in 2023/14, the funding received by the Authority through the Local Element and the Top Up was £89.7 million. This funding is due to increase by inflation each year, subject to Government decisions to reduce or freeze the multiplier or enhancing rate reliefs (discounts) applied to business rate payers.

In 2024/25, as set out in the Settlement information in Revenue Budget Overview section of this report, the baseline funding through the Local Element and the Top Up is £108.8 million. The estimates in future years in the MTFP uplift this baseline position by inflation each year.

The total amount of funding received through business rates retention depends largely on Government policy for rates valuations and amounts to be charged to ratepayers' net of any reliefs, and the collection of business rates by the district councils in the County. Income is also affected by the overall rate of growth or decline in business, which can be affected by both national and local economic factors.

Other General Grants

The Authority also receives funding through other general grants, some of which are for any services, and some are aimed at supporting a limited number of services. The combination of grants and overall total of funding can change each year depending on Government policy. The main grants which are included in the Government's assessment of local authorities' Core Spending Power, and included in the 2024/25 Budget are:

- New Homes Bonus: General funding based on the rate of housing growth in the County. The Government has consulted several times in recent years on the future of this grant, and although the 2024/25 includes £1.14 million in NHB Grant income, in the MTFP we prudently assume it will be discontinued in 2025/26.
- Rural Services Delivery Grant: Providing additional general grant funding to support the most rural local authority areas. In the MTFP it is assumed the grant will remain at the same cash amount in future years as received in 2024/25. The Provisional Settlement indicated the grant will be £8.74 million in 2024/25, however the Secretary of Statement for Levelling Up, Housing and Communities issued a Statement on 24 January indicating the national pot for RSDG will increase by £15 million to £110 million in the Final Settlement. A provisional estimate of £10.12 million for the Authority's RSDG allocation has been built into the 2024/25 Budget and subsequent years in the MTFP.
- Services Grant: Additional General Funding that was initially provided to protect total funding levels during the pandemic. This has reduced sharply in 2024/25 to £653,000 (from £4.15 million in 2023/24) as funding is targeted through other grants, and in the MTFP we prudently assume it will be discontinued in 2025/26.

- Social Care Grant: This general grant funding, that aims to support local authorities in meeting the costs of adults' and children's social care, has increased in recent years in recognition of the increasing demand and complexity of care in social care authorities. The grant was increased in the Provisional Settlement from £54 million in 2023/24 to £63.3 million 2024/25. However, the Secretary of Statement for Levelling Up, Housing and Communities issued a Statement on 24 January indicating national funding towards social care will be increased by £500 million in the Final Settlement. A provisional estimate of £70.7 million has therefore been built into the 2024/25 Budget and subsequent years in the MTFP.
- Improved Better Care Fund: The 2024/25 Budget and MTFP assume the funding allocated through this grant remains at the same level as 2023/24, in line with the 2024/25 Provisional Settlement, which is £29.1 million. This funding is pooled into the local Better Care Fund and may be used only for the purposes of meeting adult social care needs, reducing pressures on the NHS, including seasonal winter pressures, supporting people to be discharged from hospital when they are ready, and ensuring that the social care provider market is supported.
- Adult Social Care Market Sustainability and Improvement Fund: £8.37 million was originally allocated through this grant funding in 2023/24, which was increased by a further allocation in year to £13.8 million. The funding has increased in 2024/25 to £15.6 million and the MTFP includes the assumption that funding will continue at this level in the medium term. The grant is not ringfenced, but the primary purpose of the fund is to support local authorities to make tangible improvements to adult social care services in their area, in particular to build capacity and improve market sustainability in both social worker workforce capacity and social care providers.
- Adult Social Care Discharge Fund: This grant funding has also increase in 2024/25 to £6.8 million from £4.1 million in 2023/24. The assumption in the MTFP is that this grant will continue at this amount in future years. The grant funding must be pooled into the Better Care Fund and may be used to: enable more people to be discharged to an appropriate setting; prioritise those approaches that are most effective in freeing up the maximum number of hospital beds and reducing bed days lost; and boost general adult social care workforce capacity.

Within the MTFP the combined funding through Settlement Funding and other general grants is projected to increase by approximately only 1% per year.

Fairer Funding Review

Government made a commitment in 2016 to review local government funding and to create a system which better reflects the needs of Local Authorities today. The fairer funding review was to:

- Set new funding baselines for local authorities in England.
- Replace the current methodology which is considered out of date and complex.
- Design a new ‘relative needs assessment’ methodology by considering factors that drive the costs of service delivery and how to put these together analytically into new funding formulas.
- Consider how to make a fair adjustment for ‘relative resources’ (e.g. council tax), and how to transition to new allocations quickly.

In 2022 the Government stated that the Review of Relative Needs and Resources (generally referred to as the 'Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years.

It is therefore to be expected that funding distribution to local authorities will largely remain as it is now, for the foreseeable future. The possible exception to this would be if Government introduce a new funding stream related to the forthcoming Extended Producer Responsibility for packaging ('ERP') scheme. In July 2023 the Government announced that this scheme is deferred until October 2025.

Due to uncertainty and lack of information it is prudent to assume that the current funding system continues throughout the term of the MTFP.

Council Tax

Legislation prevents local authorities from increasing Council Tax by more than a specified limit without seeking approval from residents via a referendum. The referendum threshold is set by central Government annually which for County Councils is 3% for 2024/25.

It is unclear what will happen after 2024/25 when there will be a new Spending Review by the Treasury and the MTFP includes an assumption that the referendum limit reverts to the earlier 2% annual limit, and that Council will implement this increase each year.

Adult Social Care Precept

In 2024/25, Local Authorities with adult social care responsibilities can raise additional Council Tax income above the referendum limit by up to 2%. The income generated by this is ringfenced specifically for adult social care.

It is unclear what will happen after 2024/25 when there will be a new Spending Review by the Treasury and the future year projections in the MTFP assume that the Adult Social Care Precept limit reverts to 1%.

Council Tax Base

The other important factor in relation to council tax is the growth in the Council Tax Base. In 2024/25 the Tax Base has increased by just under 1.5% which builds upon the recovery from the previous year when the increase in the base was just over 1.3%. A prudent assumption is included in the MTFP projections for an annual increase of 1%.

At current council tax levels 1% equates to approximately £5 million of council tax income.

In summary, the MTFP includes the assumption that the council tax charged to residents for County Council services will increase by 4.99% in 2024/25 (2.99% general plus 2% adult social care) and then by 2.99% (1.99% general plus 1% adult social care) in each subsequent year. This will be subject to the limits set by the Secretary of State and the annual decisions of the County Council when the budget is set.

Second Homes Premium

The Levelling Up and Regeneration Act 2023 allows billing authorities to apply empty homes premium after one year (rather than two) and to a premium to second homes of up to 100%. The Authority has asked all Districts in Devon to provide an estimate of the potential additional income that this would generate. Based on data provided by billing authorities, additional council tax income from second homes of £16 million has been estimated in the MTFP from 2025/26.

Reserves & Balances

The level of Reserves and Balances that the Authority holds is important context for medium term planning and maintaining financial resilience. Details of the reserves held are included in the County Fund Balance and Earmarked Reserves section of this report on pages 124 to 130.

The County Fund Balance and Reserves are held to help the Authority manage risk and uncertainty. Schools' Balances are held by the authority on behalf of Devon Maintained Schools and the Authority has no access to them.

The strategy for reserves is reflected in the MTFP, with the County Fund Balance being maintained at current levels, using earmarked reserves for planned commitments in future years, and building the SEND Safety Valve Reserve to help mitigate the accumulated deficit of Dedicated Schools Grant Special Education Needs and Disability High Needs Block funding.

The DSG SEND deficit is a major concern for the Authority and more information is set out on pages 108 to 110. In November 2020, statutory regulations came into force, whereby a local authority must not charge any deficit in respect of its schools' budget to its revenue account. Instead, any such deficit (DSG High Needs) should be charged to a separate account, in effect removing it from general fund and earmarked reserves. These regulations were originally due to apply for three years up to March 2023, and have since been extended for a further three years until March 2026. Further detail is provided later in this section, Dedicated Schools Grant & SEND High Needs Block.

During 2023/24 spend associated with SEND has continued to exceed the funding received from Government. At the end of 2022/23 the DSG reported a cumulative deficit of £125.4 million, in line with Government guidance this balance has been carried forward as a deficit reserve. When combined with the current year forecast of nearly £40 million the cumulative deficit is expected to reach £165 million by the end of 2023/24. Although being held as a ringfenced account, the High Needs Block DSG deficit would exceed the authority's projected combined working balance and earmarked reserves.

It is important to address the above issue to ensure that, in the event the statutory regulations expire the net reserves position for the Authority remains at an adequate level.

Financial Resilience

CIPFA launched its updated Financial Resilience Index in December 2019, and this has evolved since that time. It is a comparative analytical tool available to chief financial officers to promote better financial management and help provide an early warning system of financial stress for stakeholders. The Index uses measures based on published information which provides a common understanding within an authority of its financial position on a range of measures associated with financial risk, at a time where there are a range of continuing long term and complex financial challenges faced by local government.

Financial resilience describes the ability of local authorities to remain viable, stable, and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment as demonstrated in the sharp rise in inflation and interest rates during the past 2 years after almost a decade of low-rate stability. There are several factors that drive the ability of the authority to withstand financial pressures. CIPFA has developed nine key

Indicators of Financial Stress that focus on Reserves, Borrowing (debt), Social Care and Funding.

Devon is one of the 24 upper tier county councils in its comparator group. The Index is designed to rank authorities by comparing them with one another and at its simplest level a ranking of 1 is top and 24 is bottom. However, for some of the Key Indicators inter authority comparisons are not advised (e.g., Change in Reserves), as each will have differing reserves policy, reserves levels and planned use. Some authorities can be ranked the same as others, for instance the Reserves Sustainability where all authorities whose reserves are increasing are all ranked as ‘1’.

The table that follows sets out the results for Devon and shows the Authority's ranking within the 24 County Councils. Three councils have yet to provide complete data for Earmarked Reserves therefore indicated rankings for the Reserves based measures (1 to 3) are currently out of 21 authorities, all other measures (4 to 9) are out of 24 authorities.

In conclusion, CIPFA’s Financial Resilience Indices provide indicative measures and comparisons of risk, and the initial pre-release shared with Chief Finance Officers indicates that the Authority is not at imminent risk of financial failure. The indices are based on historical comparative data over a rolling three-year period that is available up to 31 March 2023. The Authority planned to use £23 million from reserves to support the Budget in 2022/23 on a one-off basis, with the 2023/24 Budget being set without using reserves towards core spend. The Reserves measures in the Index exclude the SEND Deficit, which is set aside in an unusable reserve, currently until 31 March 2026, through statutory accounting rules.

Devon’s Reserves Sustainability measure whilst ranked 1 (a ranking shared by 21 shire counties), indicating that reserves have not reduced in the last three years, is regarded by CIPFA as low risk. However, the model measures the Authority as higher risk in benchmarking in respect of the total level of reserves as a proportion of net expenditure and the change in level of reserves.

The overall level of revenue reserves disregarding SEND remain adequate. However, the increase in accumulated SEND Deficit, whilst not reported against usable reserves, is a significant risk to financial sustainability in the medium term if not contained and reversed. The success of Safety Valve implementation plans including negotiation with Government on Safety Valve financial support is fundamental to the Authority's ongoing reserves sustainability.

The Social Care Ratio, which is the total spending on adults and children’s social care as a proportion of net revenue expenditure, is assessed at a higher level of financial stress risk with the Authority ranked as highest risk in comparison with 'nearest neighbour' authorities included in the benchmarking in 2022/23 budget data. This reflects our understanding that these services present a significant and continuing pressure on the Authority’s financial sustainability into the medium term and strong financial management practices are required to contain spending pressures on social care, for both children and adults.

The Council Tax Requirement ratio, which is council tax income as a proportion of net revenue expenditure, is a measure which can be more variable in terms of an authority's ranking relative to another due in part to differing approaches to phasing adult social care precept increases and the legacy of previous council tax setting decisions over many years. The trend in recent years is that Devon’s ratio indicates the proportion of net revenue expenditure funded by council tax is increasing although this plateaued in

2022/23, and although the level of council tax increases is at the maximum permitted level, Devon's long term trend towards higher risk remains. A higher proportion of other authorities can fund more of their net revenue expenditure from council tax. The risk implication is ultimately the affordability and sustainability of net revenue expenditure.

The Authority notes the ongoing risks associated with the measures 'Interest payable as a percentage of net revenue expenditure' and 'Gross External Debt' and its capital financing implications. The authority has higher historic levels of debt than the average county council but since 2008/09 the Authority has not taken out any new borrowing. The relatively high interest payments reflect both the level of debt and the time when the borrowing was taken out, when interest rates were higher than they are at present. The Interest Payable and Gross External Debt indicators are regarded by CIPFA as moderate risk and improving, albeit slowly, relative to other authorities. Given the updates to the capital strategy, which will place greater reliance on borrowing to support the capital programme, it is anticipated this risk measure may worsen this will be managed through the financial strategy and the implementation plan to address the SEND Deficit over the medium term which, as explained above, relies on success of Safety Valve discussions with Government.

		Indicators of Financial Stress				
		24 county councils as at 31 March 2023				
	Rank: 1 = lowest risk 24 = highest risk	Rank	Risk direction of travel	Devon	Lowest Risk in Range	Highest Risk in Range
1.	**Reserves Sustainability**					
	How quickly are usable reserves being used up - the ratio between current level of reserves and the average change in reserves in each of the past three years. A score of 100 indicates that reserves have not reduced in the past three years	1	A	100	100	100
2.	**Level of Reserves**					
	The ratio of current level of reserves to the council's net revenue expenditure. Larger councils would be expected to have larger reserves than smaller councils for the same risk.	21	A	26.22%	75.72%	25.82%
3.	**Changes in Reserves**					
	The average percentage change in reserves over the past three years	23	A	-0.01%	143.96%	-11.51%
4.	**Interest Payable**					
	As a percentage of net revenue expenditure	19	A	4.08%	1.50%	5.51%
5.	**Gross External Debt**					
	Including PFI & PPP contracts	17	A	£607m	£263m	£1311m
6.	**Social Care Ratio**					
	Total spending on adults and children's social care as a proportion of net revenue expenditure	22	A	86.69%	68.96%	89.99%

		Indicators of Financial Stress				
		24 county councils as at 31 March 2023				
	Rank: 1 = lowest risk 24 = highest risk	Rank	Risk direction of travel	Devon	Lowest Risk in Range	Highest Risk in Range
7.	**Fees and Charges**					
	The ratio to Service Expenditure – total fees and charges as a proportion of net revenue expenditure	4	G	9.40%	12.16%	5.29%
8.	**Council tax Requirement**					
	The ratio of Net revenue expenditure – council tax income as a proportion of net revenue expenditure	18	A	71.99%	100.36%	63.41%
9.	**Business Rates**					
	The growth above baseline – growth is the Authority's share of actual rates in excess of the baseline funding level. This growth is divided by the baseline funding level.	12	G	3.06%	8.39%	1.59%

Direction of Travel Indicators:

G	Low risk, no change in rank	Moderate risk					
R	High risk	A	Unchanged this year	A	Increasing risk	A	Decreasing risk

Risk Management

Risk management is a fundamental aspect of good business practice. Identifying, assessing, and managing potential hazards that could prevent objectives being achieved, it can ultimately increase the likelihood of an organisation achieving its goals and objectives, thus becoming more successful. Risk can be defined as the effect of uncertainty on objectives, whether positive or negative, therefore risks and opportunities need to be recognised, managed, and risks mitigated to be successful.

The council's 'Risk Management Strategy' for 2020-2025 demonstrates that the authority treats risk appropriately and has dedicated resource through a Risk Management team (see below) to manage risk, it also has the technology and systems to record and document risk, controls, and scores. The authority sets out the details of scoring and reporting expectations in its Risk Management Policy, as well as digital risk management training available to staff.

There are numerous financial hazards to the council and some if those that are recognised as relevant to this budget include:

Fraud – The council works alongside the Counter Fraud Team (see below) to receive specialist advice and consultation in the prevention and detection against the risk of fraud. Recognising fraud and having a deep understanding of potential red flags, suspicious behaviour and areas of significance can help team members combat against the risks. Fraud risks will continue to be actively managed, and controls assessed and reported on through the council's risk register.

Financial Budgeting – As holders of the public purse and provider of crucial statutory services to the public, achieving budget stability is of paramount importance to the Council. A budget book risk register is used to actively manage our 'Budget Book' risks, this specially designed risk category allows closer management of these crucial risks and the ability for ease of reporting to key stakeholders.

Technology – The systems that support accurate accounting are vital to success, the council is currently in the process of upgrading and replacing its main accounting and financial system. We are actively managing, assessing, and mitigating the broad risks involved with such a large and detailed project. The council actively manages risk performance using a dedicated Power BI report, which is used to present risk information and provides managers, Members, and other stakeholders with instant access to risk data 24 hours a day/seven days a week.

External Context - The authority also recognises the wider geopolitical risks from international unrest, specifically the impacts that places on the residents of Devon and on the authority to provide vital services. Impacts such as supply chain issues, financial and potential fuel shortages and power outages are recognised and managed appropriately. Assessment of the Government's National Risk Register, and localised Local Resilience Forum Risk Assessment are considered, in conjunction with Emergency Planning team colleagues, in relation to impacts on Devon and its communities.

Risk Management activity is supported by staff from Devon Audit Partnership, who work closely with Risk Champions for each service area, Risk Owners and Accountable Officers and senior leaders and managers from across the authority as well as working closely with the Devon Audit Partnership Counter Fraud and Data Analytics teams. The Risk Management team organise regular meetings across the authority with Risk Champions, who form the Council's Corporate Risk Management Group, as well as wider local authorities and organisations who form the informal (South West) Regional Risk Management Group. All of which helps to understand risk better, have greater awareness of other risks and look forward to understanding which risks may impact the authority in the future. Close working relationships across services areas and the authority help identify risk and ensure that it can mitigate and manage their impact to protect the authority and the residents of Devon.

Conclusion

The collaborative approach of the Senior Leadership Team and directorates working together has had a significant influence on the ability to present a balanced budget for 2024/25 against the backdrop of the national and local financial challenges in local government. The Budget and MTFP focusses on meeting service demands and delivering improvements and delivering modernisation and greater efficiency and control in the Authority's management of resources. The Budget is underpinned by challenging savings targets that will be carefully monitored and managed to ensure we stay on track and live within our means.

The level of assurance of budget plans, including savings strategies, has strengthened further, building on the progress achieved through the Financial Sustainability Programme.

Expenditure from the Authority's reserves will only be incurred for time limited and non-recurrent activity that contributes towards our priorities and delivers value for money, such as investing in replacing key systems, our change and improvement strategies, and implementing our SEND management plan.

2024/25 represents the final year of funding within the current 3 Year Spending Review period. The signal from the current Government is that public sector spending is required to reduce from current levels, and with a General Election due in 2024 there is no certainty of funding for 2025/26 and beyond. For the MTFP we have assumed the funding continues on the same basis as for 2024/25.

The enhanced funding provided in 2024/25, which is particularly focussed on social care funding, is welcome. However, the demand and costs of services locally continues to exceed funding increases and requires continued strong focus on delivery of savings, alternative funding, and additional income to ensure budgeted spending on services remains affordable.

A further significant risk is the unknown status of funding of adult social care charging reforms at the end of the government's deferral period in October 2025. Government has repurposed the funding and allowed councils to use it in 2023/24 and 2024/25 to fund some of the large cost and demand pressures in adult social care, but government has not indicated whether further funding will be available for the planned introduction of reforms in October 2025.

This risk will have to be dealt with well in advance of October 2025 for councils to prepare to implement the reforms.

Equally, it is vital that the DSG SEND Deficit Mitigation Plan is successfully delivered so that the accumulated deficit is reversed and future costs of SEND support can be contained within the annual allocations of DSG. The reserves and capital strategies are important planks within the overall financial mitigation plans over the medium term alongside cost and demand management.

The MTFP reflects our achievement in setting a balanced and sustainable 2024/25 budget and reflects our ambition to deliver and stronger and sustainable council and provide value for money in the provision of public services for the people of Devon.

County Fund Balance and Earmarked Reserves

Introduction

The Authority maintains a general reserve working balance (County Fund Balance) and contingencies held in earmarked reserves to cushion the impact of unexpected events and emergencies. Earmarked reserves are also used to meet known or predicted future expenditure.

The level of reserves and balances the Authority holds is important context for Medium Term Planning and financial resilience; they are held to help the Authority manage risk and uncertainty.

In November 2020, statutory regulations came into force, whereby a local Authority must not charge any deficit in respect of its schools' budget to its revenue account. Instead, any such deficit should be charged to a separate account, in effect removing it from general fund and earmarked reserves. These regulations were originally in force until 31 March 2023 however Parliament extended them for a further three years until March 2026.

Schools' balances belong to schools and the Authority has no access to them.

The Authority holds two remaining types of Reserves and Balances, which it can access:

- Working Balance (County Fund) - effectively the emergency back stop.
- Earmarked Reserves:
  - Special Purposes Reserves – these are either regulated by statute or by agreement with other organisations and can only be spent on specified items including Public Health, On Street Parking and Affordable Housing.
  - Contingency Reserves – to cover weather emergencies, budget risks and business rate pooling risks.
  - Service Development and Transformation Reserves – to cover the cost of invest to save schemes and transforming our services including redundancy costs, and Safety Valve funding towards the SEND Deficit.

Table 1 summarises the Authority's projected revenue reserves and balances within the Medium Term Financial Plan.

Table 1 - Summary of Reserves and Balances

	31 March 2024 £000	31 March 2025 £000	31 March 2026 £000	31 March 2027 £000	31 March 2028 £000
General Fund					
Working Balance	15,981	15,981	15,981	15,981	15,981
Earmarked Reserves	102,147	104,775	106,327	109,042	117,311
	118,128	**120,756**	**122,308**	**125,023**	**133,292**

County Fund Balance

The Authority has in place a risk management strategy and a system of internal control. Of particular importance in this context is the Authority's budget monitoring policy. It ensures that regular budget monitoring is carried out and requires approval of the

Cabinet for the carry forward of any underspend or overspend to the following financial year. The Authority has a good record in terms of identifying budget pressures and taking appropriate remedial action. These existing systems, controls and procedures provide a firm foundation from which the need for reserves and balances can be calculated with a reasonable level of confidence.

The major risks affecting the Authority have been outlined on pages 165 - 190.

The risk of non-delivery of budget savings is covered through earmarked reserves.

There is a risk that collection rates for both council tax and business rates may fall short of the targets set. These budgets are notified by the billing authorities at the start of the year. However, because these potential shortfalls are managed through collection funds and are included as part of budget setting for the succeeding financial year, they have not been considered in the risk assessment which relates to 'in year' variations.

The financial planning assumption is that the current level of County Fund Balance, when considered alongside earmarked reserves, provisions, and risks, is appropriate with the balance expected to remain at £16 million in the medium term.

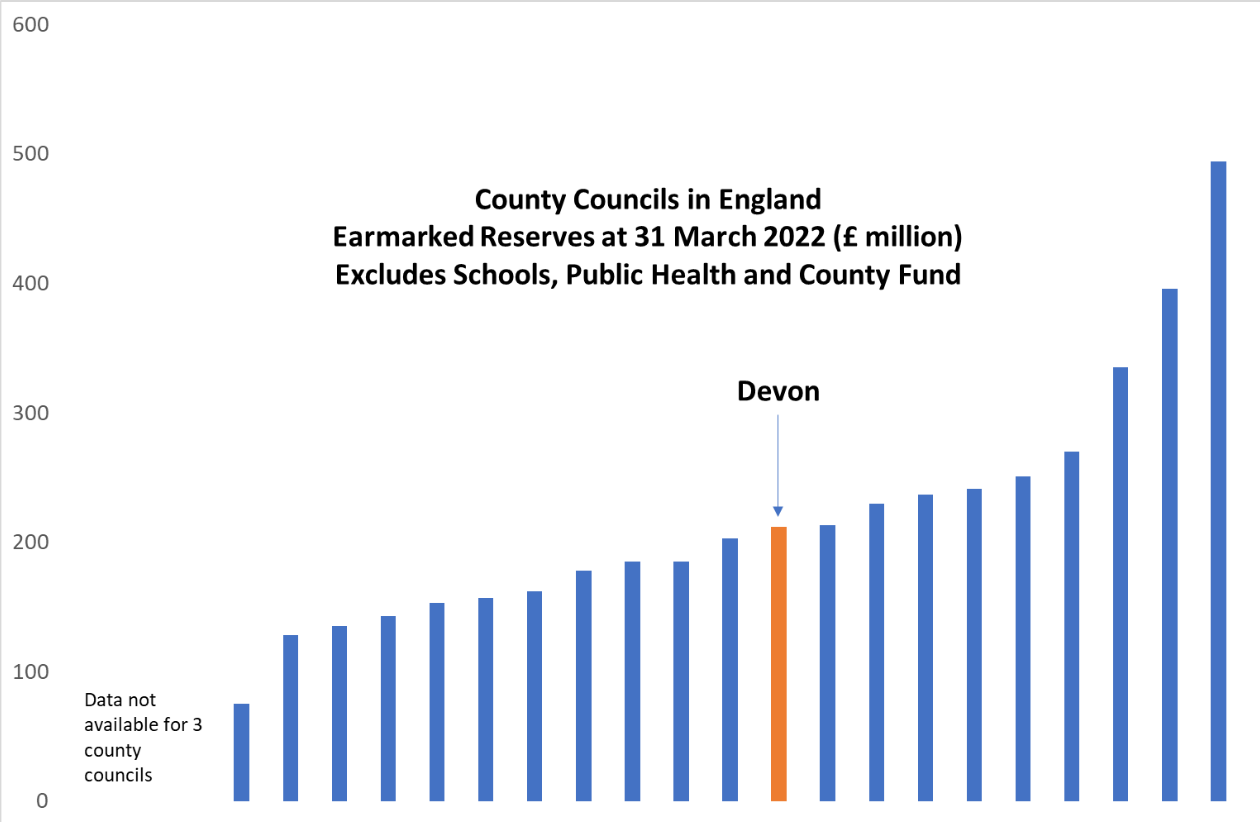
Earmarked Reserves

Table 3 on page 130 provides a description of each earmarked reserve and its projected balance at the end of each financial year until March 2028.

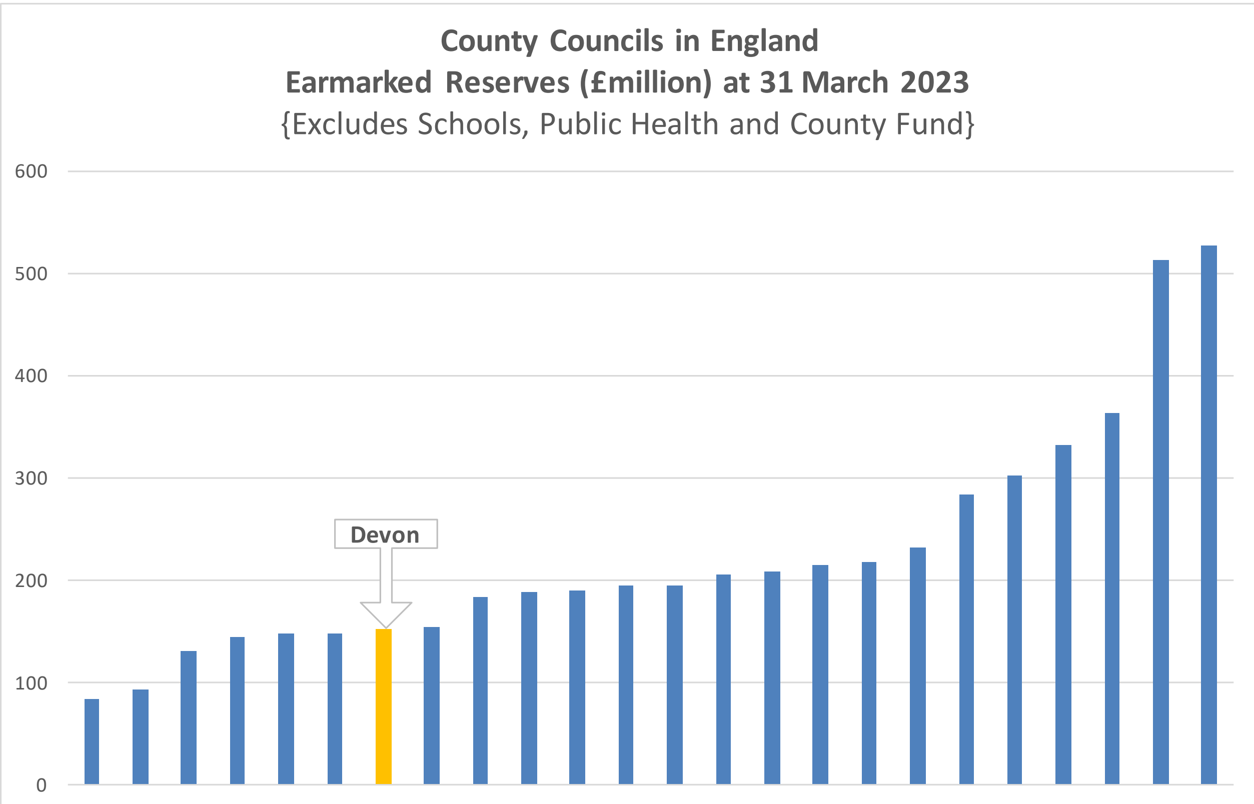
In 2024/25 £3 million of Special Purpose Reserves and £4.2 million of Contingency and Service Development and Transformation Reserves are forecast to be used to fund expenditure. Subject the outturn positions for 2023/24 and 2024/25, the projected balance of earmarked reserves and carry forwards at March 2025 is projected to be approximately £132 million.

At 31 March 2022 the level of earmarked reserves held by the Authority was around average compared with other County Councils. The use of reserves in 2022/23 of more than £28 million to support the revenue budget and £30 million of carry forwards has reduced reserves overall and weakened the Authority's position relative to other county councils.

The following charts shows the earmarked reserves (including budget carry forwards) for 24 county councils in England as at 31 March 2023 and for the twenty one county councils in England at 31 March 2022. Three county councils have been excluded in 2022 because the data is not available from the published tables by DLUHC.



County Councils in England
Earmarked Reserves at 31 March 2022 (£ million)
Excludes Schools, Public Health and County Fund
Devon
Data not available for 3 county councils
600
500
400
300
200
100
0



County Councils in England
Earmarked Reserves (£million) at 31 March 2023
{Excludes Schools, Public Health and County Fund}
Devon
600
500
400
300
200
100
0

Special Purpose Reserves

On street parking

The On-street Parking Reserve is ringfenced to fund transportation improvements and initiatives. After the anticipated use of this reserve in 2023/24 of £1.26 million there will remain £600,000 at 31 March 2024. There are no plans built into the MTFP currently to use any more of this reserve.

From 2024/25 the Highways service has plans to ensure the continued financial sustainability of the reserve by reviewing the initiatives which it currently funds.

Public Health Reserve

The Public Health Reserve is forecast to be £11.3 million at 31 March 2024. The 2024/25 budget anticipates use of £3 million of the Public Health reserve and £2.9 million in 2025/26 and 3.5 million in 2026/27 to meet relevant service costs each year.

Contingency Reserves

Budget Management Reserve

The Budget Management Reserve is held to meet the risk of future budget pressures and the risks around future funding from Government as outlined in the Medium Term Financial Plan. It also provides resilience against the non-delivery of budgeted savings, which is carefully monitored on an ongoing basis. The balance is estimated to be £35.4 million at 31 March 2024.

In 2024/25, the Authority plans to spend £500,000 of this reserve for Highways Ash Die Back, and transfer £3 million to the Service Transformation Reserve and £5.7 million to the SEND Safety Valve Reserve.

Business Rates Risk Management Reserve

In 2013/14 the Government introduced the Business Rates Retention Scheme and the Authority joined Plymouth, Torbay and the eight district councils of Devon to form a business rates "pool" to share the gains of business rates income growth within Devon (as well as pool the risks from any downturn).

At 31 March 2023 there was a balance of just over £17.2 million in the Business Rates Risk Management Reserve to cover

- potential future losses from the Devon Business Rates Pool; and
- funding uncertainties arising from the national reset of Business Rates, originally expected in April 2020 but now indefinitely deferred.

In view of the current requirement to mitigate the DSG SEND Deficit it is proposed to reallocate £10.2 million from this reserve to the SEND Safety Valve reserve in 2024/25.

Emergency

The Emergency Reserve is established to manage exceptional unforeseen costs, uncertainties, and civil emergencies.

The extreme weather in 2012 illustrates why allowing for this is necessary. The cost of the clear up after the flooding, repair and reinstatement works was £13.6 million. Of this total amount £3.1 million was met by Government through the Bellwin Scheme. A net revenue cost of £10.5 million had therefore to be covered by the Authority.

Whilst such events are expected to be rare, if an event of that magnitude occurred again and the full cost had to be met outside of the revenue budget, after addressing the one-off costs of service reduction, it would be highly unlikely that it could be contained by conventional means. It is therefore essential that an earmarked Emergency Reserve is provided as a general contingency back stop.

It is difficult to estimate the potential scale of financial risk of emergencies, however it is proposed to reduce this reserve in 2024/25 and transfer £4 million to the SEND Safety Valve Reserve.

Service Development and Transformation Reserves

Business Rates Pilot Reserve

In 2018/19 the Authority, in partnership with the other Devon local authorities, became a Business Rates Pilot for 100% retention of business rates income growth. This allowed a budget of £11.6 million to be established to support invest to save projects with Children's Services over several years.

In the four years up to 31 March 2023, £11 million of this reserve has been used to fund initiatives in Children's Services. A further £186,000 is projected to be used in 2023/24 which leaves a balance of £445,000 available from 31 March 2024.

Climate Change Emergency

In May 2019, Cabinet approved the creation of a Climate Change Emergency Reserve of £250,000, which was used to support related expenditure in 2020/21. From 2021/22 the revenue budget of Planning, Transportation and Environment was increased by £150,000 for the carbon reduction plan and another £150,000 for the Devon climate emergency to include the ongoing revenue costs in baseline budgets.

In 2020/21 a further £1.5 million was added to the Climate Change Emergency Reserve and between £120,000 and £151,000 is expected to be used each year. The estimated balance in this Reserve is projected to be £1.2 million by March 2025.

Service Transformation

The Service Transformation Reserve funds the costs of restructuring and transformation. In 2024/25 the planned use of this reserve is £3.6 million as outlined in Table 3. This is planned to contribute towards the costs of the Authority's replacement Finance System, asset dilapidations, and service transformation implementation costs.

Annual contributions of £1 million per year from 2024/25 are included in the Medium Term Financial Plan, which is to be supplemented through transfers from the Budget Management Reserve.

As new IT systems become operational the Authority plans to create a new IT System Replacement Reserve. It is intended that future contributions will be made from the revenue budget into this new reserve, equivalent to what was spent to implement the new IT systems. There will be full cost recovery and the budget contributions will be spread out over the period of the licences. This principle will be taken forward for all new cloud-based IT systems.

Safety Value

The Authority has been in negotiations with the Department for Education (DfE) on how to finance the accumulated DSG SEND Deficit. This deficit is ringfenced by statute and kept separate from the Authority's reserves (see below) but it does represent past and present overspends on services which are supposed to be met by the Dedicated Schools Grant.

As part of the negotiations with the DfE, the Authority is expected to contribute from its own resources if it is to receive additional one-off funding from the DfE. This process is called "safety valve".

In 2023/24, the Authority has set aside £10 million from savings in its revenue budget to this new Safety Valve reserve.

Further annual contributions are included in the Medium Term Financial Plan (Key Table 4) with annual contributions and transfers from other reserves amounting to £28.9 million in 2024/25, £7.6 million in 2025/26, £8 million in 2026/27 and £8.4 million in 2027/28. This plans to accumulate £62.9 million of general revenue funding over the period to help mitigate the overall deficit position.

SEND Accumulated Deficit Account

As outlined above, annual overspends against Dedicated Schools Grant (DSG) High Needs funding are currently being set aside in a ringfenced SEND DSG Deficit Account. This account is treated differently to the Authority's general and earmarked reserves and is kept separate from the Authority's usable reserve balances in line with statutory accounting requirements.

The statutory override remains in place until 31 March 2026, which provides time to progress with the Safety Valve negotiations with the DfE and implement the Authority's deficit mitigation plans.

The budgeted deficit of £36.8 million in 2024/25 is projected to increase the accumulated deficit to more than £165 million by 31 March 2025, excluding any achieved safety valve contributions and local mitigation plans to reduce the deficit.

The Authority has submitted proposals to the DfE in December 2023 as part of the Safety Valve scheme but despite extensive discussions the Government has not yet approved the proposals, or the funding required to fund the cumulative deficit.

Conclusion

The Authority has, over many years, built up its reserves to a significant level and in recent years used these reserves to protect services and enable transformation and invest to save projects. Although usable reserves have reduced, they remain at an appropriate level to safeguard financial resilience and manage risks to which the Authority is currently exposed.

The 2024/25 budget plans to use meet in year expenditure with £6.8 million from earmarked reserves and add £9.9 million to reserves towards expenditure in future years. The overall level of budgeted general and earmarked reserves (excluding carry forwards and schools' balances) increases by a net £2.6m to £120.7 million which is around 7% of the Authority's gross annual expenditure.

The single largest financial risk to the authority is the DSG SEND cumulative deficit and although held outside of the main reserves and balances it is none the less a risk over the longer term. It is fundamental to the Authority's financial sustainability that the management plan is successful in reducing annual SEND costs to within the annual Government grant allocation, and that a sustainable and affordable plan to recover the cumulative deficit is agreed including an appropriate contribution from the DfE as proposed.

Table 3 shows the anticipated level of earmarked reserves in future years.

Table 3 – Earmarked Reserves

Purpose & Description of Reserve	**Estimated balance as at 31 March 2024 £'000**	**31 March 2025 £'000**	**31 March 2026 £'000**	**31 March 2027 £'000**	**31 March 2028 £'000**
Special Purpose Reserves					
Affordable Housing To fund affordable housing schemes - balance remaining for two district councils	100	63	33		
On Street Parking To fund transportation improvements and initiatives	600	600	600	600	600
Public Health Ringfenced for Public Health expenditure	11,260	8,249	5,367	1,839	1,839
Subtotal: Special Purpose Reserves	11,960	8,912	6,000	2,439	2,439
Contingency Reserves					
Budget Management To fund future budget pressures	35,429	26,251	23,751	23,251	23,251
Business Rate Risk Management To fund potential future losses on the Devon Business Rates Pool	17,233	7,000	7,000	7,000	7,000
Emergency To manage exceptional unforeseen costs, uncertainties and emergencies	19,089	15,000	15,000	15,000	15,000
Subtotal: Contingency Reserves	71,751	48,251	45,751	45,251	45,251
Service Development and Transformation Reserves					
Business Rates Pilot To fund invest to save initiatives within Children's services	445	445	445	445	445
Climate Change Emergency To fund management costs of initiatives in response to Climate Change	1,358	1,233	1,106	977	846
Regeneration and Recovery To support the Devon economy and promote economic growth	602	602	602	602	602
Safety Valve To manage the Authority's support for SEND Deficit in conjunction with support from DfE	10,000	38,900	46,530	54,490	62,890
Service Transformation To manage costs of remodelling services	6,031	6,432	5,893	4,838	4,838
Subtotal: Development and Transformation	18,436	47,612	54,576	61,352	69,621
Total Earmarked Revenue Reserves	**102,147**	**104,775**	**106,327**	**109,042**	**117,311**

Approval to use all Reserves is by Cabinet with management and control by the Director of Finance and Public Value.

Treasury Management Strategy 2024/25 – 2027/28 and Prudential Indicators 2024/25 - 2028/29

Introduction

The County Council has adopted the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Services. A revised Code of Practice was published by CIPFA in December 2021 and requires the Council to approve a Treasury Management Policy Statement together with a statement of its 'Treasury Management Practices' (TMPs). No changes are proposed to these policies for 2024/25.

The policy requires the Authority to consider a treasury strategy report, setting out the strategy and plans to be followed in the coming year, as part of the budget process.

The Treasury Management Strategy sets out the Authority's policies in relation to:

- the management of the Authority's cashflows, its banking, money market and capital market transactions;
- borrowing and investment strategies;
- monitoring of the level of debt and funding of the capital programme.

The Treasury Management Strategy should be read in conjunction with the Capital Strategy.

The County Council is required to monitor its overall level of debt in line with the national Code of Practice drawn up by CIPFA. Part of this Code requires consideration of a set of "prudential indicators" in order to form a judgement about the affordable, prudent and sustainable level of debt.

The prudential indicators, treasury management strategy and the annual investment strategy have been reviewed in line with the Capital Programme 2024/25 – 2028/29, and the Capital Strategy.

This Treasury Management Strategy document sets out:

- Minimum revenue provision (MRP) for repayment of capital borrowing;
- Capital expenditure funding;
- Prudential indicators on the impact of capital financing and monitoring of the level and make-up of debt;
- The current treasury position, debt and investments;
- Prospects for interest rates;
- The borrowing strategy; and
- The investment strategy.

Treasury Management and Investment Strategy Overview

The Treasury Management and Investment Strategy sets out the MRP policy, capital expenditure funding, prudential indicators, the current treasury position, debt and investments, prospects for interest rates, the borrowing strategy and the investment strategy.

External Borrowing

Since 2009 the Authority has followed a policy of containing the capital programme, taking out no new external borrowing and repaying debt whenever this can be done without incurring a financial penalty. New capital expenditure has been limited to investment that is financed from sources other than external borrowing. To meet the need for capital expenditure, the highest priority schemes across the Authority have been funded from corporate capital receipts, external grants and contributions, and internal borrowing over the capital programme timescale.

The ability to fund the capital programme from internal borrowing is dependent on the availability of cash balances to fund the borrowing. The 2024/25 Treasury Management Strategy is being set against a backdrop of reducing cash balances, the most significant reason for this being the continuing expenditure in excess of grant funding on Special Educational Needs and Disability (SEND), charged to an unusable reserve. The deficit on the unusable reserve is forecast to be in the region of £165 million by 31 March 2024.

While discussions around the Safety Valve Intervention programme continue with the Department of Education and aim to secure a significant level of funding towards the accumulated deficit, these discussions have yet to be concluded. Therefore this Treasury Management Strategy makes no assumption about additional funding being provided.

£46.5 million of the Authority's cash balance was used to repay external debt during 2023/24. While it is likely that new external debt will be required to replace the debt repaid, the loans repaid were at interest rates higher than the rates likely to be payable on new loans based on the forecast level of rates over the next 18-24 months, resulting in a net saving to the Authority's capital financing costs. It was decided to repay the loans, with short term borrowing being taken out, with the intention of reviewing the need to refinance on a longer term basis during 2024/25.

The liability benchmark shown in table 6 and the following graph within the prudential indicators section of the Treasury Management Strategy show that the benchmark requirement for external debt from 2024/25 until around 2030 is higher than the current level of external debt. This indicates that external borrowing will be required to fund the 2024/25 capital programme. In addition it is forecast that further external borrowing will be required to reduce the accumulated level of internal borrowing in order to ensure the Authority retains adequate cash balances.

The current expectation is that interest rates will start to fall during the second half of 2024 and continue to reduce during 2025. Therefore the timing of the requirement for new external borrowing will be kept under review with the intention that loans will only be accessed as and when they are required and on best available terms to keep borrowing costs as low as possible.

Target Rates for Investment

For the 2024/25 financial year it has been assumed that the average interest rate earned on lending to banks and building societies will be 5.0% p.a. The target rate takes into account the likelihood that the Bank of England will start to reduce the base rate from the current level of 5.25% during the second half of 2024. The budgeted level of investment income for the year also takes into account a reduced level of cash balances available for investment.

The yield from investment in the CCLA Property Fund is assumed to be 4%. It is not proposed to make use of short-dated bond funds and multi-asset income funds during 2024/25, due to the lower levels of cash likely to be available for investment and the higher risk associated with such funds. Therefore, these types of funds are not factored into the budget for investment income.

Minimum Revenue Provision

Minimum Revenue Provision (MRP) is a charge to the Authority's revenue account to make provision for the repayment of the Authority's external debt and internal borrowing incurred to finance capital investment. The Authority has a statutory obligation to make a prudent annual MRP charge to the revenue account for this purpose.

The Authority's MRP strategy is to charge all elements based on the period of benefit of the capital investment i.e. over the life of the asset.

In 2018/19 the Authority changed its method of calculating MRP applicable to its historic capital debt incurred up to 1 April 2008. At that time the method was changed from a straight-line basis to annuity basis. The change was made to implement a fairer charge as it reflects the fact that, on average, asset deterioration is slower in the earlier years of the asset life and increases in later years. It also reflects the time value of money.

Using the annuity method, MRP is calculated by apportioning the balance of relevant debt over the estimated life of the asset. An appropriate annuity rate needs to be selected. The percentage chosen corresponded with the Bank of England Monetary Policy Committee's inflation target rate in 2018/19 of 2.1%. MRP will increase by this percentage each year in respect of this element of borrowing included in the calculation.

With effect from 1 April 2023 it is proposed to change the policy for calculating MRP on the residual balance of capital borrowing incurred since 1 April 2008 and for future capital investment, to be consistent with the method used for historic debt pre-April 2008. This will continue to be charged over the life of the asset, but on an annuity basis rather than on a straight-line basis as has been the practice. This change reflects the same principle of aligning with a trend of asset deterioration and the time value of money, so this will apply consistently to MRP on assets financed by either internal or external borrowing. It is proposed to use an inflation forecast rate of 2.5% as the annuity rate to be applied from 1 April 2023. In respect of the Schools Vehicle and Equipment Loans Pool, MRP is derived as equal to the loan repayment.

We will not provide for MRP in circumstances where the relevant expenditure is intended to be financed from external contingent income, where it has not yet been received but where we conclude that it is more probable than not that the income will be collected, for example when forward funding S106 contributions.

Capital financing costs are also affected by PFI/PPP contracts and finance leases coming 'on Balance Sheet'. The MRP policy for PFI/PPP contracts will remain unchanged, with MRP being charged over the period of benefit of the capital investment i.e. over the life of the asset.

The main Prudential Indicator to measure the acceptable level of borrowing remains the ratio of financing costs to total revenue stream. The figures for MRP shown in table 6 reflect the adoption of this strategy.

Capital Expenditure

Table 1 below summarises the Capital Programme and liabilities from capital projects that will appear on the balance sheet in future years. The Capital Programme has been tested for value for money via option appraisal and for prudence, affordability and sustainability by looking at the impact that the proposed Capital Programme has on the revenue budget and through the Prudential Indicators.

Table 1 – Capital Expenditure

	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Total Capital programme	**155,231**	**111,012**	**75,864**	**74,211**	**68,081**
Funded by:					
Gross borrowing	13,560	25,471	2,980	100	100
Other capital resources	141,671	85,541	72,884	74,111	67,981
Total capital programme funding	**155,231**	**111,012**	**75,864**	**74,211**	**68,081**
Total capital expenditure	**155,231**	**111,012**	**75,864**	**74,211**	**68,081**

Prudential Indicators

Capital Financing Requirement

The Capital Financing Requirement represents the Authority's underlying debt position. It shows the previous and future spend for capital purposes that has been or will be financed by borrowing or entering into other long-term liabilities. Other long-term liabilities include contracts under the Private Finance Initiative (PFI).

The Capital Financing Requirement and debt limits will be higher than the Authority's external debt, as they will be partly met by internal borrowing from the Authority's internal cash resources. This reduces the cost of the required borrowing, but the Authority also needs to ensure that a prudent level of cash is retained.

The forecast Capital Finance Requirement for 2024/25 and the following four years are shown in table 2 below.

Table 2 – Capital Financing Requirement

	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Underlying borrowing requirement	593,374	607,343	598,081	585,586	572,822
Other long-term liabilities	124,175	119,117	114,637	109,443	104,305
Capital financing requirement	**717,549**	**726,460**	**712,718**	**695,029**	**677,127**

Limits to Debt

The Authorised Limit represents the level at which the Authority is able to borrow and enter into other long-term liabilities. Additional borrowing beyond this level is prohibited unless the limit is revised by the Council. Table 3 details the recommended Authorised Limits for 2024/25 – 2028/29.

Table 3 – Authorised Limits

	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Authorised Limits:					
Borrowing	777,554	681,334	667,391	654,038	640,907
Other long-term liabilities	124,175	119,117	114,637	109,443	104,305
Authorised limit for external debt	**901,729**	**800,451**	**782,028**	**763,481**	**745,212**

The Operational Boundary is based on the anticipated level of external debt needed during the year. Variations in cash flow may lead to occasional, short term breaches of the Operational Boundary that are acceptable. Sustained breaches would be an indication that there may be a danger of exceeding the Authorised Limits. Table 4 details the recommended Operational Boundaries for 2024/25 and following years.

Table 4 - Operational Limits

	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Operational Limits:					
Borrowing	652,554	656,334	642,391	629,038	615,907
Other long-term liabilities	124,175	119,117	114,637	109,443	104,305
Operational limit for external debt	**776,729**	**775,451**	**757,028**	**738,481**	**720,212**

The forecast opening balance for long term External Borrowing at 1 April 2024 is £461.35 million.

The Authority also needs to ensure that its gross debt does not, except in the short term, exceed the total of the Capital Financing Requirement. Table 5 details the Capital Financing Requirement against the total gross debt plus other long-term liabilities. The level of under borrowing reflects the use of internal borrowing from the Authority's internal cash resources.

Table 5 – Underlying Borrowing Requirement to Gross Debt

	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Capital financing requirement	717,550	726,460	712,718	695,029	677,126
Gross borrowing and other long-term liabilities	585,525	594,756	556,446	545,472	535,554
Under/ (over) borrowing	**132,024**	**131,704**	**156,272**	**149,557**	**141,573**

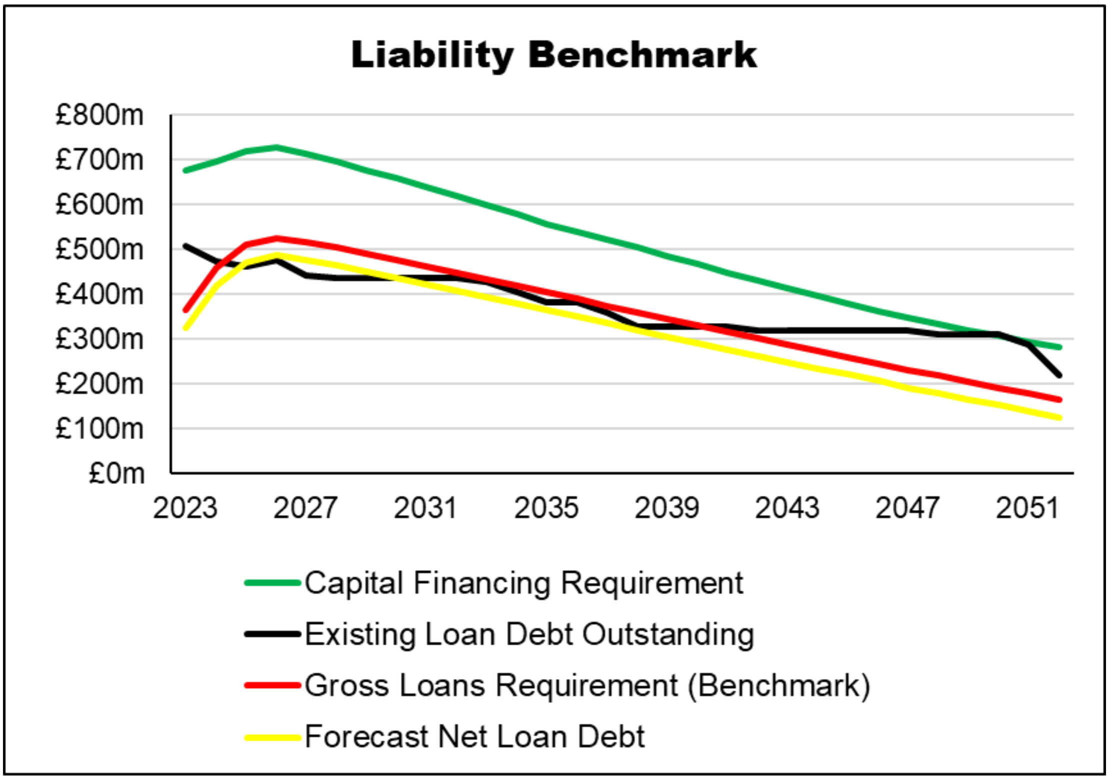
The debt management strategy and borrowing limits for the period 2024/25 to 2028/29 have been set to ensure that over the medium-term net borrowing will only be for capital purposes.

Liability Benchmark

To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This takes the capital financing requirement, and the forecast level of reserves and balances, and assumes that cash and investment balances should be kept to a minimum level of £40 million at each year end to maintain sufficient liquidity but minimise credit risk. This is illustrated in Table 6 below, and in the following chart.

Table 6 - Liability Benchmark

	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Capital financing requirement	717,549	726,460	712,718	695,029	677,127
Less: total reserves and provisions	(246,229)	(240,161)	(236,223)	(229,838)	(225,476)
Plus: minimum liquidity requirement	40,000	40,000	40,000	40,000	40,000
Liability Benchmark	**511,320**	**526,299**	**516,495**	**505,191**	**491,651**
External Debt Maturity Profile	461,349	476,349	442,520	436,739	436,739
Net Requirement for additional External Debt	**49,971**	**49,950**	**73,975**	**68,452**	**54,912**



The increase in the gross loans requirement at the beginning of the period shown is a result of the reduction in the Authority's reserves and balances available for internal borrowing and the early repayment of loans in 2023/24.

For periods beyond the current extent of the Authority's capital programme, there is no further planned capital expenditure and the budgeted MRP for the repayment of debt therefore reduces the gross loans requirement resulting in the downward trajectory shown in the graph from 2026 onwards.

Ratio of Financing Cost to Net Revenue Stream

Table 7 below shows the relationship between Capital Financing Costs and the Net Revenue Stream for 2024/25 and future years. Financing cost is affected by Minimum Revenue Provision (MRP), interest receivable and payable, and reductions in other long term liabilities.

Table 7 – Ratio of Financing Costs to Net Revenue Stream

	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Minimum revenue provision	10,872	11,502	12,242	12,595	12,864
Interest payable	23,192	23,192	23,912	21,402	21,261
Recharges and other adjustments	752	731	710	707	719
Interest receivable	(3,650)	(2,600)	(1,950)	(1,950)	(1,950)
Capital financing cost (excluding other long-term liabilities)	31,166	32,825	34,914	32,754	32,894
Capital financing costs of other long-term liabilities	13,262	12,427	12,523	12,723	12,259
Capital financing costs including other long-term liabilities	44,428	45,252	47,437	45,477	45,153
Estimated net revenue stream	**639,438**	**705,259**	**733,305**	**755,221**	**755,221**
Ratio of financing costs (excluding other long term liabilities) to net revenue stream	**4.87%**	**4.65%**	**4.76%**	**4.34%**	**4.36%**
Ratio of financing costs (including other long-term liabilities) to net revenue stream	6.95%	6.42%	6.47%	6.02%	5.98%

Treasury Management Prudential Indicators

Where external borrowing is required it can either be at fixed or variable rates of interest, and can be taken out for periods from a year to 50 years. The use of prudential indicators seeks to reduce the risks associated with fixed and variable interest rate loans and with borrowing for different loan periods.

Borrowing at fixed rates of interest for long periods can give the opportunity to lock into low rates and provide stability, but means that there is a risk of missing possible opportunities to borrow at even lower rates in the medium term. Variable rate borrowing can be advantageous when rates are falling, but also means that there is a risk of volatility and a vulnerability to unexpected rate rises.

Borrowing for short periods or having large amounts of debt maturing (and having to be re-borrowed) in one year increases the risk of being forced to borrow when rates are high.

The Authority's policy has been to borrow at fixed rates of interest when rates are considered attractive. However, in recent years no new external borrowing has been undertaken, and the maturity range of the Authority's longer-term borrowing has therefore reduced. A lower limit for long dated loans is therefore no longer appropriate.

The proposed Prudential Indicators for 2024/25 and beyond are set out in Table 8, with the current proportion of external debt as at 31 December 2023 against each heading.

Table 8 – Treasury Management Prudential Indicators

Prudential Indicators	Upper Limit %	Lower Limit %	Current %
Limits on borrowing at fixed interest rates	100	70	100
Limits on borrowing at variable interest rates	30	0	0
Percentage of Fixed Rate Debt maturing in:			
Under 12 months	20	0	2.7
12 Months to within 24 months	25	0	0
24 Months to within 5 Years	30	0	8.3
5 years and within 10 Years	35	0	9.4
10 years and within 20 years	45	0	15.2
20 years and within 35 years	55	0	34.3
35 years and within 50 years	65	0	30.1
	75	0	0

Monitoring the Indicators

It is important to monitor performance against forward looking indicators and the requirement that borrowing should only be for capital purposes. The total level of borrowing will be monitored daily against both the operational boundary and the authorised limit. If monitoring indicates that the authorised limit will be breached, a report will be brought to the Cabinet outlining what action would be necessary to prevent borrowing exceeding the limit and the impact on the revenue budget of breaching the limit. It will be for the Cabinet to make recommendations to the County Council to raise the limit if it is felt appropriate to do so.

The indicators for capital expenditure, capital financing requirement, capital financing costs and the treasury management indicators will be monitored monthly. Any significant variations against these indicators will be reported to the Cabinet.

Analysis of Long Term Debt

The following Table 9 shows the County Council's fixed and variable rate debt as at 31 March 2023 and 31 December 2023 (current).

The interest rates shown do not include debt management costs or premiums /discounts on past debt rescheduling.

Over the last financial year the Authority's external debt has reduced by £46.5 million. Three of the Authority's money market loans were repaid in advance of their maturity date. Each of these loans were Lender Option Borrower Option (LOBO) loans with the lender having the option to increase the interest rate on the loan or to transfer the loan to another lender. By exercising their option, the lender provided the Authority with the opportunity to repay the loan without premium, rather than accept the revised terms.

Table 9 – Analysis of Long Term Debt

	Actual 31.03.23 £'m	Interest Rate %	Current 31.12.23 £'m	Interest Rate %
Fixed Rate Debt				
PWLB	436.35	4.99	436.35	4.99
Money Market	71.50	5.83	25.00	5.60
Variable Debt				
PWLB	0.00		0.00	
Money Market	0.00		0.00	
Total External Borrowing	**507.85**	**5.11**	**461.35**	**5.03**

In order to fund the loan repayments, short term borrowing from other local authorities was required. The intention was to repay the short term borrowing as current investments mature, and to review whether new long term borrowing is required in the light of future cashflow forecasts. The short term borrowing is shown in table 10 below:

Table 10 – Analysis of Short Term Borrowing

	Current 31.12.23 £'m	Interest Rate %	Forecast 31.03.24 £'m	Interest Rate %
Fixed Rate Debt				
Local Authorities	39.00	5.61	13.00	5.70
Total Short Term Borrowing	**39.00**	**5.61**	**13.00**	**5.70**

The short term borrowing held at 31 March 2024 all matures by the end of 2024.

Schedule of Investments

The following schedule shows the Authority's fixed and variable rate investments as at 31 March 2023 and as at 31 December 2023 (current).

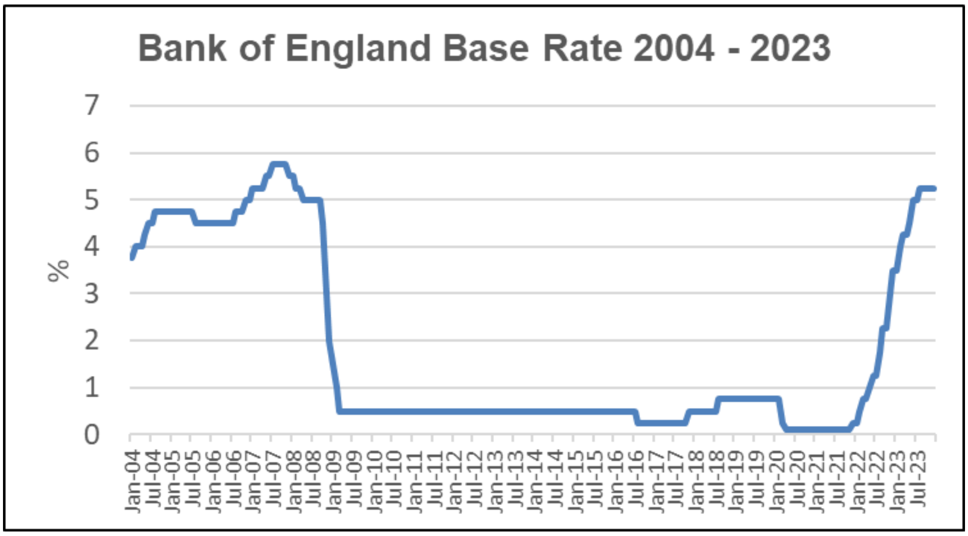
Table 11 – Schedule of Investments

	Actual 31.03.23 £'m	Interest Rate %	Current 31.12.23 £'m	Interest Rate %
Bank, Building Society and MMF Deposits				
Fixed Rates				
Term Deposits maturing in	96.00	2.95	60.00	4.80
Term Deposits maturing in	20.00	2.43	10.00	4.30
Callable Deposits				
Variable Rate				
Call Accounts	0.00		0.24	5.14
Notice Accounts	10.00	4.43	0.00	
Money Market Funds	46.48	4.07	0.00	
Property Fund	10.00	3.66	10.00	4.01
All Investments	**182.48**	**3.30**	**80.24**	**4.64**

The Authority's cash balance available for investment varies on a daily basis during the year, with peaks when Government grants and Council Tax precepts are received, which then taper down as expenditure is incurred. The cash balance as at 31 December 2023 is significantly lower than at the start of the year. It was anticipated that the cash balance would reduce by 31 March 2024, as a result of:

- The growing deficit on the provision for Special Educational Needs (SEND).
- Expenditure of balances carried forward from 2023/24.
- Use of reserves during 2023/24.
- Expenditure funded by capital grants received in the previous financial year.

The recent investment performance of the Authority's cash has improved as a result of rising interest rates, as the Bank of England has sought to contain inflation. The Bank of England has raised base rates from 0.25% at the beginning of 2022 to 5.25% in August 2023, the highest level for 15 years. This has had an impact on the rates available for investment, which have gradually increased over the period since December 2021. The following graph shows the trend in the base rate over the last 20 years.



The average rate achieved on investments has therefore improved during the year as Term deposits carried forward from earlier periods have matured and been reinvested at higher rates, where cashflow has allowed.

Prospects for Interest Rates

Forecasting future interest rate movements even one year ahead is always difficult, exacerbated by the current economic environment and recent volatility in rates. The factors affecting interest rate movements are clearly outside the Authority's control. Whilst short term rates are influenced by the Bank of England's Base Rate, long term rates are determined by other factors, e.g. the market in Gilts. Rates from overseas banks will be influenced by their national economic circumstances. The Authority retains an external treasury advisor, Link Asset Services, who forecast future rates several years forward. Similar information is received from a number of other sources.

Having taken interest rates to their highest level in 15 years in August 2023, the Bank of England's Monetary Policy Committee (MPC) kept Bank Rate unchanged for a third consecutive time at its December meeting. With the market anticipating cuts in rates during 2024, the MPC decided that it was too early to conclude that services inflation or pay growth were firmly on a downward path.

Nevertheless current market expectations, following this meeting and the previously released weaker than anticipated employment and growth figures, are for an initial cut in interest rates in Summer 2024, followed by further cuts in rates during the Autumn.

The following table includes Link's and Capital Economics' forecast movements in the base rate and Link's forecast of PWLB (Public Works Loans Board) rates.

Table 12 – Base Rate Forecasts and PWLB Rates

Base Rate Forecasts	**Dec (actual) 2023**	**March 2024**	**June 2024**	**Sep 2024**	**Dec 2024**	**March 2025**	**June 2025**	**Sep 2025**
Link Asset Services	5.25%	5.25%	5.25%	5.00%	4.50%	4.00%	3.50%	3.25%
Capital Economics	5.25%	5.25%	5.25%	5.25%	4.75%	4.25%	3.75%	3.25%

PWLB Rates	**Dec (actual) 2023**	**March 2024**	**June 2024**	**Sep 2024**	**Dec 2024**	**March 2025**	**June 2025**	**Sep 2025**
Link Asset Services forecast								
10 Year	4.73%	5.00%	4.80%	4.70%	4.40%	4.20%	4.00%	3.80%
25 Year	5.27%	5.30%	5.10%	4.90%	4.70%	4.50%	4.30%	4.20%
50 Year	5.05%	5.10%	4.90%	4.70%	4.50%	4.30%	4.10%	4.00%

(Correct as at 4 January 2024)

When budgeting for interest payments and receipts a prudent approach has been adopted to ensure that, as far as is possible, both budgets will be achieved.

Borrowing Strategy 2024/25 – 2028/29

The overall aims of the Authority's borrowing strategy are to achieve:

- Borrowing at the lowest rates possible in the most appropriate periods;
- The minimum borrowing costs and expenses; and
- A reduction in the average interest rate of the debt portfolio.

Since 2009 the Authority has followed a policy of containing the capital programme, taking out no new external borrowing and repaying debt whenever this can be done without incurring a financial penalty. With the repayment of £46.5 million of LOBO loans during 2023 the Authority's external borrowing level has reduced by £148 million since 2008/09, resulting in reduced Capital Financing Charges.

During the period since 2009, all borrowing required to fund the capital programme has been through internal borrowing, i.e. the Authority has borrowed from its cash balances to fund the capital programme.

The ability to fund capital expenditure through internal borrowing depends on the availability of cash balances to fund it. The Authority's cash balances comprise the general reserve balance, earmarked revenue reserves, accumulated capital receipts, unspent capital grants, revenue balances carried forward from previous years and other balances.

As set out under the schedule of investments, the cash balance has reduced significantly over the last two years, with the key factor being the continued expenditure in excess of grant funding on Special Educational Needs and Disability (SEND), charged to an unusable reserve.

The Authority continues to await the outcome of the Safety Valve Intervention programme with the Department for Education in relation to the deficit position on Special Educational Needs and Disabilities (SEND). At the end of 2022/23 the Dedicated Schools Grant High Needs Block reported a cumulative deficit of £125.4 million which was carried forward as a deficit reserve as per government requirement. When combined with the current year forecast the deficit is expected to be around £165 million by the end of 2023/24. Should any funding be provided by the Department of Education towards the deficit, then the forecast position on the level of the Authority's cash balances will improve.

However, agreement has yet to be reached, and this Treasury Management Strategy therefore excludes any assumption that funding will be received towards the current deficit.

The capital programme for 2024/25 requires borrowing of £13.56 million.Table 5 in the Prudential Indicators section shows that together with the £46.5 million reduction in external debt during 2023/24, this would take the total internal borrowing up to £132 million. However, with the current level of the Authority's cash balances, it will not be possible to afford this level of internal borrowing.

The liability benchmark included within the prudential indicators is designed to demonstrate whether and when new external borrowing will be required, based on the Authority’s current capital programme and the call upon the Authority’s cash balances. Table 6 and the following graph included within the prudential indicators section of the Treasury Management Strategy show that in order to retain the minimum level of cash balances, excluding any assumption on funding being received towards the SEND deficit, the benchmark requirement for new external debt for 2024/25, including the funding of the capital programme for 2024/25, is £50 million. This would indicate that the £13.56 million borrowing required to fund the 2024/25 capital programme will need to be external borrowing, and a further £36.5 million of current internal borrowing will need to be converted to external debt in order to ensure that the Authority’s cash balances remain healthy.

The Authority is still awaiting an agreement on the Safety Valve proposals to resolve the SEND deficit. A successful outcome to the discussions with the Department for Education is likely to improve the cash position. Further reports will be provided to Cabinet is due course reviewing the position and the requirement for external borrowing.

In April 2022, the Cabinet agreed to support proposals for the creation of the Plymouth and South Devon Freeport. The Business Case included the requirement for the Authority to externally borrow up to £15 million for the capital works needed. The borrowing will not be required until 2025/26, and the additional external borrowing will be ringfenced to the Freeport. All the associated capital financing costs will be funded by the excess business rate income derived from the scheme.

The current expectation is that interest rates will begin to reduce during 2024. Therefore the requirement for new external borrowing will be kept under review with the intention that loans will only be accessed as and when they are required and financed on best available terms.

In previous years the Authority has looked for opportunities to reduce external debt. An additional £46.5 million was repaid in 2023/24, as the Authority was presented with the opportunity to repay two loans with interest rates of 5.99%, and one at 5.6% without incurring a premium. The new external borrowing that is required, as set out above, will be at lower rates than the loans repaid. Given the current level of cash balances and the requirement for new external borrowing, it would not be beneficial to make premature repayment of any of the remaining current external debt.

The earliest date on which any of the Authority’s current long term external debt matures is 31 March 2027, when the Authority is due to repay a PWLB loan of £33.8 million, with a further £5.8 million to be repaid later in 2027. The cash position will need to be monitored carefully to determine whether it will be possible for these loans to be repaid, without taking out new external borrowing to re-finance the debt.

The following table 13 sets out the expected profile of external debt, based on the approved borrowing for the South Devon Freeport, the forecast new borrowing required as set out above and the loans maturing from 2027 onwards.

Table 13 – Current Forecast External Debt Profile

	Opening Balance £'m	New Borrowing £'m	Debt Repayment £'m	Closing Balance £'m
2024/25	507.85			507.85
2025/26	507.85	7.67		515.52
2026/27	515.52	2.33		517.85
2027/28	517.85	5.00	(33.83)	489.02
2028/29	489.02		(5.78)	483.24

Active treasury management and the maintenance of levels of liquidity aim to ensure that no short term borrowing is required to fund cashflow. Cash positions are monitored daily and modelled over the financial year to ensure that anticipated liquidity levels are forecast accurately. Given the current level of interest rates, if short-term borrowing is required to aid cashflow, this will be targeted at an average rate of 5.25%.

Investment Strategy 2024/25 – 2027/28

The Authority continues to adopt a prudent approach to its investments. The majority of investments will be “Specified Investments” as defined by the Department for Levelling Up, Housing and Communities (DLUHC). For such investments, only a small number of selected UK banks and building societies, money market funds and overseas banks in highly rated countries are being used, subject to strict criteria and the prudent management of deposits with them. The lending policy is kept under constant review with reference to strict criteria for inclusion in the counterparty list. In addition, non-specified investments are included in the strategy, including the potential to invest in property funds, short-dated bond funds and multi-asset income funds.

The Treasury Management Strategy will continue to ensure a prudent and secure approach.

The full County Council is required under the guidance in the CIPFA Treasury Management Code of Practice to approve an Annual Investment Strategy.

The overall aims of the Authority’s investment strategy continue to be to:

- Limit the risk to the loss of capital (security);
- Ensure that funds are always available to meet cash flow requirements (liquidity);
- Maximise investment returns (yield), consistent with the first two aims; and
- Review new investment instruments as they come to the Local Authority market, and to assess whether they could be a useful part of our investment process.

The overriding objective will be to invest prudently, with priority being given to security and liquidity before yield.

Under the Markets in Financial Instruments (MiFID II) directive, local authorities are classed as retail clients by the Financial Conduct Authority (FCA). This has implications for the range of investments that are available to local authorities. While bank and building society deposits are generally unaffected by the regulations, some banks have determined that they will only take term deposits from professional clients, and a range of alternative forms of investments are only available to professional clients. However, if the local authority meets criteria set by the FCA, then it can apply to the financial institutions with which it wishes to invest to request that the institution concerned "opts up" the local authority to elective professional client status. The Authority has made applications and been opted up to elective professional client status where required.

Those counterparties who have confirmed that they will treat the Authority as a professional client under the MiFID II regulations are set out in Table 14 below.

Table 14 – Counterparties that have "opted up" the Authority to elective professional client status

Counterparty	Counterparty Type
Standard Chartered	UK Bank
Commomwealth Bank of Australia	Overseas Bank
CCLA	Property Fund
Aberdeen Standard	Money Market Fund
Insight	Money Market Fund

In addition, brokers Tradition, Tullett Prebon and Imperial Treasury, and our treasury advisors, Link Asset Services, have opted up the Authority to professional client status. The majority of bank and building society deposits are unaffected by the MiFID II regulations.

Subject to the MiFID II regulations, a variety of investment instruments are available to the Local Authority market. In addition to the notice accounts and fixed term deposits available from UK and overseas banks, it is also possible for the Authority to invest, for example, in UK Government Gilts, bond funds and property funds. These alternative instruments would either require the Authority to tie up its cash for significantly longer periods, thus reducing liquidity, or would carry a risk of loss of capital if markets go down. The County Council has considered these alternatives and concluded that investment in a range of different funds should be permitted within the Treasury Management Strategy.

The Investment Strategy will be split between "Specified Investments", which meet criteria specified in guidance issued by DLUHC, and a range of longer term "Non-specified Investments".

Specified Investments

Specified Investments will be those that meet the criteria in the DLUHC Guidance, i.e. the investment:

- is sterling denominated;
- has a maximum maturity of 1 year;

- meets the “high credit quality” as determined by the Authority or is made with the UK Government or is made with a local authority in England, Wales, Scotland or Northern Ireland or a parish or community council; and
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

Specified Investments will include bank and building society deposits. Security is achieved by the creation of an ‘Approved List of Counterparties’. These are the banks, building societies, money market funds and other public bodies with whom we are prepared to deposit funds. In preparing the list, criteria will be used not only to determine who is on the list, but also to set limits as to how much money can be placed with them, and how long that money can be placed for.

Banks are expected to have a high credit rating. The Authority uses the ratings issued by all three of the major credit rating agencies, Fitch, Moody’s, and Standard & Poor’s, made available to the Authority through its external Treasury Advisors. These are monitored daily.

The lowest rating published by any of the agencies is used to decide whether an institution is eligible for inclusion. Where the counterparty is only rated by two of the major ratings agencies the lowest rating published by either of the two is used. This rating also determines the maximum amount which can be loaned to an individual counterparty. Overseas banks that meet the criteria are included from countries with an ‘AAA’ Sovereign rating.

The duration of all deposits with financial institutions will be managed prudently, taking account of the latest advice from the Authority’s external advisors.

Money Market Funds have a portfolio comprised of short-term (less than one year) securities representing high-quality, liquid debt and monetary instruments. Many money market funds are now regarded as a more secure form of investment than bank deposits, as they diversify their investments across a range of financial institutions to spread the risk, and will therefore be used where appropriate.

Money Market Funds must have an ‘AAA’ rating to be included on the counterparty list. They may be CNAV (Constant Net Asset Value), LVNAV (Low Volatility Net Asset Value) or VNAV (Variable Net Asset Value). Yields and prices will be monitored on a daily basis to ensure that there is minimal risk of loss of capital.

Other public sector bodies are principally arms of Government, or other local authorities, and although not rated are deemed suitable counterparties because of their inherent low risk.

The ‘Approved List of Counterparties’ specifies individual institutions and is formally reviewed at least monthly. Notification of credit rating downgrades (or other market intelligence) is acted upon immediately, resulting in any further lending being suspended.

Table 15 below summarises the current ‘Approved List’ criteria.

Table 15 – Specified Investments Counterparty Approved List Criteria

Counterparty Type		Fitch	Moody's	Standard & Poor's	Credit Limit
UK Banks					
	not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
	not below	A- & F1	A3 & P-1	A- & A-1	£30 million
UK Building Societies					
	not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
	not below	A- & F1	A3 & P-1	A- & A-1	£30 million
Overseas Banks					
	Sovereign Rating of	AAA	Aaa	AAA	
	and not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
	and not below	A- & F1	A3 & P-1	A- & A-1	£30 million
UK Public Bodies					
Central Government					
	– Debt Management Office				Unlimited
Local Government					
	– County Councils				£10 million
	– Metropolitan Authorities				£10 million
	– London Boroughs				£10 million
	– English Unitaries				£10 million
	– Scottish Authorities				£10 million
	– English Districts				£5 million
	– Welsh Authorities				£5 million
Fire & Police Authorities					£5 million
Money Market Funds		AAA	Aaa	AAA	£30 million

Where the short term rating of a counterparty is one notch below the stated criteria, but the counterparty meets the long term rating criteria, they may still be used subject to the advice of our external advisors (Link Asset Services) who will take into account a range of other metrics in arriving at their advice.

The counterparty limits shown in the table also apply at a banking group level. This ensures that the Authority is not exposed to the risk of having maximum sums invested in multiple institutions owned by a group that encounters financial difficulties.

The credit ratings shown in the table for banks and building societies allow for greater sensitivity in recognising counterparty risk. Liquidity in investments is the second key factor in determining our strategy. Funds may be earmarked for specific purposes or may be general balances, and this will be a consideration in determining the period over which the investment will be made.

The Council has a policy of ensuring that at least 15% of deposits will be realisable within one month.

The Authority will look to invest in specified investments for a range of durations up to one year to ensure sufficient liquidity for cashflow purposes. Our treasury advisors, Link Asset Services, provide advice on the recommended maximum length of deposit for each of the counterparties that the Authority uses, and their recommendations will be taken into account when determining the length of time that any deposit is placed for.

Non-Specified Investments

Non-specified investments are those that do not meet the criteria described above, but are intended to be a longer term investment, generating a higher yield, but with a slightly higher degree of risk.

The limit on non-specified investments will be set at no more than 25% of the total treasury investments at any time or £40m whichever is the lower.

The Authority has previously decided that investment in a commercial property fund would be a prudent way to diversify risk and achieve a higher yield, as it would benefit from forecast growth in GDP. The CCLA Property Fund is therefore included as an approved counterparty, and an initial investment of £10 million was made in 2015. The counterparty limit for the Fund (as set out below) is £30 million, and further investments may be made up to that limit, subject to the approval of the Cabinet Member for Finance.

In addition, short-dated bond funds and multi-asset income funds are permitted. However, given the reduced level of cash and the requirement for liquidity it is unlikely that they would be used during 2024/25. Short dated bond funds will invest in high quality short dated government or corporate bonds. Multi-asset income funds will invest in a wider range of investments designed to produce a higher income yield, but will have a higher level of risk. If used, funds would be targeted where the total return is likely to be higher than the income yield, to reduce the risk of capital loss should the investment need to be realised.

The Authority's policy has been to only use funds that are subject to a statutory override to IFRS9. Under the IFRS9 accounting standard unrealised gains and losses arising from funds previously measured as Available for Sale would be classified as Fair Value through Profit and Loss and taken to the Comprehensive Income and Expenditure Account in the year they arise. As a result, any capital loss would impact on the yield gained from the investment.

Currently, Parliament has put in a statutory override for investments that fall under the following definitions:

- A money market fund;
- A collective investment scheme as defined in section 235 (1) of the Financial Services and Markets Act 2000;
- An investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961 (local authority schemes)

The regulation (override) makes it clear that the revenue account should not be charged in respect of that fair value gain or loss and instead that amount should be charged to an account established, charged and used solely for the purpose of recognising fair value gains and losses in accordance with this regulation.

The statutory override originally applied from 1st April 2018 to 31st March 2023, but has been extended to 31st March 2025. This has reduced the risk to the Authority of capital losses impacting on investment income, as any capital loss would only impact on the Authority at the point that the investment is realised, or after the statutory override ends in March 2025.

Non-specified investments can also include bank and building society deposits of over a year, in line with the criteria set out in the section on Specified Investments.

Table 16 below summarises the 'Approved List' criteria for non-specified investments.

Table 16 – Non-Specified Investments Counterparty Approved List Criteria

Counterparty Type	Credit Limit
CCLA Property Fund	£30 million
Short-dated bond funds	£20 million
Multi-asset income funds	£20 million
Bank and Building Society Deposits over 1 year (meeting credit rating criteria as per Specified Investments)	£30 million

Where a bank or building society is considered for an investment of over one year, the credit limit will be applied to the total investments with that institution, including specified and non-specified investments, i.e. deposits above and below one year.

Interest Rate Targets

For the 2024/25 financial year it has been assumed that the average interest rate earned on lending to banks and building societies will be 5.0% p.a. The target rate takes into account the current level of the Bank of England's base rate, but also reflects the expectation that rates are likely to reduce in the second half of 2024.

The yield from investment in the CCLA Property Fund is assumed to be 4%. As set out above, it is not proposed to make use of short-dated bond funds and multi-asset income funds during 2024/25, so these types of funds are not factored into the budget for investment income.

The targets we have set for 2024/25 are considered to be achievable.

The expectation is that interest rates are likely to decrease further during 2025, once inflation is under control. Our Medium Term Financial Plan forecasts have been based on the average rates for lending to banks and building societies being 4.0% in 2025/26 and 3% thereafter. However, these will be reviewed in the light of updated interest rate forecasts and changes to the rates on offer from the Authority's counterparties over the MTFP period.

Performance Targets

The primary targets of the Treasury Management Strategy are to minimise interest payments and maximise interest receipts over the long term whilst achieving annual budgets, without taking undue risk. Where there are comparative statistics available for individual aspects of the Strategy these will be used to monitor performance. The Authority will continue to review best practice at other authorities and work with its treasury advisors (Link Asset Services) to assess performance.

Investments that are not part of treasury management

The revised Treasury Management Code also requires the authority to report on investments in financial assets and property that are not part of treasury management activity. This includes commercial investments, which are made primarily to achieve a financial return, and service investments which are made to support the provision of services to the community.

Commercial Investments

The Authority's policy is not to make commercial investments outside of its treasury management activity for mainly financial reasons. All capital investments outside of treasury management activities are held explicitly for the purposes of operational services, including regeneration, and are monitored through existing control frameworks.

This will be important if at any stage the Authority decides to take out new external borrowing to fund its capital programme. The Government has been concerned for some time about the risk involved in local authorities taking out external debt to fund investments in commercial property to generate income. In November 2020, they announced a change in the PWLB's lending terms. This introduced a prohibition to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. Given the Authority's policy, this should have no impact on our treasury management strategy.

Service Investments

The following table sets out the Authority's current financial investments held for purposes related to the provision of services to the local community, at the values included in the Statement of Accounts as at 31 March 2023. These investments are not held with the primary intention of gaining a financial return.

Table 16 - Service Investments

	Fair Value as at 31 March 2023 £'000
Norse South West Limited	85
Exeter Science Park Limited	885
Skypark	2,150
Total	**3,120**

Norse South West Ltd -	Norse South West Ltd (NSW) commenced on 1st May 2022. The company took on the services previously provided by NPS (SW) Ltd which became inactive on 30th April 2022. The NSW joint venture is structured into five delivery groups; Design, Estates and Asset Management, Facilities (including cleaning), Maintenance and Minor Works and Catering. Ownership remains 80% Norse Commercial Services Ltd (whose ultimate controlling party is Norfolk County Council) and 20% Devon County Council (2 x £1 shares, so minimal risk). Risk management, decision-making and performance management is reviewed quarterly by the Liaison Board which includes two Directors representing DCC. Day to day management of the service level agreement between DCC and NSW is the responsibility of the Transformation and Business Support service. Performance reports will be made to Cabinet, and to the Corporate Infrastructure and Regulatory Services Scrutiny Committee as appropriate.
Exeter Science Park Ltd -	The Authority purchased shares in Exeter Science Park Ltd at a cost of £1.965 million. The value of the shares has subsequently been revised to a value of £885,000, which is included as a financial asset in the Authority's Statement of Accounts. The investment aims to stimulate economic development to the East of Exeter through the creation of a high-tech business park. The Authority along with the University of Exeter is also a guarantor to a loan from the Local Enterprise Partnership Growing Places Fund. Risk management, decision-making and performance management responsibility is shared between the Economy, Enterprise and Skills team and Finance Services. Performance reports will be made to Cabinet, and to the Corporate Infrastructure and Regulatory Services Scrutiny Committee as appropriate.
Skypark -	The investment in Skypark is made in the form of a series of loans, which are held as a long-term debtor in the Statement of Accounts. The investment is to stimulate economic development to the East of Exeter through the creation of a high-tech business park. Risk management, decision-making and performance management responsibility is shared between the Economy, Enterprise and Skills team and Finance Services. Performance reports will be made to Cabinet, and to the Corporate Infrastructure and Regulatory Services Scrutiny Committee as appropriate.

Further investments -	Any further financial investments will be subject to the approval of Cabinet. Reports to Cabinet will be required to set out the investment objectives, investment criteria, and the risk management, decision-making, reporting, performance measurement and management arrangements.

Capital Strategy 2024/25 - 2028/29

Devon County Council - Best Place

The challenging economic climate including, for example, high inflation and interest rates continues to influence capital programme and financing planning.

This Capital Strategy focusses on maintaining flexibility and supporting operational services in adapting quickly as needs arise and securing continued investment in vital services and infrastructure. The Capital Strategy aims to support this through the practices set out in this document, supported by the best use of assets, resources and the maximisation of external funding.

The lasting effects of the pandemic and the current cost of living crisis continue to have a profound effect on the lives and livelihoods of the people of Devon. Working alongside partners such as Team Devon the focus continues to be; protecting the NHS, safeguarding the most vulnerable and supporting local businesses. Another focus continues to be the creation of stability for the South West. Devon's outstanding natural environment and a strong sense of community continues to provide a solid foundation for the future.

Our services

We provide some of our services directly and commission others from other organisations.

Our main service groups are:

Integrated Adult Social Care; including adult care commissioning and adult care operations.

Children's & Young Peoples Futures; including children's health and wellbeing, children's social care and education and learning.

Climate Change, Environment & Transport; including highways infrastructure, development and waste, transportation, environment and planning (including school place planning).

Corporate Services; including digital transformation and business services, finance and procurement, people and culture services, and the Scomis group.

Public Health, Communities & Prosperity including communication and media, communities, public health, and economy, enterprise and skills.

The best place to...

grow up

We are committed to being a child friendly Devon where all children and young people are safe, healthy, ambitious, and can fulfil their potential

live well

We are committed to being a fairer Devon: inclusive, compassionate and caring, where everyone is safe , connected and resilient

prosper together

We are committed to being a greener and more prosperous Devon, with opportunities to create a sustainable future for all

Shaping Devon

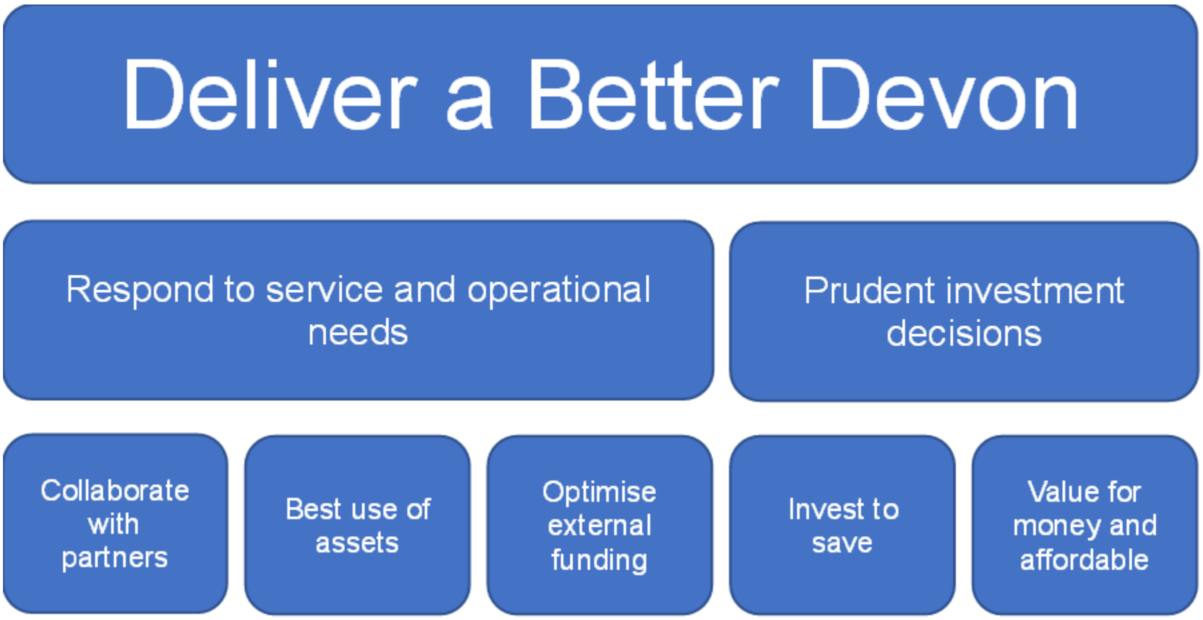
The Capital Strategy ensures that officers take capital expenditure decisions in line with strategic and service objectives, and properly consider the operational and service needs.

We believe that our purpose is to help people in Devon to live their lives well, in a way that makes sense to them. It is the core that unifies all officers, leaders, and elected members across the Authority, and gives us a common purpose with our partners across the public and voluntary sectors. It is the driver for everything that we do and every decision that we make.

The Capital Strategy focuses on key principles, which underpin the short to medium term capital programme, as well as supporting longer term strategic and operational objectives. Through investment in its strategic assets, the Capital Strategy aims to make the best use of resources and support the delivery of service ambition.

This is balanced with the need to ensure prudent, sustainable, and affordable levels of investment and sound financial decision making. This is what the 2024/25 Capital Strategy aims to support.

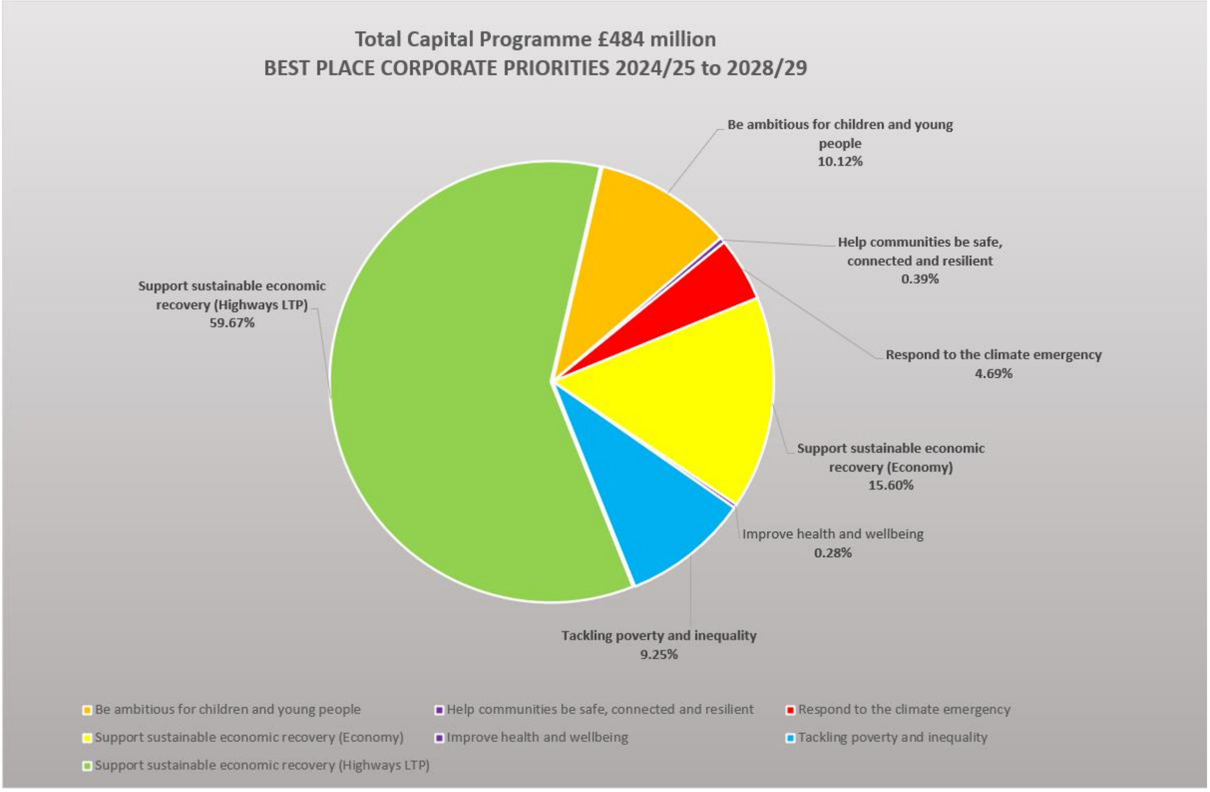
Key Principles of the Capital Strategy



Total Capital Programme 2024/25 to 2028/29

The forecast capital programme over the next five years amounts to £484 million of investment across Devon. These projects have been aligned with the Corporate Strategy objectives, which aim to help Devon recover from the pandemic and build on the resilience of local people and communities to create a fairer, healthier, and more caring place, and grasp the opportunity to create a greener and more prosperous and inclusive future for all.

The Capital Strategy aims to strike a balance of investment across the six corporate objectives and a representation of this balance, can be seen here. Note that Support for Sustainable Economic Recovery has been split between Economy and Highways Local Transport Plan (LTP) which is wholly grant funded.



Integrated Adult Social Care

Integrated Adult Social Care works with adults in Devon for whom activities of daily living, whether because of illness, older age, or a disability, can be difficult. We work with people to live as independently as possible, for as long as possible.

We look at the positive aspects of your lives, self care, and support you to gain or retain your independence and live the best life that you can. We focus on prevention in the first instance to make this happen, empowering people and communities to be resilient and supported with sustainable local services.

Devon County Council and the NHS work together to improve the health of people in Devon and make sure everyone across the county has equal access to healthcare services.

Adult Care Operations and Health is the operational social care service which offers advice, information and signposting as well as assessment, support planning and reviews for older people and working aged adults with learning disability, autism and/or physical disabilities with eligible social care needs. The service also supports unpaid carers to continue the vital role they play.

The vision is for all adults in Devon to lead lives that are as independent and as fulfilling as possible through being informed, secure and connected.

The Capital Programme and strategy for Integrated Adult Social Care aims to support the service in reaching its ambitions by acting as Accountable Body in relation to the Disabled Facilities Grant; a grant passported to district authorities. Monies are then awarded to help towards the costs of making changes to an individual's home, so that they can continue to live there. The programme also includes a minimal requirement for investment in accommodation and equipment to support service delivery.

Children & Young People's Futures

This service delivers our statutory duties in relation to education, children in need, child protection and looked after children. It includes a range of services targeted to support families and thus help to avoid the need for children to access further services.

Education and Families

Devon schools have consistently delivered good outcomes despite a relatively low spend per pupil. Attainment, progress, and school quality have generally been above national averages. Providing support for students with special educational needs continues to be a key objective, and a significant challenge as funds have not been enough to keep pace with the increasing numbers of students requiring a statutory plan and an increase in the complexity of need.

The Capital Strategy aims to respond to these challenges by investing corporate and external funding in its continued commitment to expand Special School provision in Devon by adding over 200 places for children and young people (CYP) with special educational needs and disability (SEND). These additional places will support the need to reduce the pressure on the High Needs Block. Additionally, the Authority has recently submitted a funding bid towards the creation of over 300 further places. The outcome of this bid is not yet known.

The Authority also runs a loan facility; the Vehicle Equipment Loans Pool (VELP) which enables schools to purchase equipment which may otherwise have to be leased at additional cost to the school, offering a value for money solution for vital ICT and other equipment.

Capital grants are available to support adaptations to foster carers homes where required, and significant investment continues to be programmed to maintain existing school assets to respond to the need for additional classroom places, by expanding school places as Devon families grow.

Climate Change, Environment & Transport (includes Highways, Infrastructure & Waste)

The purpose of the Highways and Traffic Management service is to maintain, improve and operate the existing local highway and public rights of way networks. The service prioritises safety and meeting the travel needs of business, communities, and individuals.

The Infrastructure Development team principally delivers the capital works programme, including schools' maintenance and improvements, and provides technical engineering consultancy services. The Waste Management service is responsible for the disposal of local authority collected waste.

For Highway Maintenance the capital works are defined as major structural renewal to infrastructure either to the road, pavement, drainage, or the structures. This is funded by the Department for Transport (DfT) through the Local Transport Plan allocation. There is the occasional need to fund additional works from the capital budget, but these are exceptional conditions such as a major bridge failure.

Additional funding of £6.7 million per year has been allocated by Government in 2023/24 and 2024/25 to invest in highways infrastructure improvements. This is reflected in the plan and enables more sustainable capital solutions such as permanent fixes to potholes. The year-by-year profile has not yet been announced by Government, and is therefore not currently reflected in the MTCP, but Government has indicated further additional funding of £208.657 million between 2025/26 and 2033/34.

Other large and major capital investment includes the finalisation of the North Devon Link Road with funding from the DfT, Destination Exmouth Levelling Up Fund schemes, ongoing delivery of the Bus Service Improvement Plan, investment in Plymouth and South Devon Freeport, and other externally funded schemes. This is alongside continued delivery of the Housing Infrastructure Fund (HIF). The Authority successfully bid for £55 million that contributes to infrastructure to support development at South West Exeter, with the investment continuing to be reflected in the MTCP. The South West Exeter HIF project will enable the delivery of the infrastructure required to support the delivery of housing. The Programme also includes the successful Levelling Up Fund bid for the West Devon Transport Hub which enables the completion of the Dinan Way link in Exmouth. These are examples of the Authority's strategy of bidding for funding to deliver major infrastructure investment in the County.

Within Environment we have the Planning, Transportation and Environment service which includes strategic infrastructure and the statutory response for the development of Education and Transport Plans and Waste and Mineral plans as well as preparing a response to the climate emergency. We continue our commitment to responding to climate change via the climate change strategy with funding allocated to energy saving and green initiatives across operational services.

Flood Risk

The delivery of capital flood improvement schemes is prioritised in accordance with the criteria set out in the Local Flood Risk Management Strategy for Devon. These can be proactive measures based on detailed assessment and modelling of high-risk areas or reactive intervention following major flooding that has occurred. Devon was awarded Flood and Coastal Resilience Innovation Programme funding of £7 million, with the balance of funds to be invested from 2024/25 onwards reflected in the Programme. This will include innovative projects to help communities be more resilient to flooding and coastal change. Other flood projects vary from small capital works funded solely from internal budgets, generally where there are low numbers of properties benefitting, to larger scale works requiring external funding from other government funding streams or partnership contributions.

Waste

The Waste service area is responsible for the safe disposal of all municipal household waste generated in the eight districts of Devon. We are dedicated to reducing, reusing, recycling, composting and as a last option, recovering energy wherever possible. Capital investment included in the current Programme is focussed on waste recycling centres.

Climate Change

A range of public, private, and voluntary organisations from across Devon came together on 22nd May 2019, to declare a climate emergency and to endorse the principles of the Devon Climate Declaration.

This recognises that we are aware of the significant implications of climate change for Devon’s communities and proposes action to rapidly reduce our carbon dioxide emissions.

In 2024/25 the Authority will continue to support capital climate change initiatives, with aims to maximise external funding in this area. Investment included in the current five-year capital programme amounts to £7 million. Each Cabinet paper, for the introduction of a new capital project in future years, also must set out its environmental impact including its response to, or in respect of, climate change.

Corporate Resources

Corporate Resources holds responsibility for the corporate land and property estate including County Farm assets. It also includes Finance and Public Value services, People and Culture services, Communications and Legal Services along with Transformation, Business Support Services, and Information Technology.

The Property & Estates Strategy focuses on four key principles; Reduce, Dispose, Retain, and Repurpose, aimed to transform the corporate estate. This will form the methodology for reviewing the future use of the Authority's assets.

Reduce:

The Authority is committed to ensuring that buildings are safe and secure and that they support modern office working, including re-configuring space to provide flexible working and collaboration spaces. Ongoing development of measures will continue, to support effective homeworking through appropriate provision of support and technology. Opportunities to lease out surplus space will be explored to maximise income opportunities.

Dispose:

The ongoing rationalisation of the property portfolio through the transfer or sale of surplus properties and land will deliver savings through lower running and maintenance costs and contribute to planned growth of the capital receipts reserve.

Retain:

The Authority aims to make the best and most appropriate use of its buildings to create modern, flexible workspaces, and will continue to invest in works to bring County Farms up to the Decent Homes standard.

Repurpose:

Cross functional strategic collaboration will ensure that opportunities for change of use can be explored to reduce cost and improve provision, including options for children and adult services. Opportunities for greater integration with stakeholders across the ‘One Public Estate’ will also be explored. De-carbonisation of the property portfolio through more efficient use of energy and greater use of renewable energy remains a strategic aim.

Digital technology is increasingly important in all our lives and is transforming the way we all work, communicate, and do business. We want to be an innovative and creative council at the forefront of technological development so that we can help make life easier and contacts more convenient for everyone.

There is a continual commitment to upgrade and develop digital technology whilst ensuring that legacy business critical systems that need to continue for the medium term are maintained. The Authority's Digital and Technology Workplan aims to support the Authority in redesigning its services to deliver efficiencies and manage demand, whilst ensuring service continuity.

Our continued investment Digital Platforms allows our Digital Service team to create new services that meet the identified needs of Devon’s citizens, the workforce, and their partners. These services are created iteratively and therefore provide benefit quickly and can be reused as building blocks for new services as the needs are identified. This will enable citizens to transact with the Authority online and enable citizens and partners to communicate and access information through a variety of digital solutions specifically designed to meet their needs.

Public Health, Community & Prosperity

The Public Health, Communities and Prosperity directorate covers the following areas:

- Community and Living
- Economy and Enterprise
- Environment and Landscape
- Healthy and Active
- Libraries and Heritage
- Planning and Development

The Communities portfolio links commissioning services and support to help people and organisations in communities to be better connected, resilient and safe.

The team also commission library and information services, a Devon wide youth service, community safety work, as well as activities promoting culture and heritage, physical activity, and sports.

The Economy Enterprise and Skills service focuses on prosperity and supports the delivery of economic growth, prosperity and protection for Devon's residents and businesses. More recently this has included providing support and advice to businesses as they attempt to recover from the impact of the pandemic.

Finally, we have the Public Health team which is predominately funded by the Department of Health.

Capital investment in these service areas aims to support Devon's economy by continuing the roll out of Superfast Broadband, and in the continued development of business parks such as those at Roundswell South, Okehampton and Mullacott Cross. Minor capital works for youth services is also incorporated in the Programme.

Capital Financing

The approach to financing the capital programme - providing the funding needed to meet the cost of capital investment - seeks to optimise the balance of using various sources available. The main sources of finance available to the Council includes capital receipts, capital grants and contributions, direct revenue funding, and borrowing.

The strategy seeks to maximise the use external funding and minimise the ongoing cost of capital to the Council. Where external funding is not available the priority in recent years has been to prioritise the use of capital receipts and internal borrowing as the main alternative sources of capital funding, preventing the need to increase the balance of external loans required.

The strategy needs to change from 2023/24 onwards particularly regarding the generation and planned use of capital receipts with the aim of building up capital reserves in support of plans to address the increase Special Educational Needs and Disabilities (SEND) Dedicated Schools Grant accumulated deficit. As part of the ongoing discussions with central Government, one of the potential options being explored is to seek a capitalisation direction to bridge a gap between government financial support and the Council's available revenue reserves thus spreading part of the cost over several years. Our objective is to maximise the use of capital receipts to finance the capitalised costs and minimise the need to increase borrowing.

Capital Receipts

Capital receipts must be accounted for separately from revenue income and may only be used to finance capital expenditure or, in specific circumstances, transformation costs (see 'Flexible Use of Capital Receipts' below), or to repay capital borrowing.

The procedures for declaring properties surplus to requirements are set out in the Council's Code of Practice for the Disposal of Surplus Property. The Head of Transformation & Business Support is responsible for the negotiations of all such sales. The Director of Finance and Public Value is consulted on the sale of assets at less than full market value, ensuring value for money can be demonstrated.

Monitoring is undertaken so that forecast receipts are sufficient to finance the existing and future capital programme commitments, to aid future transformation, and to ensure that the capital programme does not rely too heavily on this finite source of funding.

The capital strategy is updated in this budget report to reflect the likely need for increased capital resources as part of the mitigation plan for addressing the Dedicated Schools Grant SEND deficit, which is being developed through the Government's Safety Valve programme. The strategy seeks to deliver a target of £50 million in capital receipts as part of a funding solution for the SEND Deficit. The Property pillar of the Stronger and Sustainable Council strategies is fundamental to delivering planned and future capital receipts thorough asset disposals.

A forecast of capital receipts is included in the Capital Programme Overview section earlier in this document.

This updated strategy will have an impact on the need for capital investment funded through borrowing as addressed below.

Flexible Use of Capital Receipts

The Government first introduced the scheme to provide Flexible Use of Capital Receipts with effect from 1 April 2016. This must follow statutory guidance, which was most recently updated in August 2022.

The scheme gives local authorities the freedom to use capital receipts from the sale of their own assets to help fund the revenue costs of transformation projects, only where those projects will:

- Generate revenue savings in the delivery of public services, and / or
- Transform service delivery to reduce costs or reduce the demand for services in the future for any of the public sector delivery partners.

It was announced by Government alongside the Provisional Settlement on 18 December 2023 that the current scheme, which currently applies to expenditure and receipts incurred between 1 April 2022 and 31 March 2025, has been extended to 31 March 2030. Therefore, to make eligible use of the scheme the capital receipts, and any qualifying revenue expenditure, need to be incurred between 1 April 2022 and 31 March 2030.

Whilst the priority for capital receipts is to support SEND Safety Valve financing options, it may be advantageous to apply this flexibility with certain transformation costs. Council will need to approve the planned use of such flexibility and incorporate into the Capital Programme budget.

At the time of preparing the 2024/25 Budget there are no specific projects planned for flexible use of capital receipts. This will be kept under review and any new proposals will need to be presented to Council for approval.

Internal Borrowing

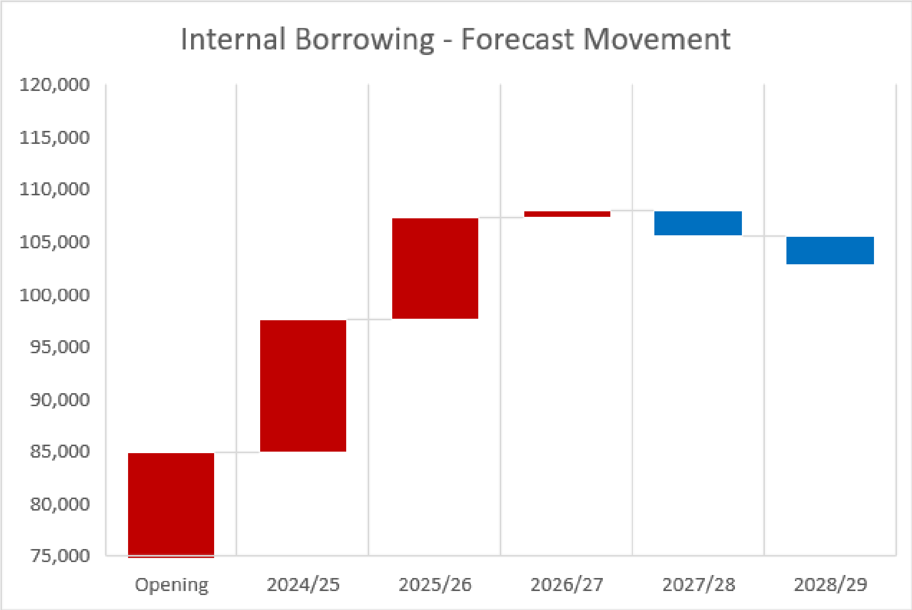
A prudent level of cash balances is required to meet obligations in respect of cashflow. Cash balances and internal borrowing, also defined as borrowing from internal cash resources, has been used for many years to fund the capital programme. The option to internally borrow is subject to the availability of cash within the Authority's overall cash flow. Use of this internal borrowing mechanism will be monitored by the Director of Finance and Public Value as part of the wider Treasury Management function.

Whether borrowing is internal or external, it is still recognised as capital borrowing and there is a requirement to make a provision for the repayment of that debt as a charge to the Revenue Budget. This is a statutory obligation and is referred to as the Minimum Revenue Provision (MRP). MRP is set aside for the repayment of debt over time in line with the life of the assets financed through borrowing. It does not correlate specifically to coincide with the repayment date of any external loans, which may be restructured rather than repaid in line with the Treasury Management Strategy.

In the proposed 2024/25 Capital Programme planned capital investment to be funded by internal borrowing grows by £13.6 million, with a further £14.4 million projected over the subsequent four-year period. The following table and graph summarise the projected impact on cash resources of forecast MRP and forecast internal borrowing for the proposed programme. The position would change if additional borrowing were required and other pressures on cash balances may impact the ability to borrow internally. It is also feasible that some or all this internal borrowing may need to be replaced with external borrowing depending on overall cash flow as referred above.

Year	MRP	Internal Borrowing (committed)	Internal Borrowing (forecast)	Annual increase / (decrease) in cash resources
	£'000	£'000	£'000	£'000
2024/25	10,872	(13,560)	(10,000)	(12,688)
2025/26	11,502	(11,182)	(10,000)	(9,680)
2026/27	12,242	(2,980)	(10,000)	(738)
2027/28	12,595	(100)	(10,000)	2,495
2028/29	12,864	(100)	(10,000)	2,764
Net (decrease) in cash reserves over 5 year period				(17,847)

Internal borrowing is currently forecast to be £97 million as at the end of 2024/25.



External Borrowing

There has been no need to externally borrow since January 2008, mainly because of the effective use of internal borrowing and capital receipts. Cabinet has already approved an increase in external borrowing of up to £15 million to part-fund the Freeport project. That external borrowing, plus interest, will be repaid by a share of future Business Rates income.

The long term external borrowing held by the Authority is currently £461 million (as at January 2024). This is a reduction compared to the start of 2023/24 financial year as some external loan arrangements have been repaid early to optimise costs of borrowing. This is covered in more detail in the Treasury Management Strategy.

The Treasury Management and Capital Strategies recognise that the pressure on cash balances is increasingly likely to lead to the need for additional external borrowing to fund capital priorities. Such flexibility is essential to ensure cash resources are sufficient to support the future objectives of operational services and of the capital programme. Should there be a need to undertake or invest in a major strategic project, this may also require new external borrowing.

Future new additions to the capital programme, which are not externally funded, will be subject to the availability of cash resources and the affordability of the cost of debt, the ability to generate capital receipts in excess of the £50 million target, and any legislative restrictions imposed by Central Government with respect to external borrowing by Local Authorities as well as prudential borrowing limits agreed by the Council in the Treasury Management Strategy. Any delay or restriction in these areas of funding may lead to schemes being paused, reprioritised, or removed from the capital programme, depending on strategic objectives.

The borrowing policy is reviewed regularly to ensure it is still fit for purpose and can continue to meet operational cash flow and capital financing requirements.

Governance & Risk

The Medium Term Capital Programme (MTCP) sets out planned capital investment and is approved by Cabinet and Council annually.

The Cabinet is responsible for approving the annual Capital Outturn and for agreeing procedures for carrying forward any underspend or overspend on capital projects as well as approving the MTCP annually, and monitoring capital expenditure against approved budgets, on a bi-monthly basis.

The Director of Finance and Public Value has responsibility for monitoring overall actual capital spend against budget, which is undertaken on a bi-monthly basis, with any risks to delivery or financing reported to Cabinet.

Any subsequent additions or changes to the capital programme during the year will be approved in accordance with Financial Regulations. The Financial Regulations set out in section B8.7 that the amount of capital expenditure to be wholly or partially financed by external borrowing must be approved by Cabinet.

Before items are included in the capital programme a detailed business case must be submitted to the Capital Programme Group (CPG). These will be assessed to ensure alignment with Devon's Best Place strategic objectives, deliverability within existing resources, risk, and value for money. Option appraisal techniques, such as Net Present Value (NPV) may be used as a way of appraising investment options.

The CPG does not have decision making powers. It makes recommendations to the Cabinet Member for Finance, Cabinet Member for Policy, Corporate and Asset Management and the Director for Finance and Public Value, for inclusion in relevant Council and Committee reports.

Future Years

The shape of the capital programme in the longer term will be dependent upon the continued delivery of capital receipts, the future allocation of capital grants from Central Government departments, the availability of internal cash resources and affordability of borrowing.

The Medium Term Financial Plan (MTFP) continues to assume that, over the medium term, no new long term external borrowing will be required, except for long term debt redeemed in 2023 likely to be refinanced in 2024. This has been assessed as sustainable in the short to medium term but will be kept under review, and owing to prioritising capital receipts for the Safety Valve mitigation plan it may be necessary to increase overall level of external borrowing during the period of the MTCP.

Risk Analysis of Volatile Budgets

Background

As part of the budget setting process, the Authority must consider the risks inherent in the budgets set and the adequacy of the measures put in place to manage those pressures. Members need to form a view on the adequacy of the level of reserves as a safeguard against unexpectedly high levels of demand being experienced in volatile budget areas. The level of general balances is determined by the Council, and should follow the advice of the Director of Finance and Public Value regarding the adequacy of these reserves. A risk assessment has been undertaken of the main volatile budget areas, which follows this introductory page.

The most significant high-risk areas for 2024/25 arise where increased demand for services provide cost pressures and the scale of budget requires significant management action and include Integrated Adult Social Care, Children and Young People's Futures, Climate Change and Environment and Transport, with clear risks being identified.

Service management teams have, however, identified strategies aimed at mitigating the pressures as set out in the following pages. It is very important that active budget monitoring and management remains in place and is undertaken with a high level of professional discipline, so that net expenditure is contained within budget limits. The Authority's risk management strategy is set out in the Medium Term Financial Plan on pages 95 to 123.

Risk Assessment

Integrated Adult Social Care

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
Section 1: Risks to market sufficiency - costs and workforce			
Market sufficiency	296,361	The Authority has a statutory duty under section 5 of the Care Act 2014 to ensure the sufficiency of social care markets in Devon. Specialist dementia care provision in the independent sector and residential care for adults of working age with complex behaviours is underdeveloped, posing a challenge to commissioners to develop a specialism of a market which is already under pressure overall. The discharge to assess model has also had an impact on the care home market, particularly nursing care. There has been an increase in care home placements which is placing an increased pressure on the care home budgets and other costs across the wider health and care system Changes to the immigration rules due in April 2024 pose a significant risk to the sufficiency of all sectors of the care market, particularly the home care sector. In addition, current cost of living challenge, the national living wage increase and low wages in this sector, plus high housing costs locally and increases in the national	Commissioners will work closely with key providers to shape the market, where possible, to accord to longer term commissioning strategies, and the requirements for future care. This includes working in partnership with NHS Devon and DPT to secure the support that care providers need in order to meet complex needs, including dementia. People are supported to leave home with a package of care (where appropriate) via the discharge to assess model, these fundamental shifts require the authority to recommission how these services are purchased to ensure market viability and a sustainable workforce. Strengthening of the process for financial support requests from providers to manage demand aid intervention decisions. Focussed work with providers facing the most difficulties to improve their approach, including encouraging cross industry working through support of provider collaboratives.

Service	Budget 2024/25 £’000	Risk and Impact	Mitigation
		living wage and inflation are impacting on the overall market sustainability.	Use of improved Better Care Fund, government grants, and NHS system funding has focused on increasing capacity, reducing wait times and targeting provider costs to support with workforce and other cost pressures. Part of the Devon Alliance for International Recruitment, supporting providers in securing workforce capacity (care workers and nurses) from overseas. Other workforce support has been targeted via the Proud to Care offer and strategic commissioning resource to support the local work force challenges
Demand for packages of care (across all service types)	296,361	Demand for the number and intensity of packages of care can be volatile Learning Disability services (including autism) have seen significant growth in activity over recent years and continues to be under pressure going forward. We also anticipate an increase in adults with a learning disability by 26% across all market sectors, residential care, community care and direct payments for the same period. Devon provides more care to people with a disability than comparator areas. Devon has an above average elderly population when compared nationally, which is forecasted to continue increasing. Dementia prevalence in Devon is expected to rise, projecting estimate an increase of 36% between 2020 and 2030.	The 2024/25 budget has been planned based on the most recent volume data available at the time of preparation, with estimates made for anticipated growth in demand for services next year, and the effects of planned savings strategies. The core principle is to promote independence of individuals wherever possible by supporting people to live well in their own homes and to prevent reliance on ongoing care by earlier intervention and reablement, including reassessing the proportion of care spent on short term recovery services to target resources most effectively. We have made significant progress in our programme of care plan reviews, embedding our vision to ensure that the care we are commissioning

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		If our assumptions and forecasts of demand are incorrect the financial risk will vary because the average unit cost per package varies significantly. For example, the unit cost per year for an older person's personal care package is c. £15,000 but the average unit cost for a disability residential placement is £73,000 per year. There is an increase in the use of 1 to 1 care hours to support people both in community services and care home settings. This has led to an increase in costs of older persons mental health placements as well as working age adults. This is a risk on the budget but also this practice model and the available commissioning options may not be best meeting people's needs as 1 to 1 care can be restrictive and not support people to be independent.	and providing is maximising people's independence. We have developed our IASC values and we are supporting staff to deliver these within their work, and to have the right conversations with the people we work alongside.
Unit cost pressure (across all service types)	296,361	The unit cost for packages of care and placements is generally continuing to increase and can be volatile. Cost of living increases, fuel, energy, goods and services, labour, impacted by the greater increase in the national living wage, and inflationary costs are contributing to pressure within our provider market and supply chains. Parts of Devon are at full employment and the care sector is competing for labour with other industry sectors.	The budget is based on actual unit costs as at the time of budget preparation and is inflated for forecast prices changes. Detailed unit costs are monitored monthly by managers. There is an escalation process in place for approval of high cost packages. We continue to review the way we commission and contract for services to ensure efficiency and effectiveness of delivery, in 2024/25 there will be a

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		Inflation effect has been estimated based on CPI averaging around 3% for 2024/25. With the current volatility of inflation indicators, particularly utilities, there is a high risk that inflationary forces in the care markets are greater than the budget allows.	focus on supported living, community based services and complex care home placements. Lobbying of central government to provide for sustainable funding for social care as part of delivery of the government's promise to 'fix the crisis in social care'. The NLW increase for April 2024 has already been announced by government at £1.02p. The effect of this increase has been modelled and is taken into consideration in setting the budget.
Social care workforce	46,963 (gross of contributions for externally funded staffing)	This relates to the Authority's internal social care workforce, and the far larger care workforce employed by our commissioned providers in Devon. Internally, recruitment to roles which require professional qualifications is challenging. This is common across health and care professions both nationally and in the southwest (for social work, OT, AMHP and team manager roles). In some instances, pay and conditions in the Authority do not compare well with competitors. Investment in workforce capacity and skill mix is insufficient to meet the (changing) nature and intensity of demand. Most particularly complex work in areas of autism, disability, Mental Capacity, LPS, dementia and transitions. There is a significant risk that failure to plan	Success in recent years has relied upon direct support for qualifications and recruiting and supporting newly qualified professional staff. This requires forward planning, sustained investment, and action to meet requirements at least three years ahead. Workforce growth in recent years has been driven by short term investment and targeted (invest to save) initiatives. The Authority is part of the Devon Recruitment Alliance to support providers in securing workforce capacity (care workers and nurses) from overseas. We have been active and successful in national awards that provide a platform for us to celebrate and promote adult social care in Devon, and the Authority as an employer

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		for substantive capacity will destabilise delivery of functions. Externally, commissioned providers face recruitment and retention challenges in respect of care workers. Changes to the immigration rules due in April 2024 pose a significant risk to the sufficiency of all sectors of the care market, particularly the home care sector. There is also a specific challenge in the recruitment of nurses affecting the nursing home sector. External workforce issues risk impacting on unit costs and market sufficiency as supply and costs are interlinked.	Ongoing monitoring of government's legislative programme, along with raising issues nationally via the LGA, ADASS and other networks.
Section 2: Risks to the timeliness of assessment and support			
Savings Strategies	29,411	The key challenge for the service in 2024/25 will be delivery of £29.4 million of savings which are necessary to balance the budget. These savings will require operational and commissioning changes to be made. As we reiterate and refocus our promoting independence approach through our refreshed Vision, and Strategies, more people will be supported and enabled to need less or no commissioned care, replaced by VCSE and other support in their communities. A vibrant, sufficient and connected VCSE will be key to this approach replaced with other types of support as	Operational plans will continue to be developed, and legal advice and challenge sought before final decisions on implementation are taken. Our ability and capacity to work increasingly in a strengths-based way with people and communities is key to our success in building resilience. The pace of our work, and therefore the trajectory of progress will be modelled, planned, and monitored. However residual risk remains relating to operational and management capacity to formulate and deliver detailed plans at the scale and pace required whilst continuing to respond to BAU

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		the impact of these reductions has been estimated in the service statistics (within the detailed service budget pages) but the eventual numbers of reductions by the end of 2023/24 will vary depending on how quickly changes can be made. Risk of loss of full year effect due to consultation requirements delaying implementation Internal redesign work and the Authority's overall budget position is impacting on our workforce retention.	pressures e.g., in our hospital system, or in our markets. Discussions with NHS colleagues to explore any opportunity to work together to mitigate our pressures.
Children transitioning to Adults	141,139	This year, we expect around 73 young people to require ongoing support as adults. Required levels of support vary enormously making financial planning difficult. In recent years there has been a trend of increasing volumes of very high-cost children's care packages and thus a risk that demand and cost from transitions into adult services outstrips the budget available.	Strong links with children's and education services continue. We continue to transform the ASC Transitions Service. It will focus on young people's aspirations, helping them to reach their goals and a focus on housing and employment. We will work with local markets to develop new and innovative ways to support young people to be independent.
Mental Health	21,818	Aspects of the population's mental health resulting from the effects of the pandemic have yet to fully emerge. Acute service demand has increased, which current service struggle to support, and suicide rates are thought to have risen but further data is expected. The Transforming Care Partnerships programme results in individuals, who are currently in NHS funded hospital placements around the country transferring	We continue to work with partners across the health and care system to understand local prevalence of mental health, learning disability and autism, and to assess future service requirements across the statutory and voluntary sector. Adult social care managers are engaged in the Learning Disability and Autism Partnership, with Integrated Care Board and Authority colleagues.

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		back to a Devon care setting where there is likely to be a requirement for adult social care support. Promoting independence means a shift from the use of residential care for working age adults, to alternative provision. There is a risk that placements made back into Devon will be at a higher cost, or a greater responsibility for funding will fall to social care budgets, or both. These care packages are often at a higher unit price.	The work includes repatriations of people back to Devon in a sensitive and planned way.
Autism demand and repatriations	7,473	Autism diagnosis rates and demand for care services has increased sharply in recent years with increasing prevalence evident nationally, regionally and locally. Individuals with autism overlaid with learning disabilities and/or other psychological issues can show complex and risky behaviours necessitating packages of high intensity. We are continuing to see increasing prevalence, particularly in younger adults.	There is currently an autism team within the service, which manages planning and assigning the most appropriate packages of care to people with highest risk levels and ensuring that the impacts of new cases are phased in a controlled manner over the course of the year. The NHS continues to commission a service response from DPT to support the management of people with autism and complex behaviours, thereby support their community offer. Discussions regarding the overall NHS commissioned response to people displaying these complex needs will be required in 24/25.
Legislative change	360,746	ASC reform continues to be uncertain. Charging reform has been delayed for two years and there remains uncertainty in the Governments approach to the Cost of	Sector guidance will be carefully reviewed, and we will work with our partners across the health and social care system to prepare for assurance.

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		Care exercise and the introduction of Liberty Protection Safeguards. The assurance (regulation) of ASC Care Act duties will commence in April 2023, but the delivery of the new programme is still unclear, but we will need to be ready in April. There is also a risk within the assurance programme that improvement action requiring investment will be needed.	Monitoring of the new government's legislative programme and working with our partners in national bodies such as the LGA and the Association of Directors of Adult Social Services to lobby government and ensure effective consultation. We will work with our partner authorities in the region to operate safe, comparable services.
Deprivation of Liberty Safeguards	296,361	The service operates a DOLS waiting list. The risk relates to claims if a deprivation is shown to have been unlawful. Further, the recovery of debts to the Authority can be impacted if a deprivation order remains outstanding.	Further investment into the DOLS service in 24/25. Current triage processes remain in place to reduce the risks.
Section 3: Partnership arrangements			
NHS Contributions to Social Care (including Better Care Fund)	Total BCF pooled budget is currently expected to be in the region of £127 million	The Authority entered a pooled budget arrangement in 2015/16 with NHS Commissioners described nationally as the Better Care Fund (BCF). This mandatory pooled arrangement now includes £46.66 million of direct support to the Authority's social care budgets. The BCF deployment in 24/25 will require review. Given the increasing budget pressures the risk is that existing investments in joint budgets will not continue and we gradually step back from joint arrangements for system benefits and invest increasingly in ASC in isolation and less strategically across the system. This	An executive officer group comprising senior executives for each organisation, with detailed governance and specialist support in overseeing the application of the BCF and will review the 24/25 s75 agreement. All partners are committed to working together to deal with similar challenges faced by each organisation and continue integrated services. Strong professional relationships between the health and social care sectors have been developed

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		may be an approach that could be reciprocated by NHS partners who are facing similar challenges.	over the past years and our longstanding joint management posts in operations further consolidate this ethos.
Joint funding of complex care		A tighter application of eligibility for NHS Continuing Health Care can lead to rising demand for social care. This risks an increase in the number of complex packages which generally have a high individual unit cost. The financial flows from and within the Provider Collaborative needs further understanding. Financial flows affect the S117 funding.	Joint frameworks and relationships with the ICB are well developed, including escalation and challenge where appropriate. External review of cases by another LA to validate Devon's approach is in place. Pooling of resources and risk are considered collectively with the NHS commissioners. Health Liaison leads are in place to support staff's decision making. The current S117 was renegotiated in 23/24. Further investigation of the Provider Collaborative financial flows is needed.

Children and Young People’s Futures

Service	Budget 2024/25 £’000	Risk and Impact	Mitigation
Market sufficiency – children in care and care experienced young people placements.	80,000	The “sufficiency duty” is a statutory duty set out in the Children’s Act 1989. The authority is required to support children to remain with their families safely, and when this is not possible, to have a sufficient range of care and accommodation to meet their varying needs. Competition for appropriate accommodation and rising prices have made placements more expensive. The longer-term impact of high inflation and wage increases may lead to continued upward pressure on costs. Low recruitment into the health and social care sector is a national and local issue. The effectiveness of the new in-house residential provision is dependent on recruiting suitably qualified staff.	Commissioners are developing a new sufficiency strategy that will ensure each young person has a place to call home in the right place at the right time. DfE capital grant to fund new children’s home provision has been secured, plans are underway to provide 7/8 beds across 3 homes to provide accommodation and support to meet the needs of some of our most complex young people. A team of officers from across the Council are also exploring other buildings in the Authority's estates to increase the number of suitable homes for children. DfE revenue grant funding will enable the Council to pilot the Staying Close programme and provide semi-independent supported accommodation for care experienced young people who are currently living in high-cost placements. Commissioners have created a flexible purchasing system which allows for new providers to be admitted on a continuous basis through the Residential Framework Contract. “Innovation” lots allow us to purchase bespoke arrangements. The Mockingbird fostering support initiative launched in Devon during 2022/23 creating a network of foster carers looking after some of our most complex children enabling them to seek and provide mutual

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
			support to each other. Building on the success of the pilot, the programme is being extended in 2024/25.
Social care workforce recruitment and retention	47,000	Continued focus on workforce recruitment, retention and wellbeing is gradually leading to a more stable workforce which in turn will lead to reduced spend on agency staff. Nationally and locally there remains a shortage of qualified social workers and the risk is that vacancies cannot be filled leading to higher caseloads and/or increased use of agency staff.	New leadership arrangements are in place and full implementation of the reshaped service during 2023/24 is expected to lead to greater workforce stability. Developing a targeted early help offer, providing support to families at an earlier stage, should mitigate the need for them to access statutory services and therefore help to manage demand. Combined these measures should lead to a reduced need to employ agency staff.
Savings and cost management strategies	(7,800)	The Placement Pathways strategy aims to ensure each child or young person is in the right place to meet their needs at the right time at the right price. Successful delivery of £2.5 million planned savings depends on market sufficiency and managing price and volume demand. An additional £600,000 is reliant on recruitment and retention of foster carers to ensure all Children in Care have stable homes where they can thrive. £1 million of savings are contingent on successfully piloting the DfE grant funded Staying Close Programme. The aim of this programme is to provide semi-independent supported accommodation for Care	Commissioners continue to work closely with providers to find flexible solutions to creating provision and support packages. Continue to explore new ways to grow in-house placements sufficiency, as identified against the market sufficiency risk. Work underway to identify property for the Staying Close Programme includes: a review of the Authority's estate, discussions with District Councils and engagement with private landlords.

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		Experienced Young People who are currently living in high-cost placements. Appropriate buildings will need to be sourced before this initiative can launch and deliver planned savings. Further savings of £3 million are predicated on the basis that 3 new children's homes will be operational in 24/25, creating 7/8 new beds for our most complex young people. Key risks include slippage of planned capital works and recruitment of permanent care staff. The balance of £700,000 mostly relates to use of alternative funding sources.	Continue engagement with the DfE, should capital works slip and the grant funding need to be used more flexibly.
Partnership working		Achievement of the improvements needed to improve outcomes for all children requires a whole system response, including but not limited to our partner agencies such as District Councils, Health and Police, schools, the voluntary sector, and our communities. This includes accommodating them in safe, appropriate settings and improving their life chances through education, employment and training opportunities. Savings are predicated on the whole system working together to keep children and young people safe and supported.	Senior Leaders across partner agencies hold regular meetings, building stronger relationships and effective co-working, including expanding on the inter-connectedness of budget decisions.

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
Education, Learning and Inclusion Services – General Fund	65,631 (net)	The unknown medium and long term impacts of all aspects of the long term COVID-19 impact including market provision, recruitment, and retention, changing ways of working, cost of living, delays to key strategic projects, capacity, and demand. A number of Devon's schools continue to convert to academies. Changes to the national allocations to the central fund may reduce the LAs ability to effectively deliver the statutory duties linked to this funding, potentially adversely impacting on maintained schools, partnerships, and academies. Reduction to the number of Schools wishing to purchase advice and support from Devon Education Services could have an adverse impact on Traded Services buyback.	Clear communication on priorities. Utilising business continuity plans and effective service leadership plans to identify emerging risks and pressures. Actively engage and influence recovery programmes. Raising key issues such as recruitment issues and cause at national and local level. Active recruitment ongoing for authority posts, supporting schools with messaging for Devon employment. Looking to secure additional capacity for projects where funding allows Ensure strong and effective collaborative working and information sharing to set out clearly the authority's role and relationship with maintained schools, partnerships, and academies. Continue to ensure that statutory responsibilities within a diverse educational landscape are secured through a range of protocol and stakeholder agreements. Continue to encourage Academies to buy back Traded Services where appropriate and monitor levels of funding for statutory duties.

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
School/College Transport	45,140 (net)	The number of pupils requiring home to school transport remains high together with external market pressures caused by COVID-19, fuel crisis and cost of living sees limited operators causing costs to rise. Personalised transport with increased journey times continues to rise as the number of children with complex needs grow.	In this area it is now difficult to mitigate effectively. Market breakdown is seeing costs increase. This is due to a shortage of taxi/bus operators willing to run routes as they are not commercially viable or ceasing to trade. COVID-19 requirements have meant additional demands on transport of children. Number of children with EHCPs continues to rise. We continue work to manage demand for special educational needs (as below for High Needs DSG spending) but whilst slowing the increase this will not reduce numbers.
Education and Learning – Schools Funding	757,694 (gross)	The DSG is made up of the Schools block, the High Needs Block and the Early Years Block and Central Schools Services. As per government guidance, the budgeted DSG deficit for 2024/25 is projected to be £37 million. As directed by the DfE the cumulative deficit is currently held, and will continue to be held, outside the authority's accounts until 31 March 2026. If after that date the deficit is returned to the DSG it will impact on the schools funding available to meet demand to support the education and children in schools within the authority.	As per the DfE requirement, a comprehensive Management Plan is in place to produce a balanced budget and reduce the DSG deficit over short to medium term. Service review of processes and services engaging with school representatives to set an agreed direction to reduce pressures on the service. Continue active engagement with Devon Education Forum to ensure funding is appropriately distributed and targeted to achieve the best educational outcomes for all children across all ages and levels of need.

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
			Increasing the Special School capacity in Devon through corporate capital investment and opening a new school through the DfE Free School Programme.
Education and Learning – Schools Budgets	570,832 (net)	This is a delegation to schools' budgets. This risk is predominately caused by the impact of the national funding formula, changes to employee costs and the cost of living crisis adding to pressure on school budgets. This could lead to schools prioritising their spend in ways which may impact on traded services and de-delegation decisions. This in turn affects the sustainability of services for all schools and academies.	Continue to engage with national reviews of schools funding arrangements. Continue to develop partnership working to maximise effect of collaborative approaches between statutory and purchased service delivery.
Central Schools Services Block	4,262 (net)	DfE have reduced the Historic commitment funding by a further 20% irrespective of the need by the LA for this funding. This may lead to additional budget pressures.	Continue to engage with the DfE via prescribed processes in line with the DSG Operational Guidance.
High Needs Block	155,444 (net)	The significant risk that the SEND spend does not return a balanced budget. The continued growth, in recent years, of EHC plans with no facility to reduce external demand has meant the DfE grant has seen a significant overspend. The cost of educating pupils with complex educational and physical needs can also be significant and volatile.	The DSG management plan lays out the actions that must be taken to return the SEND Service to a balanced in year position. These include: Continuing to increase Special School capacity in Devon through corporate capital investment and

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		In particular the number of students remaining in Education post-16 is rising. The deliverability of a balanced budget requires providing early support so more children have their needs appropriately met in mainstream schools and successfully increasing capacity in our maintained special schools so we can disinvest from the more expensive independent sector. There is also a risk of more permanent exclusions and an increase in harder to admit children.	opening a new special school through the DfE Free School Programme. A full review of processes and services as set out in the SEND transformation programme to ensure earlier support is in place across education health and care to support children with SEND thereby reducing the demand on more expensive statutory services; Review of the number of resource bases in mainstream settings so pupils can receive additional specialist support and continue to access some mainstream education; Identify the growing needs and provide central support to enable schools to effectively support those pupils that would normally pass into the special school system; Undertake service of post-18 education within Other Special Schools; Consider Independent Special School block contracts or a minimum of 5% reduction in placement costs.

Public Health, Communities and Prosperity

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
Growing Communities Fund	379	Community funding has provided important small/medium grants to local organisations. There is a planned reduction (£210k) in the Growing Communities fund which may means the Authority may lose capacity in supporting community resilience and organisations will have fewer opportunities to fund wellbeing, preventative and local connection and capacity building. Inflationary and costs of living pressures on small organisations are significant and may result in groups/projects ending.	The Authority will optimise the use of the remaining community grant funds for 2024/25 to focus on strategic priorities. The reduction in the Growing Communities Fund will be mitigated by the increase in funding available to Local Members.
Libraries	7,000	As with other services heavily reliant on staff, building based offers and technology, the current inflationary costs are placing significant pressures on budget and sustainable delivery. As a result, the Authority and its commissioned service will need to review the number of books/resources it can purchase, the number of staff and its opening hours, the numbers of buildings it maintains in order that the offer is sustainable and fit for purpose.	Work closely with providers to reduce costs and drive efficiency. Where changes are required consider current user numbers and wider impact. Where appropriate, continue successful promotions and increased use of electronic and online services. Conduct a review of opening hours across the 50 libraries.
Exeter Science Park (loan guarantee)	Max 2,703	The Science Park Innovation Centre Construction was built by Exeter Science Park Limited (ESPL). This was partially funded via a loan from the Local Enterprise Partnership. The Authority has	The guarantee is based on development monies being generated in the future to repay the loan which becomes due in March 2024. ESPL and its Shareholders are working with the LEP to consider options on the repayment of the debt. These options

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		guaranteed 50% of the loan and interest. There is a risk the loan guarantee may be triggered.	will also need to be considered in the context of transition of functions, assets, and liabilities as the LEP is due to be dissolved on 1 April 2024.
Budget Reductions (incl. Policy Changes)	1,577	Reductions are becoming harder to achieve. Some reductions are reliant on collaboration and cooperation from partners which cannot be fully guaranteed or controlled by the Authority and others on supply and demand for services. In order to achieve budget reductions, polices are continually being reviewed using a more risk-based approach. This may lead to an increase in the risk of challenge or failure.	The priority is to maintain statutory compliance. A rigorous programme with risk assessment has been developed and will be continually monitored during 2024/25 with particular emphasis on high risk or new strategies. Continuous efforts to influence and negotiate with partners will be maintained.

Corporate Services

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
All Corporate Services	48,445 (net)	Where the Council insource staff, this will require significant back-office support including Business Support, ICT, Procurement, Estates, HR, Legal and Finance. Along with responsibility for linked assets which transfer such as buildings, this combines to put pressure on all budget lines.	Work closely with frontline service heads to ensure Corporate Services develop and evolve to meet the changing needs of the Council, capturing cost and resource requirements, and identifying funding.
ICT	11,851 (net)	The threat of Cyber Security is a growing risk globally, and the Council must ensure its staff and Members have sufficient skills to operate technology in a secure way to protect the data assets of the Authority.	A refreshed and regular training programme for all staff and members is being rolled out.
Business Services and Support	6,667 (net)	Reduction in staff across support services may impact on service delivery.	Prioritise business process re-design in critical and high-risk areas. Implement agility and wider training across teams to redirect resources to areas of high risk and priority.
Property and Estates	12,043 (gross)	Buildings and land may not be maintained or improved.	Budget reduction is profiled against the property change programme – where fewer properties/assets require less investment to ensure retained assets are maintained and compliant.

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
All Transformation and Business Services	37,896 (gross)	Inflationary increase in cost of contracts across services leading to unsustainable budgetary requirements	Re-negotiation of contracts to reduce costs, identifying contracts that can be ceased or the specification reduced.
Coroners Service	2,184 (net)	There is a risk of unavoidable additional costs in medical (pathology), analysts, funeral directors, and mortuary facility fees. The service is demand driven and the Council do not have control over the number or complexity of inquests.	Continue to work closely with colleagues across the region conducting ongoing reviews of commissioning processes and joint working arrangements with a view to curtailing expenditure and producing additional efficiencies in this respect.
Legal Services and Equality, Diversity, and Inclusion	4,751 (net)	Demands for legal support to Children's, Adults and Services place increasing pressure on the service leading to potential for cases being delayed, negative outcomes for vulnerable people and cases being outsourced to the private sector to supplement capacity. Increasing workloads and unplanned demands for legal and EDI support in relation to Litigation, particularly SEN, and Procurement, resulting in the need to outsource legal work to the private sector to relieve capacity as well as affecting team resilience and leading to delays in the provision of legal support. In addition to this the service have struggled in recruitment and retention of staff	Engagement with service heads to monitor the activity drivers, implementing an Improvement Plan to support and compliment the Children's Services Improvement Plan, interim use of locum lawyers to end outsourcing of cases and seeking to recruit additional staff to progress increased caseloads.

Climate Change, Environment and Transport

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
Highways Maintenance term maintenance contract	17,500	The budget has been set to take account of expected inflationary increases. However, further increases during the year could impact the level of expenditure and / works delivery.	The inflation allocation included in the budget is based on information received from the Department for Transport. Close working with the term maintenance contractor may allow the mitigation of some additional pressures encountered.
Winter Maintenance and Emergencies	3,000	Winter maintenance and other emergencies which are typically weather related, cannot be predicted. There is a risk of overspend in the event of severe weather conditions. Proportions of this budget are based on a mild winter. Therefore, more inclement weather is likely to lead to this budget being exceeded.	There is limited scope for management action as the bulk of the costs tend to fall in the latter part of the financial year thus precluding funding by deferral of planned maintenance work. The Authority policy is to respond appropriately to such events and wherever possible divert resources from other works in order to mitigate some of the costs. Scenario modelling is undertaken to assess any potential overspend.
Safety Defect Repairs	Approx. 6,500	This continues to be a volatile service area. Prolonged adverse weather conditions significantly affect the level of safety defects needing attention. Significant under investment has reduced the resilience of the network and left it more susceptible to bad weather and changes in patterns of use.	Works are closely monitored during the year and safety related works are prioritised over cyclic cleaning activities. Focusing on early capital funded interventions has helped mitigate future revenue expenditure as far as possible.
Highways Services Income from Fees and Charges	3,000	The Authority is legally entitled to levy charges for a variety of Highways services. These services are completely demand led and are therefore susceptible to variations in economic factors. A variation in demand of +/- 10% could result in a budgetary impact of £300,000.	There is limited scope for direct management action to significantly influence the demand for Highways services. However, income levels are monitored during the year and, where possible, mitigating actions are taken in other areas of the budget.

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
Waste Management	33,600	Waste tonnage levels and growth rates are volatile and difficult to predict as they are subject to a range of influences outside the control of the Authority, such as the wider economic climate and more working from home. Similarly, the extent to which contractors will meet recycling targets is uncertain. These risks may result in the budget being over or under provided. A variation in tonnages of +/- 1% could result in a financial variation of approximately £300,000. Diversion of waste containing POPS (Persistent Organic Pollutants) away from landfill has resulted in service changes which have yet to be finalised and may result in additional costs. The impact of the changes to the Controlled Waste Regulations at the end of 2023 may result in additional costs. Tightening of emission levels at the Energy Recovery facilities & the introduction of the Electricity Generation Levy will also impact with the potential for increased costs and less income generation.	Current budgets reflect recent trends in waste volumes. Other than undertaking work to influence behaviours there is limited scope for management to alleviate financial pressures should tonnage increase. Tonnage levels are closely monitored. More cost effective ways of disposing of waste are continually explored. The Devon Resource & Waste Strategy generally aligns with the Government direction of travel including all District/Borough/City Councils either already collecting food waste or starting to roll it out. Arrangements are being put in place to manage POPS waste and work is still ongoing to understand and evaluate the impact of this and the new requirements at the Energy Recovery facilities. Devon has responded to numerous consultations on Government policy such that the impact on Local Authorities is understood by Government.
Public & Community Transport	15,000	Patronage levels on local bus services have remained at around 80% of the pre COVID-19 levels and have been further impacted by reliability of services. This is largely affecting the	Government has maintained additional financial support through a grant called Bus Service Improvement Plan Plus (BSIP+) through to March 2025

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
		commercial market which accounts for around 80% of the network. With the recovery plateauing this puts additional pressure on bus companies and could lead to further commercial withdrawals. The Authority will then be under pressure to reinstate services with a financially supported local bus contract. This is at a time of severe financial pressures for the local authority. Linked with high transport inflation tender prices continue to increase putting pressure on the Public Transport budget. Central Government grants continue to 31 March 2025. This fund is currently used to reinstate surrendered commercial bus services, cover high inflation costs on existing contracts and the increased costs through contract surrenders. It also supports the loss of fare revenue through lower patronage. The Authority also supports the voluntary and community transport sector where conventional buses are not sustainable. Any reductions to service will have an impact on Devon communities as 19% of Devon residents have no access to a car.	The Authority is implementing improvements though the original successful application of its Bus Service Improvement bid. The funding is being used to improve bus access on the Highway network, and through promotional activity designed to help improve the viability of the network. The Authority is linked in with national associations lobbying Central Government for longer term sustainable funding. If any reductions in the supported local bus network is required a full consultation must be undertaken on any reduced frequency of services. This is a lengthy process taking nine months to complete and implement the changes.

Service	Budget 2024/25 £'000	Risk and Impact	Mitigation
Flood Risk Management – Surface water	800 (excludes capital prog.)	The Authority is the Lead Local Flood Authority (LLFA) as defined by the Flood and Water Management Act and the Flood Risk Regulations. Consequently, there would be costs associated with statutory requirements in the event of a major incident. Implementation of the Flood and Water Management Act Schedule 3 is expected in 2024, the full details of this are not known, and there could be additional costs incurred.	The Authority has processes in place to undertake the required duty should there be a significant flood incident. However, funding over and above this budget might need to be identified.
School Place Planning (capital funding/home to school transport revenue)		The introduction of Community Infrastructure Levy in three Local Planning Authorities has created further uncertainty on securing development contributions towards education infrastructure. Failure to provide appropriate schools places locally will have knock on implications for the Home to School Transport budget The number of learners who require an Education, Care and Health Plan continues to rise with a proportion of these learners requiring a specialist placement with limited capital grant from National Government. Failure to provide appropriate schools places locally will have knock on implications for the Home to School Transport budget and the High Needs Block within the Dedicated Schools Grant Several schools have been identified at risk of flooding including Tipton St John and Kenton.	Devon to contact Local Planning Authorities to request education be treated as Section 106 item following the Government review of CIL. Ensure approved Free Schools are delivered, realising central Government investment. Continued delivery of additional SEN Places across the county. Evidence based assessment of investment of limited SEN capital funding to increase local capacity in particular, in Maintained Special Schools. Detailed assessment of schools impacted to be undertaken to ensure safety of school users and/or priorities for mitigation are identified. Tipton St John school has entered the schools re-building programme.

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Abbreviations

Abbreviations used within the budget for all Scrutiny reports:

ADASS	Association of Directors of Adult Social Services
AMHP	Approved Mental Health Professional
AONB	Area of Outstanding Nature Beauty
ASW RAA	Adopt South West Regional Adoption Agency
BACS	Bankers automated clearing services (electronic processing of financial transactions)
BCF	Better Care Fund - formerly known as the Integration Transformation Fund, a national arrangement to pool existing NHS and Local Government funding starting in April 2015.
BDUK	Broadband delivery UK
Blk	Block
CCLA	Churches, Charities and Local Authorities
CFR	Capital Financing Requirement
CIL	Community Infastructure Levy
CIPFA	The Chartered Institue of Public Finance & Accountancy
CO	Carbon Monoxide
C of E	Church of England
CPG	Capital Programme Group
CQC	Care Quality Commission
CVS	Council of Voluntary Services
CYP	Children and Young People
DAF	Devon Assessment Framework
DAP	Devon Audit Partnership
DC	District Council
DCC	Devon County Council
DDA	Disability Discrimination Act
DEFRA	Department for Environmental Food & Rural Affairs
DFC	Devolved Formula Capital
DfE	Department for Education
DFG	Disabled Facilities Grant
DfT	Department for Transport
DLUHC	Department for Levelling Up, Housing and Communities formally known as Ministry of Housing, Communities and Local Government
DoLS	Deprivation of Liberty Safeguards
DPLS	Devon Personalised Learning Service
DPT	Devon Partnership NHS Trust
DSG	Dedicated Schools Grant
DYS	Devon Youth Services
EFA	Education Funding Agency
EH4MH	Early Help 4 Mental Health
EHCP	Education & Health Care Plans
ERDF	European Regional Development Fund
ESPL	Exeter Science Park Ltd
EU	European Union
FF&E	Fixtures, Fittings & Equipment
FTE	Full Time Equivalent
HIF	Housing Infrastructure Fund
HIV	Human Immunodeficiency Virus
HMRC	Her Majesty's Revenue & Customs
HNB	High Needs Budget
HR	Human Resources
HRMS	Human Resources Management System
iBCF	Improved Better Care Fund - Additional grant funding to supplement the Better Care Fund
ICB	Integrated Care Board
ICT	Information & Communications Technology

IID	Investing in Devon funds
ILACS	Inspection of Local Authority Children's Services
INTERREG	European Territorial Cooperation
IVC	In Vessel Composting
LAG	Local Action Group
LEP	Local Enterprise Partnership
LGA	Local Government Association
LEVI	Local Electric Vehicle Infrastructure
LMC	Local Medical Committee
LPS	Liberty Protection Safeguards
LTP	Local Transport Plan
MH	Mental Health
MHCLG	Ministry of Housing, Communities and Local Government is now called Department for Levelling Up, Housing and Communities
MRP	Minimum Revenue Provision
MTCP	Medium Term Capital Programme
MTFP	Medium Term Financial Plan
MUGA	Multi Use Games Area
MUMIS	Major Unforeseen Maintenance Indemnity Scheme
NDLR	North Devon Link Road
NEWDCCG	Northern, Eastern and Western Devon Clinical Commissioning Group
NFF	National Funding Formula
NHS	National Health Service
NHSE	National Health Service England
NLW	National Living Wage
NPIF	National Productivity Investment Fund
NPV	Net Present Value
OP&D	Older People & Disability
OSP	On Street Parking Account
OT	Occupational Therapist
PFI	Private Finance Initiative
PH	Public Health
PHN	Public Health Nursing
PPE	Personal Protective Equipment
PSPB	Priority School Building Project
PTE	Part Time Equivalent (15 hours)
PWLB	Public Works Loans Board
R&R	Ring and Ride
REACH	Reducing Exploitation and Absence from Care or Home
ROVICs	Rehabilitation Officers for Visually Impaired Children services
RD&E	Royal Devon & Exeter Hospital
RPA	Rural Payments Agency
RSG	Revenue Support Grant
S106	Funding from developers resulting from planning obligations authorised by section 106 of the Town and Country Planning Act 1990
SCF	Southern Construction Framework
SCOMIS	Schools Management Information Service
SEND	Special Education Needs and Disability
SGO	Special Guardianship Order
SPF	Shared Prosperity Fund
SRO	Senior Responsible Officer
SR21	Spending Review 2021
STP	Sustainable Transformation Programme
TBC	To be confirmed
TCS	Transport Coordination Services
TIDE	Atlantic Network for Developing Historical Maritime Tourism
TUPE	Transfer of Undertakings (Protection of Employment)
UASC	Unaccompanied Asylum Seeking Children
UK	United Kingdom
VELP	Vehicle Equipment Loan Pool
VfM	Value for Money
WEG	Water Environment Grant