

Month 6 Budget Monitoring 2024/25

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

1. Recommendation

That the Cabinet:

- a) Notes the Month 6 budget monitoring forecast position and the Safety Valve Intervention programme update.
- b) Notes Budgets movements to date as set out in Appendix 1 and the forecast reserves position.
- c) Notes the cash flow and external borrowing update including the refinancing of external borrowing
- d) Agrees the proposed changes to the 2024/25 capital budgets totalling £24.7 million as set out in paragraph 3.39.
- e) Notes the Chancellor's Budget 2024 (Autumn Statement) update.

2. Introduction

- 2.1. This report outlines the financial position and forecast for the Authority at Month 6 (to the end of September) of the financial year.
- 2.2. At Month 6 it is estimated that budgets will overspend by just over £4 million an improvement of £2 million on the month 4 position. However, it is important to note that this excludes the Dedicated Schools Grant (DSG) deficit – see 3.24 below.
- 2.3. Financial risks within Integrated Adult Social Care and Children and Young People's Futures are still being experienced, but the work underway across the whole authority to support these pressures continues to ensure the whole organisation is focused on achieving a break-even position for the end of the year.
- 2.4. Pressures continue to be felt within the Dedicated Schools Grant (DSG) around demand for Special Educational Needs services both locally and nationally. As part of the Chancellor's Budget on 30th October, the Government has recognised these pressures and has allocated an additional £1 billion to support Special Education Needs and Disabilities (SEND).
- 2.5. Considerable work has been undertaken since spring 2024 to accelerate and deliver upon a range of Safety Valve and SEND service critical objectives and

improvements. This includes the launch of the Authority’s updated SEND Strategy, the rollout of early help pilot activity in Northern Devon, a range of support work around systems and statutory process improvements to assist and improve the handling of plan development, and agreement and cross organisational working around autism and other health related priorities. Progress has also continued around addressing the backlog of EHCP plans held by the Council, with 161 plans issues in September 2024 compared to 98 in May, and 10% reduction in the number of overdue plans in the same period.

- 2.6. The DSG is forecasting an overspend of £45.8 million at month 6, an increase of £7.3 million from month 4. This represents an increase forecast of £14.7 million against the position included within the Safety Valve agreement with the DfE. The continued demand for EHCP plans across the county remains a critical driver of the change from month 4 impacting both mainstream and independent special schools.

3. Budget Monitoring – Month 6

- 3.1. The following table summarises the Month 6 forecast position by directorate, excluding the Dedicated Schools Grant forecast.

Service	Original Budget	Adjusted Budget	Forecast Outturn	Month 6 Over/ (Underspend)	Change From Month 4	
	£000 (a)	£000 (b)	£000 (c)	£000 (d)	% (e)	£000 (f)
Integrated Adult Social Care	360,746	356,412	357,493	1,081	0.30%	4
Children and Young People's Futures	227,785	249,988	257,301	7,313	2.93%	733
Public Health, Communities & Prosperity	20,923	21,867	21,736	(131)	-0.60%	(131)
Performance & Partnerships	0	7,791	7,763	(28)	-0.36%	(28)
Corporate Services	48,445	53,956	55,824	1,868	3.46%	(298)
Climate Change, Environment & Transport	85,482	95,811	93,792	(2,019)	-2.11%	(1,686)
Total Service Position	743,381	785,825	793,909	8,084	1.03%	(1,406)
Non Service Specific Budgets (Below the Line)	(105,920)	(148,364)	(152,439)	(4,075)	2.75%	(565)
Total	637,461	637,461	641,470	4,009	0.63%	(1,971)

- 3.2. The Original Budget (a) represents the budgets approved by Council at its meeting of 15th February 2024. Since that date the new directorate of Performance & Partnerships has been created, centralising a number of teams from across the authority.

- 3.3. The Adjusted Budget (b) reflects budget movements between service directorates and non-service lines which have taken place up to the end of July 2024. This includes the impact of any funds carried forward from the previous financial year and service changes such as the centralisation of some teams. Appendix 1 details these in year budget movements in full.

- 3.4. Delivery of budgeted savings, alternative funding and additional income (Savings) is reviewed throughout the year as part of the budget monitoring process. The level of individual directorate delivery will be referenced throughout the report but the following table summarises delivery across the authority and applies a RAGB (Red, Amber, Green, Blue) colour rating to the level of confidence in delivery progress.

RAGB Rating	Budgeted Delivery	Service Identified not Deliverable	New/Over Delivery		Outturn Forecast Delivery	Previous Period Forecast Delivery
	£'000	£'000	£'000	£'000	£'000	
Red	(6,346)	5,739	0	0	(607)	(703)
Amber	(14,209)	3,294	0	(2,500)	(13,415)	(13,715)
Green	(16,466)	50	0	(1,561)	(17,977)	(18,111)
Blue	(12,577)	147	0	(2,161)	(14,591)	(13,925)
	(49,598)	9,230	0	(6,222)	(46,590)	(46,454)

Forecast Non Delivery

3,008

Red - Unlikely to Delivery with Major Risks or Issues - Less than 50% delivery or more than £1m

Amber - Some issues that need management attention but is still feasible for delivery - Less than 70% delivery or less than £1m

Green - On track, with no major outstanding issues threatening its delivery - Expected to deliver 90% of plan

Blue - Completed and Closed - Fully Delivered

- 3.5. Budgeted savings of £49.6 million were identified as part of the budget setting process. At month 6 Directorates are forecasting delivery of £46.6 million, giving a projected shortfall against the total target for the year of just over £3 million. This reflects £9.2 million of planned savings no longer considered deliverable, partially mitigated by the identification of new plans or over delivery against targeted savings of £6.2 million. This current projection is reflected within individual directorate forecasts, and will continue to be updated throughout the year as plans are delivered and updated.
- 3.6. In particular, savings classified as Amber, where the need for closer management focus has been identified, present a risk to the forecast position.
- 3.7. Revenue Expenditure Integrated Adult Social Care**
- 3.8. Integrated Adult Social Care services are forecast to overspend by £1.1 million, an increase of £4,000 from month 4. The position assumes that £29.1 million of savings are deliverable against the budgeted target of £29.4 million. Of this £21.6 million is deemed as delivered in that action has already taken place to secure the saving.
- 3.9. Adult Care Operations is forecasting an overspend of £1.4 million. There continues to be a mix of price and volume variances against budget levels, with growing pressures being felt in Learning Disabilities and Physical Disabilities.
- 3.10. Adult Commissioning and Health is forecast to underspend by £284,000.
- 3.11. The Better Care Fund (BCF) programme supports local systems to deliver the integration of health and social care in a way that promotes person-centred care, sustainability and better outcomes for people and carers. It is a pooled budget between Devon County Council and Devon Integrated Care Board. There is currently a forecast overspend of just under £4.3 million associated with the BCF. This is mainly the result of pressures within the Community Equipment Service and budgets allocated to locality leads. Work is underway to mitigate and reduce this risk, but should it crystallise the agreement that underpins the pooled budget

arrangements mean that the Authority would be responsible for funding 50% of any end of year deficit. This £2.1 million forecast pressure, an improvement of £191,000 from month 4, is reflected within non-service items detailed within section 3.30 below.

3.12. Revenue Expenditure Children and Young People's Futures

- 3.13. Children and Young People's Futures services are forecasting an overspend of £7.3 million, an increase of £733,000 from month 4. However, this figure does not include the projected deficit on Dedicated Schools Grant (DSG) funded Special Education Needs and Disabilities (SEND). The position assumes that £6.7 million of savings are deliverable against the budgeted target of £9.2 million. Of this just under £5.2 million is deemed as delivered in that action has already taken place to secure the saving.
- 3.14. Children's Social Care is forecast to overspend by £7.4 million, an increase of £1.9 million from month 4 the result of increasing placement price pressures. The Place Called Home Board continues to provide strategic oversight of a number of key strands of work to address the children's placement budget. This includes: reducing the number of children placed in residential care through the identification of children who can step down from residential care and work with external providers and a review of the offer for in house foster carers to create a family placement pipeline; work to reduce reliance on spot purchasing; accelerating the work to open in house provisions; work with partners regarding joint funding arrangements, and; strengthening transitions arrangements to ensure children have appropriate transition plans as they approach 18.
- 3.15. The number of Children in Care has reduced further to 845, down from 860 in August 2024. Of these, 63 are young asylum seekers reflecting a reduction of 2 since August 2024. Despite this overall reduction in numbers of children in care, placement budgets are forecast to now overspend by £9.5 million. This is the result of greater numbers of children and young people placed in higher cost settings than budgeted for, mainly within residential settings, and movement between placement settings resulting in greater cost of care. The programme of Children's Homes provision is progressing with 2 sites operational, 1 nearing completion and 1 due to commence works imminently.
- 3.16. Education Learning, School Transport and Inclusion Services are forecasting a small underspend of £92,000, an improvement of £1.2 million from month 4. The main driver for this improvement is from revised estimates for home to school transport as numbers are now known at the start of the academic year. The need to engage Educational Psychologist associates within the SEND services support team and reductions in the number of schools trading with the service are creating pressures.
- 3.17. Pressures continue to be felt within the Dedicated Schools Grant (DSG) around demand for Special Educational Needs services. However, this is not just a local issue; research by County Council Network (CCN) and the Local Government Association earlier this year showed that increasing SEND deficits are being driven by record expenditure as a result of the rapid increase in the number of children on

specialist Education, Health and Care Plans (EHCPs) and an overreliance on special school placements, particularly in the independent sector. High-needs expenditure in county areas has jumped from £2.5 billion in 2018/19 to an estimated £5 billion next year. As part of the Chancellor's Budget on 30th October, the Government has recognised these pressures and has allocated an additional £1 billion to support SEND.

- 3.18. Considerable work has been undertaken since spring 2024 to accelerate and deliver upon a range of Safety Valve and SEND service critical objectives and improvements. This includes the launch of the Authority's updated SEND Strategy, the rollout of early help pilot activity in Northern Devon, a range of support work around systems and statutory process improvements to assist and improve the handling of plan development, and agreement and cross organisational working around autism and other health related priorities. Progress has also continued around addressing the backlog of EHCP plans held by the Council, with 161 plans issues in September 2024 compared to 98 in May, and 10% reduction in the number of overdue plans in the same period.
- 3.19. The authority has also been successful in securing £8.3 million of additional capital investment from DfE to create 350 additional SEND places within two of the area's colleges (PETROC and Exeter College). This supplementary capacity will provide additional opportunities from September 2025 for young people with SEND to continue in a mainstream college environment if they wish, with the potential to broaden the curriculum offer available to students, improve progression options and better meet individual need within our existing College settings.
- 3.20. However, demand for EHCP plans across the county remains a critical challenge for the authority. Despite significant management activity to review and cease plans, the overall number of young people with an EHCP in Devon grew to 9,506 in September, an increase of 764 on the previous year and is forecast to be 9,712 at January 2024, being 340 more than estimated within the agreed safety valve plan. Similarly, the average cost of an EHCP to the authority rose by £666 (a mixture of inflation and complexity of placement) in the same period. Whilst there was positive movement in a number of discrete areas, notably around both the number and cost of young people over the age of 16 holding a plan, additional demand and the impact of clearing the authorities' backlog has seen the pace of progress on SEND Transformation slow over recent months.
- 3.21. In response, management action has been taken to reinforce and further support the SEND Transformation Programme team, with the provision of additional leadership and operational capacity from elsewhere within the authority to address core areas of need. As part of this approach, work is currently ongoing to identify a range of in year and immediate measures that might be taken to renew progress across the Programme, with an emphasis on meeting its financial and outcome targets in advance of the end of the financial year.
- 3.22. The finalisation of the Safety Valve Agreement with the Department for Education (DfE) in 2023/24 means that the authority now has a target each year associated with the maximum level of accumulated deficit after any planned local contributions.

- 3.23. The DSG is forecasting an overspend of £45.8 million at month 6, an increase of £7.3 million from month 4. This represents an increase forecast of £14.7 million against the position included within the Safety Valve agreement with the DfE. The position assumes that £11.1 million of savings are deliverable against the budgeted target of £15.3 million, as per the safety valve submission. The continued demand for EHCP plans across the county remains a critical driver of the change from month 4 impacting both mainstream and independent special schools.
- 3.24. The following table details the SEND forecast accumulated deficit reflecting the position at month 6, the expected DfE contribution, and the contribution the authority has committed to making for the year.

	24-25 Projection - in SV agreement £'000	24-25 Forecast - (September) £'000
Cumulative DSG deficit - brought forward (deficit at beginning of financial year)	115,419	115,419
In year DSG deficit (before Safety Valve and local contributions)	31,166	45,845
Safety Valve programme DfE contribution	(6,330)	(6,330)
Local Devon County Council contribution	(28,700)	(28,700)
Cumulative DSG deficit - carry forward (deficit at end of financial year including SV payments and local contributions)	111,555	126,234
	Difference to Plan	14,679

- 3.25. The Authority submitted the second progress update to the DfE on 28th August 2024 detailing this position as well as the progress being made on delivering the transformation plan. The second payment has now been received and a meeting with the DfE has been arranged for November 2024 to discuss the £3 million special schools recoupment issue within the safety valve plan and wider programme delivery.

3.26. Revenue Expenditure Climate Change, Environment and Transport

- 3.27. At Month 6, the Climate Change, Environment and Transport directorate is forecasting an underspend of £2 million. Planned budgeted savings of £4.6 million are currently expected to deliver fully. Significant pressures are being managed within highways maintenance. Compared to the same period last year, April to September, the number of emergency potholes repaired this year has been 33,615, compared to 25,392 last year. At its meeting of 8 May 2024 as part of the Revenue and Capital Outturn Report 2023/24, Cabinet approved the carry forward of £2 million to support additional highways maintenance and drainage to help prevent potholes. This funding is being used to support responsive maintenance works to reduce the impact and disruption being felt on the highways network.

- 3.28. Transport Operations, Environment and Waste are forecasting an underspend of £790,000 as a result of higher than anticipated profit share from the Plymouth energy from waste plant. Planning is forecasting an underspend of £339,000 mainly as a result of vacancies within the planning team.
- 3.29. The on street parking reserve is projecting a closing balance at the end of the year of £691,000 this is after recognising in year costs of £863,000.

3.30. Revenue Expenditure Other Services

- 3.31. Public Health and Communities are forecasting an underspend of £131,000 relating to vacancy management and delayed heritage projects. Budgeted savings of £897,000 are expected to be fully delivered.
- 3.32. Performance and Partnerships are forecasting a small underspend of £28,000, budgeted savings of £380,000 are expected to be fully delivered.
- 3.33. Corporate Services is forecasting an overspend of £1.9 million, a reduction of £298,000 from month 4. Legal and Democratic Services are forecasting an overspend of £1.6 million, a reduction of £264,000 from month 4, pressures associated with legal disbursements continue. Transformation and Business Services are forecasting an overspend of £459,000, which is attributable to vacancy management targets (an assumed level of staff turnover where vacant posts are not replaced immediately to contribute towards savings targets). Corporate Services are forecasting savings delivery of £4.9 million against budget target of £5.1 million.
- 3.34. Non-service items, which include capital financing costs, interest earned and business rates pooling gain income, are forecasting an underspend of £4.1 million. This reflects the £2.1 million pressure associated with the Better care Fund risk share agreement and £1.7 million forecast shortfall on interest earned on cash balances being offset by the release of other funding and budget contingencies. Following the conclusion of Exeter Science Park refinancing the company has now repaid the loan which was previously guaranteed by the Authority, and a financial provision built up in previous years has now been released.

3.35. Capital Expenditure

- 3.36. The approved capital programme budget for the Council is £251.5 million in 2024/25. This figure incorporates amounts brought forward from 2023/24 of £74.3 million and approved in-year changes totalling a net of £21.9 million.
- 3.37. The year-end forecast is £204.5 million, or 81% of the programme, of which £209 million is externally funded. The variance to budget of £47 million includes a current forecast of slippage of £38.5 million into subsequent years. This is mainly due to Major Schemes within the Climate Change, Environment and Transport Directorate.
- 3.38. It is proposed to revise the budget for four of the Major Schemes to reflect the timing of expected spend where costs are now forecast to arise in 2025/26 rather than 2024/25, plus a budget reduction of one scheme where expected costs are below budget. This will reduce the in year 2024/25 budget by £24.7 million, providing a

more up to date budget position to support budget monitoring, budget preparation and cash flow planning. Proposed changes:

Scheme	Directorate	Current	Budget	Rephasing	Revised
		Budget 2024/25 £'000	Reduction to 2025/26 £'000	to 2025/26 £'000	Budget 2024/25 £'000
South West Exeter HIF	Climate Change, Environment & Transport	21,010	(6,532)	(1,766)	12,712
Destination Exmouth	Climate Change, Environment & Transport	11,147		(5,221)	5,926
West Devon Transport Hub	Climate Change, Environment & Transport	11,009		(5,124)	5,885
North Devon Link Road	Climate Change, Environment & Transport	27,899		(6,049)	21,850
Total		71,065	(6,532)	(18,160)	46,373

- 3.39. The Capital Receipts position, which is an important element of the Council's capital financing strategy, can be seen within the following table. Based on current projections as at Month 6 more than £12 million of capital receipts will be used in the current financial year towards financing the capital programme:

	2024/25 £'000
<u>Capital Receipts</u>	
Opening Balance	16,913
Receipts to date	370
Forecast Receipts for rest of year	1,243
Projected Balance available before Spend	18,526
Less: Forecast spend to be financed by receipts	(12,453)
Forecast year-end balance	<u>6,073</u>

3.40. Debt Over 3 Months Old

- 3.41. Corporate debt stood at £7.48 million, being 3.2% of the annual value of invoices, against the annual target of 1.9%. The balance of debt owed will continue to be pursued with the use of legal action where appropriate to do so.

3.42. Reserves

3.43. At the beginning of the financial year, earmarked reserves (excluding schools and non-schools carry forwards) stood at just under £101 million. During 2024/25 earmarked reserves are expected to decrease by just over £27 million to just over £73 million, as set out in the following table. There are no changes to the forecast balances since Month 4.

EARMARKED REVENUE RESERVES

	Balance 1 April 2024 £'000	Estimated Spending £'000	Contribution To Reserves £'000	Transfers Between Reserves £'000	Estimated Balance 31 March 2025 £'000
General Earmarked Reserves					
Budget Management	42,689	(500)	0	(8,678)	33,511
Business Rates Pilot	591	0	0	0	591
Business Rates Risk Management	17,008	0	0	(10,233)	6,775
Climate Change Emergency	1,509	0	0	0	1,509
Emergencies	19,089	0	0	(4,089)	15,000
Regeneration and Recovery	620	0	0	0	620
Safety Valve (SEND)	0	(28,900)	8,900	20,000	0
Service Transformation	4,686	(5,207)	1,000	3,000	3,479
Total General Earmarked Reserves	86,192	(34,607)	9,900	0	61,485
Special Purpose / Statutory Reserves					
Affordable Housing	130	0	0	0	130
On Street Parking	1,554	(926)	0	0	628
Public Health	12,941	(2,055)	0	0	10,886
Total Revenue Earmarked Reserves	100,817	(37,588)	9,900	0	73,129

3.44. The reduction in earmarked reserves largely reflects the planned contribution from the General Fund towards the DSG SEND Deficit as part of the Safety Valve plan to reduce the deficit over time.

3.45. In addition to earmarked reserves, the General Fund Reserve (working balance) brought forward at the start of the financial year is just under £16 million.

4. Refinancing of External Borrowing

4.1. During 2023/24, the Authority took the opportunity to repay £46.5 million of external Lender Option Borrower Option (LOBO) borrowing. This was initially funded by £29 million of short-term borrowing at a lower interest rate than the LOBO and eliminated the risk of the LOBO rate increasing.

4.2. As at the end of September, £19 million of the subsequent borrowing has also now been repaid, with the remaining £10 million due to be repaid in early November. As planned a review has been undertaken during October and an initial sum of £15 million has been refinanced for 12 months at 0.35% below Public Works Loan Board (PWL) rates.

- 4.3. As set out in the 2024/25 Treasury Management Strategy, the requirement to refinance the original loan repayments on a longer-term basis will be kept under review. Following the Government's Autumn budget there has been an upward spike in the cost of new borrowing, but it is still anticipated that rates will fall during 2025, and therefore any requirement to refinance on a longer-term basis should be left until rates are lower.

5. The Chancellor's Budget (Autumn Statement) 2024

- 5.1. On 30 October 2024 The Chancellor announced the 2024 Autumn Statement, setting out the Government's budget plans for public finances. This includes information about changes to national funding and taxation plans that will directly and indirectly impact on the Council's costs and funding. Set out below are some of the key headlines and an indication of potential implications for the Authority.
- 5.2. The Budget completes Phase 1 of Spending Review 2025, which resets government departmental budgets for 2024/25 and sets budgets for 2025/26. The Government's Spending Review (SR) now moves to Phase 2, which will conclude in late spring 2025.
- 5.3. The headlines include:
- **Fiscal Rules Changed** – No borrowing for day-to-day spend and Net Financial Debt must decrease as a proportion of GDP (by third year of forecast or 2029/30).
 - **Consumer Price Index (CPI) inflation close to 2% target but remaining above 2% until 2029.**
 - **Employer National Insurance Contributions (NICs) increased to 15% and threshold reduced to £5,000** – allowance made for impact on public sector organisations.
 - **Core Spending Power for local authorities will increase in real terms by approximately 3.2%** (including council tax, retained business rates and additional social care grant funding).
 - **Additional £1bn for SEND.**
 - **Extended Producer Responsibility** – Expected to be £1.1bn for 2025/26, first year guaranteed by The Treasury. Allocations to follow later in the Autumn.
 - **Household Support Fund continues for 2025/26** – with £1 billion national funding pot.
 - **£650m Local Transport Funding for 2025/26, and additional £500m of potholes funding.**
 - **Local Government Funding Reforms** planned.
- 5.4. Initial assessment of indicative implications for the Council's financial planning:
- The inflation forecast is close to our current assumptions.
 - National Insurance changes will impact on the Council's costs of staff employed to deliver services, with costs expected to be higher than current projections. This will also impact on our suppliers and therefore potentially increase

purchasing costs of works, goods and services. MHCLG has indicated it has set aside resources to provide funding to local authorities for the impact of this increase on its staff costs – details not currently available.

- National Living Wage to increase by 6.7% to £12.21 per hour from April 2025. This will impact on the Council's supply chain costs and drive increased budget pressures, particularly in adults social care and health supplier markets.
- Core Spending Power – measured as the core funding received by local authorities through council tax, business rates and general grants – is due to increase in real terms. This may soften the impact of cost rises and pressures with an increase in funding above our current projections. The budget indicates council tax flexibilities will continue although no detail provided.
- Additional funding for SEND is welcome. Individual authority allocations are not yet known, however this should help to mitigate cost and demand increases.
- Extended Producer Responsibilities impacts on waste services, and should provide additional income to the Council towards packaging disposal costs. An income estimate will be reflected in the 2025/26 budget, which will be refined when further information is received from Government.
- The Household Support Fund provides financial hardship support to households within County. Its continuation should be 'cost neutral' for the Council's budget with spending contained in line with funding received.
- The additional funding for potholes is welcome. Again, individual authority allocations are not known at this stage, or whether this will be revenue or capital funding.

- 5.5. Details of the specific funding implications for the Council will not be known until the Provisional Finance Settlement – due to be announced in December – or through other detailed announcements.
- 5.6. MHCLG has indicated there will be a policy statement in November. This will outline its plans for engaging with the sector on finance reforms, and will also provide detail on the upcoming 2025/26 provisional Local Government Finance Settlement to assist authorities with the process of budget planning for the next financial year and we will set out more detail on our plans to compensate local authorities for the increase in employer National Insurance contributions.
- 5.7. Officers will continue to work through the full Budget statement to consider where our own budget and medium term financial plan estimates can be updated, pending further clarity on some elements of detail. This will be reflected in budget reports to Scrutiny, Cabinet and Council through the annual budget process.
- 5.8. The full Budget Report can be located on the Gov.uk website: [Autumn Budget 2024](#).
- 5.9. An extended summary provided by the County Council's Network of the budget headlines is included in Appendix 2.

6. Options / Alternatives

- 6.1. No further options considered.

7. Consultations / Representations / Technical Data

7.1. Not required

8. Strategic Plan

8.1. Whole authority report

9. Financial Considerations

9.1. As Detailed above

10. Legal Considerations

10.1. There are no specific legal considerations.

11. Environmental Impact Considerations (Including Climate Change, Sustainability and Socio-economic)

11.1. There are no specific Environmental impact considerations

12. Equality Considerations

12.1. There are no specific equality considerations

13. Risk Management Considerations

13.1. There are no further risk management considerations not already identified.

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Local Government Act 1972: List of background papers

Background Paper

Date

File Reference

Appendix 1

Budget Adjustments 2024/25 as at month 4

	Original Budget £000	2023/24 Brought Forward £000	Virements Adjusted £000	Budget £000
Integrated Adult Social Care	360,746	465	(4,129)	357,082
Children and Young People's Futures	227,785	19,556	3,224	250,565
Public Health & Communities	15,580	7,922	(1,222)	22,280
Performance & Partnerships	5,343	330	118	5,791
Corporate Services	48,445	0	5,072	53,517
Climate Change, Environment & Transport	85,482	7,710	2,619	95,811
Central Contingency - Apprenticeship levy	890	0	0	890
Workforce inflation contingency	61	0	1,559	1,620
Total Service Budgets	744,332	35,983	7,241	787,556
Budget Carry Forward Fund	0	(43,596)	0	(43,596)
DSG Adjustment (Non SEND)	0	3,871	(3,871)	0
Social Care	0	1,530	0	1,530
Capital Financing Charges	34,816	0	0	34,816
Exeter Schols PFI Financing Charges	4,298	0	0	4,298
Exeter Energy from Waste PFI Financing Charges	6,022	0	0	6,022
Plymouth Energy from Waste PFI Financing Charges	2,714	0	0	2,714
Interest on Balances	(3,650)	0	(13)	(3,663)
Interest on SEND Safety Valve payments	(3,900)	0	0	(3,900)
Direct Revenue Financing	0	0	1	1
Income generation initiatives and review of balances	(611)	0	0	(611)
Pooling to Better Care Fund	6,806	0	0	6,806
Highways drainage works	1,500	2,000	(3,500)	0
Corporate Parenting	10	0	(10)	0
Provision for Adults and Childrens Services Change and Improvements capacity	175	0	(75)	100
Provision for care services change costs	4,250	0	(1,707)	2,543
Contingency for adults and childrens savings delivery	1,000	0	0	1,000
Contingency centralisation	0	0	250	250
Homelessness support	716	0	(716)	0
Homes for Children in Devon - setup costs	334	0	0	334
Family hubs development	1,000	0	0	1,000
Provision for reduction in care delivery costs	(2,100)	0	2,400	300
Supporting Communities	0	212	0	212
Spending from Reserves	4,261	0	0	4,261
Spending from Public Health reserve	3,011	0	0	3,011
Environment Agency - Flood Defence	669	0	0	669
Inshore Fisheries and Conservation Authority (IFCA)	370	0	0	370
Use of Reserves	(4,261)	0	0	(4,261)
Use of Public Health reserve	(3,011)	0	0	(3,011)
Contributions to Reserves	9,900	0	0	9,900
Total non Service Budgets	64,319	(35,983)	(7,241)	21,095
	808,651	0	0	808,651
Domestic Violence - new legislation	(1,481)	0	0	(1,481)
Business Rates - Government Grants and gain	(30,265)	0	0	(30,265)
Pooling Gain	(2,000)	0	0	(2,000)
Education Statutory retained duties - schools contribution	(1,476)	0	0	(1,476)
Core school improvement activities - schools contribution	(640)	0	0	(640)
IFCA Grant	(21)	0	0	(21)
Extended Rights Home to School Travel Grant	(1,085)	0	0	(1,085)
New Homes Bonus	(1,140)	0	0	(1,140)
Rural Services Delivery Grant	(10,124)	0	0	(10,124)
Adult Social Care Reform / Market Sustainability Grant	(15,643)	0	0	(15,643)
Services Grant	(653)	0	0	(653)
Social Care Grant	(70,729)	0	0	(70,729)
Adult Social Care Discharge Fund	(6,806)	0	0	(6,806)
Improved Better Care Fund	(29,127)	0	0	(29,127)
Total	637,461	0	0	637,461

Appendix 2

Headlines from the Autumn Statement 2024

Local government Finance:

- Additional £1.3bn grant funding for local government, including £600m for social care and £700m of unringfenced resources, with the distribution of this funding to be determined at the LGFS. The £230m homelessness grant is additional to the £1.3bn grant increase.
- CSP will increase by 3.2% in real terms in 2025-26. It is assumed this includes Band D increases in line with 2024-25 thresholds, plus the increases to the grants within CSP.
- The OBR's projections for council tax are 5% each year from 2025-26, indicating that current policy on Band D is unchanged from 2024-25, although this could yet be confirmed.
- Local authorities will receive additional income from the Extended Producer Responsibility (EPR) scheme, starting in January 2025. Authorities will receive an estimated £1.1bn in new funding from this income stream (with amounts guaranteed by the Treasury in 2025-26). It is not clear yet how this income will be allocated (especially in two-tier areas), or the extent to which it will have to be used to fund additional costs. Details will be announced in the provisional settlement and CCN will be engaging with MHCLG on this.
- Confirmation that there are plans to reform local authority funding in 2026-27 ("to ensure that it reflects an up-to-date assessment of need and local revenues"). Ministers are also considering making distributional changes in funding for 2025-26 as well ("starting with a targeted approach to allocating additional funding in 2025-26, ahead of a broader redistribution of funding through a multi-year settlement from 2026-27"). More details in the provisional settlement.
- Business rates multipliers: the small multiplier will be frozen, and the standard multiplier will be indexed (55.5p). From 2026-27, new sectoral multipliers will be introduced, with permanently lower multipliers for Retail, Hospitality, and Leisure (RHL) properties. In the interim, the RHL will continue into 2025-26. Compensation for both the reliefs and for freezing the small multiplier will be paid to local authorities as usual. A discussion paper has been published on business rates reform.
- Confirmation that charitable relief on business rates will be removed from private schools from April 2025.
- Business rates pilots will continue into 2025-26 for West of England, Cornwall, Liverpool City Region and the Greater London Authority.

Social Care

- £600 million of new grant funding, as part of the broader estimated real terms increase to core local government spending power of around 3.2%.
- £86 million increase to the Disabled Facilities Grant
- Carer's Allowance weekly earnings limit will be increased from £151 a week to the equivalent of 16 hours at the National Living Wage to help unpaid carers.
- £26 million capital funding to open new mental health crisis centres (as part of NHS capital settlement).

Education & SEND:

- Core schools budget will increase by an additional £2.3 billion next year, increasing per pupil funding in real terms.
- £1 billion increase to Special Educational Needs and Disabilities (SEND) and Alternative Provision funding, equivalent to 6% real growth.
- Further plans of the government's vision to reform England's SEND provision will be set out in Phase 2 (Spending Review).
- £6.7 billion of capital investment, a 19% real-terms increase from 2024-25. This includes:
 - £1.4 billion for the school rebuilding programme, representing an increase of £550 million on this year to support the current programme. This includes plans for 100 projects to start

delivery across England next year, reaffirming the government's commitment to improve the school estate by rebuilding 518 schools in total through the programme.

- £2.1 billion to improve the condition of the school estate. This is an increase of £300 million compared to 2024-25.
- £90 million to renovate and expand the children's home estate.
- £950 million for skills capital, including £300 million of new funding to support colleges to maintain, improve and ensure suitability of their estate.
- £15 million to begin delivery of the pledge to create 3,000 new or expanded nurseries through upgrading space in primary schools.

Children's Services:

- Spending on early years and family services to over £8 billion in 2025-26. This includes:
 - an additional £1.8 billion to continue the expansion of government-funded childcare
 - £30 million in the rollout of free breakfast clubs in schools next year.
 - £69 million to continue delivery of a network of Family Hubs.
- Over £250 million in 2025-26 to continue to test innovative measures to support children and reduce costs for local authorities. This includes £44 million of new funding to pilot a Kinship Allowance as well as to create hundreds of new foster placements.
- The government will set out plans for fundamental reform of the children's social care system in Phase 2 (Spending Review). This will include promoting early intervention to help children to stay with their families where possible and fixing the broken care market.

Devolution & Growth

- The government is introducing the first integrated settlements for Greater Manchester and the West Midlands Combined Authorities from 2025-26, and announcing the next Mayoral Combined Authorities eligible to receive them from 2026-27 – the North East MCA is included.
- The government will also simplify the wider local funding landscape, reducing the number of grants and consolidating them into the Local Government Finance Settlement, as well as moving towards a multi-year settlement for local government so local authorities can plan more effectively.
- The upcoming English Devolution White Paper will set out more detail on the government's devolution plans, including on working with councils to move to simpler structures that make sense for their local areas, with efficiency savings from council reorganisation helping to meet the needs of local people.
- The UK Shared Prosperity Fund will continue at a reduced level for a further year with £900 million of funding; this transitional arrangement will provide as much stability as possible in advance of wider local growth funding reforms.
- The government is minded to cease funding for the functions previously delivered by Local Enterprise Partnerships and the Business Board Network, and will consult on ending funding for pan-regional partnerships. The government will roll out new Local Growth Plans working with places to take advantage of their economic potential and foster clusters of well-paid jobs.
- The establishment of Skills England to ensure there is the highly-trained workforce needed to deliver economic growth.
- Confirming funding for Investment Zones and Freeports – continuing the UK-wide programmes to create additional jobs and drive economic growth in areas that have economically underperformed in the past.
- Investing over £500 million in 2025-26 to deliver Project Gigabit and Shared Rural Network to drive the rollout of digital infrastructure to underserved parts of the UK, including delivering full gigabit broadband coverage by 2030.

Housing and Homelessness

- £500m boost to the Affordable Homes Programme, increasing the annual budget to £3.1bn, to deliver 5,000 additional affordable homes.

- Future grant investment beyond the current Affordable Homes Programme will be set out at Phase 2 of the Spending Review.
- Consultation on new long-term social housing rent settlement of CPI +1% for five years, aimed at providing long term certainty for social housing providers.
- Reduction of Right to Buy discounts and enabling councils to keep 100% of receipts, allowing homes to be replaced.
- £3bn of additional support to the SME and Build to Rent sector, in the form of housing guarantee schemes.
- £233m additional spending in 2025-26 on homelessness taking total spend to £1bn.
- £1bn extension to the Household Support Fund and Discretionary Housing Payments.

Planning & Infrastructure

- Funding for an additional 300 planners and to boost and upskill LPA capacity to deliver the government's wider planning reform agenda.
- Allocating £70m in 2025-26 to support infrastructure and housing development while boosting nature recovery.
- Investment in remediation will rise to £1bn in 2026-26 to accelerate building remediation following Grenfell.
- £500m in 2025-26 to deliver Project Gigabit and Shared Rural Network to drive the rollout of digital infrastructure.
- Establishing the National Infrastructure and Service Transformation Authority (NISTA) to drive more effective delivery of infrastructure across the country. NISTA will combine the functions of the National Infrastructure Commission and the Infrastructure and Projects Authority, and will be operational from spring 2025.
- Confirming the Planning & Infrastructure Bill will be launched early next year.

Transport

- The Transpennine Route Upgrade between York and Manchester, via Leeds and Huddersfield.
- East West Rail connecting Oxford, Milton Keynes, and Cambridge and unlock land for housing and laboratories.
- Confirming HS2 running into Euston.
- Increase of £500m to £1.6bn to maintain and renew local roads.
- £650 million of funding for local transport beyond City Region Sustainable Transport Settlements in 2025-26 to ensure that transport connections improve in our towns, villages and rural areas as well as in our major cities. This includes funding to progress transport-related Levelling Up Fund projects from Rounds 1, 2 and 3. The Transport Secretary will set out further detail on how this funding will be allocated in due course.
- £1 billion funding to support local bus services and bus operators, in 2025-26.
- Confirmed the extension of the bus fare cap running from January 2025 to December 2025 at the higher rate of £3.
- An additional £100 million investment in cycling and walking infrastructure in 2025-26, to support Local Authorities to install cycling infrastructure and upgrade pavements and paths.

Energy and net zero

- £1bn of funding over three years for the Public Sector Decarbonisation scheme to decarbonise the public estate.
- Taking the first step towards a Warm Homes Programme, with an initial £3.4bn towards heat decarbonisation and household energy efficiency over the next three years. This includes £1.8 billion to support fuel poverty schemes, helping over 225,000 households reduce their energy bills by over £200.
- £163m to continue the Industrial Energy Transformation Fund over 2025-26 to 2027-28 helping businesses to decarbonise.

- Investing over £200 million in 2025-26 to accelerate EV chargepoint rollout, including funding to support local authorities to install on-street chargepoints across England.
- Providing £120 million in 2025-26 to support the purchase of new electric vans via the plug-in vehicle grant and to support the manufacture of wheelchair accessible EVs.