

Revenue Budget 2025/26, Medium Term Financial Plan and Capital Programme 2025/26 to 2029/30

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 be asked to:

- (a) Have regard to the responsibilities placed upon the Authority in the exercise of its Public Sector Equality Duty under s149 of the Equality Act 2010 (as set out in the 'Budget 2025/26 Impact Assessment' circulated previously for the purposes of this meeting, and specific impact assessments undertaken as part of the budget's preparation) in considering the proposals and their impact, before making a decision.
- (b) Have regard to the views of the Authority's Scrutiny Committees, the Devon Education Forum, the Business Community, the Voluntary Sector, and the Trades Unions and other consultees on the budget (set out elsewhere on the agenda).
- (c) Note the Statement from the Director of Finance and Public Value on the Robustness of the Budget Estimates, the Adequacy of Reserves and the Affordability of the Capital Strategy as set out on pages 26 to 29, and the risk analysis and assessment as set out on pages 187 to 210.
- (d) Note the Local Government Finance Settlement information included within the Budget.
- (e) Approve the Revenue Budgets as set out on pages 53 to 106.
- (f) Recommend to the Authority the Net Budget of £695.2 million as set out in Key Table 1 on page 16.
- (g) Recommend to the Authority a Council Tax rate increase of 4.99%, including a 2% increase in respect of Adult Social Care, with the total Council Tax Requirement set at £572,489,458.31 as set out in Key Table 2 on page 17.
- (h) Recommend to the Authority the precepts required from each District Council and the levels of county Council Tax for each of the eight property valuation bands

consequent upon the budget, as amended by adjustments in collection in the current year, as set out in Key Table 2 on page 17.

- (i) Note there are no new Fees and Charges proposed for 2025/26, and that in line with the Authority's Financial Regulations, changes to existing charges will be agreed by the appropriate Cabinet Member and Chief Finance Officer via a Delegated Decision.
- (j) Note the Medium Term Financial Plan 2025/26 to 2029/30 as set out on pages 108 to 137.
- (k) Approve the budgeted County Fund Balance of £16 million. Endorse the forecast County Fund Balance as set out on pages 138 to 144.
- (l) Approve the transfer of £591,000 from the Business Rates Pilot reserve and £620,000 from the Regeneration and Recovery reserve, both going to the Budget Management earmarked reserve. Endorse the Use of Reserves included in the Revenue Budget Key Table 1 on page 16, and the Earmarked Reserves balances and forecast as set out on pages 138 to 144.
- (m) Recommend to the Authority the Capital Programme for 2025/26 of £167.3 million and how it is financed as shown in Summary Table E on page 42, and the additions to the 2024/25 Capital Programme totalling £7.7 million as shown in Table A1 on page 34.
- (n) Approve a revision to the financing of £10 million capital investment in highways maintenance and drainage projects in 2024/25 from capital receipts to borrowing.
- (o) Approve, for planning purposes, the indicative Capital Programme investment totals 2026/27 to 2029/30 as shown in summary Table E on page 42, subject to review in future years through the annual budget process.
- (p) Recommend to the Authority that it adopts the Treasury Management Strategy for 2025/26 to 2029/30 as set out on pages 145 to 168 including the Prudential Indicators as contained on pages 149 to 153.
- (q) Delegate to the Director of Finance and Public Value the authority to effect movements between the separately agreed limits for borrowing and other long term liabilities.
- (r) Recommend to the Authority the Capital Strategy 2025/26 to 2029/30 contained on pages 169 to 180.
- (s) Recommend to the Authority the Flexible Use of Capital Receipts Strategy as set out on pages 181 to 185.

2) Background / Introduction

- 2.1 This report covers the Revenue Budget and Capital Programme for 2025/26, together with the Medium Term Financial Plan, Capital Strategy and Treasury Management Strategy for the 5 year period 2025/26 to 2029/30. These include an assessment of the robustness of the budget estimates and adequacy of reserves, a range of prudential indicators concerning the financial implications of the capital programme and an assessment that identifies risks associated with the budget strategy, together with how these risks will be managed.

3) Proposal

- 3.1 The Budget Book contains details of the Authority's revenue and capital budgets together with associated financial and operational information. The Authority's financial plans are drawn up with reference to:
- the Authority's major policies and objectives
 - the Authority's performance framework
 - demographic changes occurring within the county
 - consultation with local residents, businesses, and other stakeholders.
- 3.2 The proposed Budget 2025/26 incorporates the Service Targets for 2025/26 that were approved by Cabinet at its meeting on 8 January.
- 3.3 The Budget Book contains details of the final Local Government Finance Settlement, which was published on 3 February in advance of debate in Parliament on 5 February.
- 3.4 Importantly, the report sets out a balanced budget position for 2025/26. It also notes significant medium term risks which, if unresolved, threaten longer term financial sustainability. This is addressed in the Statement from the Director of Finance and Public on the robustness of budget estimates, adequacy of reserves and affordability of the capital programme.

4) Consultations / Representations / Technical Data

- 4.1 Consultation on the proposed service budgets was undertaken with Members through the Council's Scrutiny Committees in January. Feedback and recommendations from the committees is included in the agenda for today's committee with this budget item.
- 4.2 Consultation has also been undertaken during January with trade unions, the voluntary, community and social enterprise sector, and with businesses. Feedback on this consultation is included in the agenda for today's committee with this budget item.

5) Strategic Plan

- 5.1 Alignment with the Council's Strategic Plan is reflected throughout the budget report, which seeks to meet organisational priorities and objectives including the underpinning financial sustainability of the Authority and its services.

6) Financial Considerations

- 6.1 The annual budget is an important part of financial planning and risk management for the Authority. The detail is set out in the Budget Book with recommendations to Cabinet and the Authority set out above.

7) Legal Considerations

- 7.1 Legislation is clear that every councillor is responsible for the financial control and decision making at their council. The Local Government Act 1972 (Sec 151) states that "every local authority shall make arrangements for the proper administration of their financial affairs..." and the Local Government Act 2000 requires Full Council to approve the council's budget and council tax demand. It is a legal requirement for a council to set an annual budget and for that budget to be 'balanced' or fully funded.

8) Equality Considerations

- 8.1 Equality Impact and Needs Assessments have been completed and were considered when the budget was set. These are available at <https://www.devon.gov.uk/impact/published/budget-impact-assessments/>

9) Risk Management Considerations

- 9.1 Risk management is considered throughout the budget process and in the compilation of the budget. Budget risk and volatility assessment is also summarised in specific section in the Budget Book.

10) Reasons for Recommendations

- 10.1 The recommendations are required for the Authority to approve a Budget in line with statutory requirements and the Authority's Constitution, and to set out its financial plans in the public interest.

Name

Angie Sinclair, Director of Finance and Public Value

Electoral Divisions: All

Cabinet Member for Finance: Councillor Phil Twiss

Local Government Act 1972: List of background papers

Background Paper

Date

File Reference

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