

West Down Parish Council

County Councillors report

November 2022

Financial position of Devon County Council

Devon County Council provides vital services to over 800,000 people from a net revenue budget of £630 million. Devon has the largest local road network in the country and a larger proportion of older people compared to the national average. In the eleven years up to and including 2021/22 the authority's core funding from Government reduced by over £180 million or 72% in real terms. The County Council ended the 2021/22 financial year with a £3.3 million overspend, the first time this had happened in 30 years. We are not alone. New research by the County Councils Network shows 17 English authorities face a combined deficit of more than £500 million in 2023/24.

This year, next year – the mounting overspend

The uplift in funding provided by last year's Spending Review has been wiped out by rising inflation and increasing demand in Adult Social Care and Children's Services. It reflects unprecedented pressures throughout local government. The County Council - already budgeted to make £36 million of in-year savings - must somehow find a further £37 million by the end of March.

Inflation is in excess of 10% this year, reflected in ever increasing prices for supplier services and impacting on construction costs where inflation is even higher. Some 80p in every £1 the Council spends is with external suppliers. This is particularly the case with social care services which are already under huge pressures and recruitment challenges.

In 2023/24 the savings required will be £75 million. Savings on this scale mean a choice between previously unthinkable cuts to vital local services or financial failure within 12-24 months.

The risk of reductions to a bare minimum level of service required by law is now very real.

In addition, like many councils, we face a worrying SEND overspend in the Government's Dedicated Schools Grant driven by rising demand for special needs places and increasing cost of placements in independent schools. In a number of councils, including Devon, the Government has instructed that the deficit be placed in a special adjustment account and rolled over each year in accordance with a Statutory Override which is due to expire after this financial year.

In Devon's case, 41 children requiring additional special needs placements in independent schools since September, the start of the new academic year, means our projected overspend is currently showing a rise of over £2 million to £37.2 million which would take our accumulated deficit to £123.8 million at the end of this financial year. This is well beyond our reserves balance. If the deficit were required to come onto the Council's accounts, it would place Devon in immediate financial jeopardy.

The County Council is continuing to take action to reduce the overspend as much as possible. Our own special school capacity is planned to increase by 129 places this year which will reduce the need for more expensive independent placements. We are directing mainstream schools to provide more placements where appropriate and also exerting firm management on the Education, Health and Care Plan process to ensure quicker decision-making, improved communication with families and approving plans only where it is really necessary and in line with statutory guidance.

However, just like other councils, we do not have the money to overcome a total deficit of this scale. At the time of writing, we are awaiting a decision from Government on whether half the deficit will be met from the national Safety Valve Fund and if the County Council will be allowed to spread the cost of repaying the remainder from additional borrowing. We urgently need a decision or at least the temporary respite that Government intends to roll the deficit forward a further year.

The Chancellor has warned all Government departments to look for further efficiency savings. If that translates into funding reductions for local government coming on top of soaring inflation it will create a perfect storm in council finances. We are supporting the County Councils Network and LGA in lobbying Government for additional funding for local government. The Leader, John Hart, is asking Devon Members of Parliament to support Devon with the following actions.

Devon is not just calling for financial support and doing nothing to help itself.

The council had already put a freeze on staff recruitment in non-frontline areas, delayed planned investment in IT and infrastructure projects, cut its heating and lighting bills, squeezed all external contracts, stopped some routine road maintenance and reduced winter gritting routes as well as reviewing its school transport contracts and public transport subsidies.

Devon MPs were being briefed so they could champion the county's case at Westminster and the authority was working with the County Councils' Network and the Local Government Association on national lobbying.

Reminder of how to report a Highway issue;

[Report a problem - Roads and transport \(devon.gov.uk\)](https://www.devon.gov.uk)

0345 155 1004

Live chat is available on the Highways website Monday to Friday 9.30 am to 12 pm and 2 pm to 4.30 pm (4 pm on Fridays). To report a problem with road maintenance, traffic management and parking, streetlights and signs and public rights of way

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