

Agenda Item 7

Appendix 1

Update after the Funding Settlement (+ balancing the 2025/26 Budget)

Cabinet of the 10/12/24 had an estimated Gfund budget gap of £191k

Changes announced in the Funding Settlement

	Prev Estimate	FS 18/12/24	
Revenue Support Grant	104990	139800	
Rural Services Delivery Grant	633784	0	repurposed based on deprivation levels
Services Grant	15451	0	ditto
New Homes Bonus	413761	498147	
Funding floor grant	564370	739653	this effectively ensures no Council has a funding cut
Recovery grant - new for 25/26	0	57495	
Total	1732356	1435095	

The summary of our FS position is a cash freeze leaving our overall core spending power at £11.7m - which is the same as our 24/25 Govt. funding position

The £11.7m CSP includes Govt assumption on Ctax (@ the max Ref. limit) and Business Rates revenue + the additional non ring fenced grants we receive.

The above table shows the impact on our non ring fenced grants from Govt - i.e. a reduction of £297k

The Ctax referendum limit was confirmed at 3.0% for District Councils - this had already been assumed in our earlier working assumptions

Other announcements that sit outside of the FS

No details on precise allocations of the £515m to compensate for the NIC for employers - will be given in Jan 25 with the final FS - our GF costs our circa £370k NB - but looking at the methodology they have announced and the national control total Councils may only receive about 1/3rd of these additional costs!!!!

Extra homelessness allocations give us an extra £270k for 25/26 - mostly ring fenced to specific actions/duties

Our Extended Producer Responsibility funding has been announced at £927k - however this is a 1year only payment and will then be subsumed into the future medium term financial settlements promised from 26/27. It should also be noted that this is the final year of the Devon Waste Shared Saving Agreements which will see us lose the annual payment of circa £450k from DCC

Other budgetary changes since the Cabinet paper of the 10/12/24

Finalised salary budgets have resulted in a revised recharge of cost to the HRA of £35k

Income performance in leisure for 24/25 is very strong so we will increase the fees/charges budget by an additional £150k

Still need to finalise our Business Rates position in Jan 25

Summary of new position	£k
Position as at Cabinet 10/12/24	191
Impact of Funding Settlement	297
NIC ers compensation - shortfall	247
Utilisation of extra homelessness funding	-100
Extended Producer Responsibility	?
Finalisation of HRA recharges	-35
Increase to leisure fees/charges	-150
Final Business Rates position	?
New position	450

Work is still ongoing to establish whether any other savings can be secured and ultimately a decision will need to be made on either a temporary utilisation of reserves/balances or allocating some of the new EPR funding.

HRA update

Cabinet of the 10/12/24 had an estimated Gfund budget gap of £515k

Position as at Cabinet 10/12/24	515
Updated Vehicle Lease Forecast	26
Movement on Internal Recharges	35
Revenue Impact of Budgeted Capital Programme	90
Reduction in Investment Income Forecasts	196
NIC ers compensation - shortfall	65
Sub Total	927
Possible Savings	
Reductions Across Repairs & Maintenance Budgets	-330
Reduce Contribution to Impairment Allowance to £150k (£142k in 2023/24)	-50
Delay Borrowing by Using HMF - Interest	-166
Delay Borrowing by Using HMF - MRP	-29
Contributions from Renewable & Affordable Rents EMRs	-352

New position 0

Capital Programme Update

This was fully funded when reported to the December Cabinet. However, Govt. announcements made over the last month will reduce the borrowing assumptions made to fund the Housing Revenue Account's development strategy.