

NORTH DEVON COUNCIL

COUNCIL: 26 FEBRUARY 2025

REPORT OF THE LEAD MEMBER FOR COMMERCIALISATION AND RESOURCES

As you will know we have a balanced budget for the year 2025/26. We have managed to maintain services, despite huge financial pressures placed on us by the Labour government.

In the Autumn budget the Chancellor of the Exchequer announced a rise to employers National Insurance contributions, by 1.2% to 15% from April 6th 2025. The threshold at which an employer pays national insurance contributions has also been lowered to £5000. The consequence of this change is an increase to the council as an employer of £448,000. Public sector employers were advised that this would be compensated and such employers hoped that this compensation would be the full amount. The actual amount was £65,000, leaving us with an extra budget gap of £383,000.

The Rural Services Delivery grant was discontinued in November 2024. This was worth £421,247 in the 2024/25 financial year.

The provisional local government financial settlement announced in December 2025 announce a 6% funding guarantee for the whole of England. The variation across different types of authorities actually means for Shire districts the reality is that we have a 0% increase including our ability to raise council tax. This is a real terms cut in government funding. It seems that the government are trying to force devolution by failing to support shire districts.

Assuming the government keep the financial settlement at the same level, this means that the budget gap over the medium to long term will widen significantly very quickly.

This shows a need for the council to continue to be entrepreneurial. Green Lanes has proved an excellent investment, providing the returns hoped for at it's purchase. The completion of the properties in Bouport Street will provide further income to the council, providing much needed workspace and housing in the town centre. We have further business opportunities we are looking at, including the use of Lynton House, following the move of in-person customer services to Green Lanes.

The customer hub in Green Lanes should be opening in April. This is a good use of resources as the unit was proving difficult to let. Talking to the public, they think it is a good move and we look forward to providing superior customer services.

The council does not believe that selling assets would be a good way of raising money, but improving the use of assets is the best way forward. We are moving towards becoming a Registered Provider of housing, which will protect our investment in temporary accommodation as well as allow us to invest in Social Housing and help alleviate the housing crisis in this area.

Devolution is now included as a risk in financial terms for the council. The uncertainty surrounding the what, when and how devolution will happen puts a strain on the council, not only on finance, but in everyday operations. Despite this the council is and will continue to work towards producing balanced budgets, maintaining reserves at a reasonable level and continuing to provide the services needed in North Devon.

The Labour government has put us in a period of extreme uncertainty. We ask that they rethink the financial settlement to Shire districts whilst they exist, as the current funding formula is inherently unfair to areas such as ours and puts North Devon at a notable disadvantage. We would ask that the rural nature of North Devon is given the weighting it deserves as services are more expensive to run and we have health authority recognised areas of deprivation with a lower life expectancy.

Councillor Helen Walker
Lead Member for Commercialisation and Resources