

Phil Norrey
Chief Executive

To: The Chairman and Members of
the Corporate Services
Scrutiny Committee

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

(See below)

Your ref :
Our ref :

Date : 16 January 2017
Please ask for : Karen Strahan on 01392 382264

Email: karen.strahan@devon.gov.uk

CORPORATE SERVICES SCRUTINY COMMITTEE

Tuesday, 24th January, 2017

A meeting of the Corporate Services Scrutiny Committee is to be held on the above date at 10.00 am at Committee Suite - County Hall to consider the following matters.

P NORREY
Chief Executive

A G E N D A

PART ONE - OPEN COMMITTEE

- 1 Apologies
- 2 Minutes
Minutes of the meeting held on 28 November 2016, previously circulated.
- 3 Items Requiring Urgent Attention
Items which in the opinion of the Chairman should be considered at the meeting as matters of urgency.
- 4 Public Participation
Members of the public may make representations/presentations on any substantive matter listed in the published agenda for this meeting, as set out hereunder, relating to a specific matter or an examination of services or facilities provided or to be provided.

MATTERS FOR CONSIDERATION OR REVIEW

5 Budget 2017/18 (Pages 1 - 30)

Overall Approach

In line with previous practice, the 2017/18 budget proposals will again be scrutinised collectively, with a joint session of Scrutiny Committees to be held on 30 January 2017, following preliminary consideration by individual Scrutiny Committees.

The joint session will, as before, enable all Scrutiny Members to critique, question and challenge the budget proposals across services, to better understand the implications of the budget proposals across the Council and to make more effective recommendations to Cabinet and the Council. Additionally there will be an opportunity for members of the public to address that meeting and make oral representations/presentations on any matter relating to the proposed budget.

The Council must have full regard to and consider the impact of any proposals in relation to equalities prior to making any decisions, as set out in equality impact assessments, and any identified significant risks and mitigation action required.

This Meeting

At this and other Scrutiny Committees in the current cycle, Members are asked, in advance of the Joint Scrutiny meeting, to identify salient issues within each Committee's areas of responsibility, to examine the general thrust of the budget and take an overview of priorities and prospects as a means of informing discussion at the Joint Scrutiny meeting.

At these meetings Chief Officers will report, inter alia, on:

- the Cabinet's Target Budget for services/suite of services;
- how that compares to the target figure for 2016/17;
- the likely implications of the 2017/18 target for individual areas of service (e.g. in percentage terms compared to current levels) and how those areas have been prioritised;
- any comparisons between the current year and next year's proposals for the major service areas, to illustrate the scale of change within those activities and how the budget has been allocated across services in those years (to illustrate changes of emphasis or priority);
- any "alternative delivery models" or other initiatives contemplated for given services and how it is thought that these may reduce costs;
- impact assessments undertaken in relation to the draft budget.

Questions

As in previous years, a dedicated electronic mailbox facility is available to Members to ask questions of fact or on the interpretation of budget papers, in advance of the Joint Scrutiny meeting, until 24 January 2017, details of which have been circulated previously.

Report and Budget 2017/18 Impact Assessment

The Joint Report of the County Treasurer and the Chief Executive (CT/17/05) on the proposed budget for Corporate Services for 2017/18 is, attached.

[NB:

An overview of the impact assessments for all service areas entitled 'Budget 2017/18 Impact Assessment' has also been made available to all Members of the Council in order that Scrutiny Committees may have access to all necessary equality impact assessments undertaken as part of the budget's preparation. The document will also be available at:

<https://new.devon.gov.uk/impact/published/budget-setting-201718/>

Members are requested to familiarise themselves with its contents, retaining it for future meetings accepting that this is a dynamic process and individual assessments may necessarily be updated with time. Members of the Council must have full regard to and consider the impact of any

proposals in relation to equalities for the purpose of this and other budget meetings prior to making any decisions and any identified significant risks and mitigating action required. Scrutiny Committees will no doubt wish to be assured that risk assessments and projections are adequate and that the evidence supports the assumptions made in the formulation of the budget.

Other Relevant Links: <https://www.toughchoices.co.uk/>; <https://new.devon.gov.uk/impact/>; <https://new.devon.gov.uk/haveyoursay/>

- 6 Treasury Management Strategy 2017/2018 (Pages 31 - 44)
Report of the County Treasurer (CT/17/08) on the Treasury Management Strategy 2017/2018, attached.
- 7 Risk Management (Pages 45 - 60)
Report of the County Solicitor, (CS/17/8), highlighting the agreement of the Committee, at its last meeting, in reviewing the risk register and identifying future topics / issues for the work programme, attached.
- 8 Youth Service Externalisation (Pages 61 - 66)
Report of the Chief Officer for Communities, Public Health, Environment and Prosperity (SC/17/1) on progress with Youth Service Externalisation, attached.
- 9 Scrutiny Work Programme (Pages 67 - 78)
Scrutiny Officer to report.

In accordance with the previous practice, Scrutiny Committees are requested to review the list of forthcoming business (previously circulated) and determine which items are to be included in the Work Programme. The Work Programme is also available on the Council's website at <https://new.devon.gov.uk/democracy/committee-meetings/scrutiny-committees/scrutiny-work-programme/>

Members may be aware that Councillor Greenslade submitted a recent Notice of Motion in relation to 'triple lock pensions' which had been referred to the Cabinet in accordance with Standing Order 8(2) for consideration.

Cabinet **RESOLVED** that the Corporate Services Scrutiny Committee be invited to examine the matters outlined in the Notice of Motion and comment this to Cabinet prior to any recommendation being made to the County Council in accordance with Standing Orders 6 and 8.

Members may wish to consider whether to add this topic to the Committees Work Programme.

Members of the Committee may also wish to consider topics for future Member Development sessions.

The Committee may also wish to review the content of Cabinet Forward Plan (available at <http://democracy.devon.gov.uk/mgListPlans.aspx?RPId=133&RD=0> to see if there any specific items therein the Committee might wish to explore further.

MATTERS FOR INFORMATION

- 10 Briefing Papers, Updates & Matters for Information
Members are asked to advise the Scrutiny Officer if they wish to raise any matter or ask any question in relation to this item in order that arrangements may be made for appropriate Heads of Service or their representatives to be available.


There had been no information circulated since the last meeting.

PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PUBLIC AND PRESS

Nil

*Members are reminded that Part II Reports contain confidential information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s).
Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Democratic Services Officer at the conclusion of the meeting for disposal.*

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership
Councillors J Brazil (Chairman), K Ball, J Berry, A Boyd, P Colthorpe (Vice-Chair), M Edmunds, G Gribble, R Hosking, R Julian, J Knight, J Owen, R Rowe, R Westlake, R Younger-Ross and J Yabsley
Declaration of Interests
Members are reminded that they must declare any interest they may have in any item to be considered at this meeting, prior to any discussion taking place on that item.
Access to Information
Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact Karen Strahan on 01392 382264 Agenda and minutes of the Committee are published on the Council's Website.
Webcasting, Recording or Reporting of Meetings and Proceedings
The proceedings of this meeting may be recorded for broadcasting live on the internet via the 'Democracy Centre' on the County Council's website. The whole of the meeting may be broadcast apart from any confidential items which may need to be considered in the absence of the press and public. For more information go to: http://www.devoncc.public-i.tv/core/
In addition, anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
Members of the public may also use Facebook and Twitter or other forms of social media to report on proceedings at this meeting. An open, publicly available Wi-Fi network (i.e. DCC) is normally available for meetings held in the Committee Suite at County Hall. For information on Wi-Fi availability at other locations, please contact the Officer identified above.
Public Participation
Devon's residents may attend and speak at any meeting of a County Council Scrutiny Committee when it is reviewing any specific matter or examining the provision of services or facilities as listed on the agenda for that meeting.
Scrutiny Committees set aside 15 minutes at the beginning of each meeting to allow anyone who has registered to speak on any such item. Speakers are normally allowed 3 minutes each.
Anyone wishing to speak is requested to register in writing with Karen Strahan (karen.strahan@devon.gov.uk) by 0900 hours on the day before the meeting indicating which item they wish to speak on and giving a brief outline of the issues/ points they wish to make.
Alternatively, any Member of the public may at any time submit their views on any matter to be considered by a Scrutiny Committee at a meeting or included in its work Programme direct to the Chairman or Members of that Committee or via the Democratic Services & Scrutiny Secretariat (committee@devon.gov.uk). Members of the public may also suggest topics (see: https://new.devon.gov.uk/democracy/committee-meetings/scrutiny-committees/scrutiny-work-programme/)
All Scrutiny Committee agenda are published at least seven days before the meeting on the Council's website.
Emergencies
In the event of the fire alarm sounding leave the building immediately by the nearest available exit, following the fire exit signs. If doors fail to unlock press the Green break glass next to the door. Do not stop to collect personal belongings, do not use the lifts, do not re-enter the building until told to do so.
Mobile Phones
Please switch off all mobile phones before entering the Committee Room or Council Chamber
If you need a copy of this Agenda and/or a Report in another format (e.g. large print, audio tape, Braille or other languages), please contact the Information Centre on 01392 380101 or email to: centre@devon.gov.uk or write to the Democratic and Scrutiny Secretariat at County Hall, Exeter, EX2 4QD.
 Induction loop system available

CT/17/05

Corporate Services Scrutiny Committee

24th January 2017

Joint Report of the County Treasurer and Chief Executive

2017/18 Budget

Recommendation: that the Scrutiny Committee consider whether it wishes to draw to the attention of the Cabinet any observations on the proposals contained within the draft Revenue Budget 2017/18 and Capital Programme for 2017/18 to 2021/22.

1. Introduction and Commentary

- 1.1 At its meeting of 14th December 2016, Cabinet set Revenue Budget targets for 2017/18. The targets incorporate inflation and pressures and income initiatives and savings required to set a budget within reduced funding levels provided by Government in the recent provisional financial settlement.
- 1.2 A number of major decisions remain to be taken. At this stage, the final outcome of the Local Government Finance Settlement is awaited and details of the council tax base, collection fund surpluses and tax base yield have yet to be confirmed along with the local element of Business Rates. Information should be available by the time that County Council considers final budget proposals for 2017/18 on 16th February 2017. However, given the late notification of the provisional settlement and in line with arrangements from previous years, 23rd February 2017 has been set aside for a second County Council budget meeting if required.
- 1.3 The draft budget attached to this report complies with the targets set by Cabinet on 14th December which total £459.585 millions. The total includes funding for budget pressures of £43.0 millions that mainly relates to additional expenditure to allow for service growth to cater for demographic changes such as increased children and adult service users and unavoidable cost pressures. Savings and income initiatives of £22.2 millions are required to set a balanced budget.
- 1.4 The targets set for each service area have been subject to different pressures and influences. The table below shows the 2017/18 Budget Targets by Chief Officer as following the restructure we no longer have Strategic Directors. Service specific implications of the restructure are set out in detail later in this report.

	2016/17			2017/18	
	Adjusted		Savings & Income Initiatives	Base Budget	
	Base Budget	Inflation & Pressures	£000	£000	£000
	£000	£000	£000	£000	
Adult Care & Health	197,747	26,936	(8,190)	216,493	+9.5%
Children's Services	115,827	7,843	(5,539)	118,131	+2.0%
Communities, Public Health, Environment & Prosperity	33,311	2,468	(576)	35,203	+5.7%
Corporate Services	33,466	2,283	(2,397)	33,352	-0.3%
Highways, Infrastructure Development & Waste	58,437	3,496	(5,527)	56,406	-3.5%
	438,788	43,026	(22,229)	459,585	

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- 1.5 This report provides detailed budget proposals in respect of all Corporate Services, in line with the targets outlined above. The Budget Scrutiny day will provide Members with the opportunity to question further budget issues for 2017/18 and beyond. In addition, detailed questions can be raised in advance of the Budget Scrutiny day by using the central DCC mailbox scrutiny@devon.gov.uk

2. Influencing Factors for Cabinet Consideration

- 2.1 On 15th December 2016, the Secretary of State for the Department for Communities and Local Government, Rt. Hon. Sajid Javid MP, made a statement to Parliament on the Provisional Local Government Finance Settlement for 2017/18. The main items of note are set out below.
- 2.2 In 2016/17, the Social Care Precept on Council Tax was set at 2% per annum for the period 2016/17 to 2019/20 inclusive. The terms of this precept have now been changed for the period 2017/18 to 2019/20. Local Authorities will now be able to increase the Social Care Precept by up to 3% per annum in 2017/18 and 2018/19. However, authorities that go ahead with the 3% increase in both years will not be able to make a further increase in 2019/20 (i.e. the total allowable increase over the three year period remains at 6%).
- 2.3 The 2017/18 New Homes Bonus allocations and details of the consultation on the future of the scheme have been announced (previously these figures were indicative). The number of years the scheme will be based upon, currently six years, will reduce to five years in 2017/18 and four years from 2018/19 onwards. The scheme will now also only reward growth in homes above 0.4% per annum, currently all growth is rewarded. These changes have reduced the County Council's expected New Homes Bonus allocation by £709,000. The majority of New Homes Bonus, 80%, is retained by the District Councils and the impact of this change is therefore felt more keenly by them. The Devon Districts have between them seen their funding reduced by £2.95 millions in 2017/18.
- 2.4 The changes to the New Homes Bonus Scheme have allowed the government to remove £241 millions from the 2017/18 scheme. This saving has been used to create the new Adult Social Care Support Grant. This funding is being distributed based on the relative needs formula and is for 2017/18 only. The County Council will receive £3.592 millions.
- 2.5 As the Adult Social Care Support Grant is for 2017/18 only and the increased freedoms relating to the Social Care Precept being a matter of timing only there is no change to funding levels from these two changes in 2019/20.
- 2.6 Within the Business Rates Retention system the Top Up element has been amended to reflect the 2017 revaluation. For the County Council this amounts to an additional £74,000 in 2017/18; this is not a gain however, as the local element of Business Rates is expected to reduce by this amount. The other elements of Core Funding are as expected.
- 2.7 The provisional settlement has confirmed that the Council Tax increase that will trigger a referendum, excluding the Social Care Precept, will remain at 2% for 2017/18.
- 2.8 In 2017/18 government funding (core funding) for the County Council will reduce from £151.6 millions in 2016/17 to £128.3 millions in 2017/18. This is a reduction of £23.3 millions, nearly 15.4%. Although this is inline with the four

year settlement announced in 2016/17 it is still a significant reduction to our funding at a time when there are huge pressures on Social Care services.

3. Service Specific Budget Issues

- 3.1 The targets set for each service area have been based on the new structure. Corporate Service Scrutiny committee will continue to receive the proposed budgets for all of Corporate Services. However, the proposed budgets for Public Health will be presented to the Place Scrutiny Committee along with the other services falling under the remit of the Chief Officer for Communities, Public Health, Environment and Prosperity.
- 3.2 In order to deliver budget targets set by Cabinet, budget reductions of £2.397 millions are required.
- 3.3 To achieve this, significant budget reductions are required in respect of staffing, incorporating restructuring of services, revised management structures and other fundamental operational changes. For some services process mapping has helped to engineer change and produce increased efficiencies and reduced costs.
- 3.4 Work on cross-cutting strategies continue along with increasing property rationalisation and contractual savings including energy efficiency.
- 3.5 At the same time we continue to develop new delivery models, alongside a further progression of partnership arrangements and increased use of joint venture arrangements, wherever appropriate, in order to bring down costs.
- 3.6 We have also increased income targets, utilising increased growth from the educational marketplace by way of the Schools Management Information Service (ScoMIS), as well as charging academies for conveyancing work.
- 3.7 Furthermore, significant reductions are predicated on changes within the cost of democracy resulting from Boundary reforms, and a review of committee and other meeting structures and support.
- 3.8 For Corporate Services as a whole, there are risks associated with the targets, not least the increasing demands placed by front-line services, also undergoing significant organisational change.
- 3.9 With transformational change taking place across several areas at the same time, the challenge of delivering considerable budget reductions whilst meeting increased operational demands is not insignificant.
- 3.10 It is evident that the level of demand in recent years has exceeded capacity, not least through increased pressure in child and adult safeguarding. This has been offset by additional savings in other areas, and has added significantly to the overall pressure on Corporate Services.

4. Capital Programme

- 4.1 The Council's capital programme has been produced to maximise investment in the County's infrastructure and assets and to support service delivery and priorities.
- 4.2 Corporate Services will have £11.5 millions of new capital investment across the service, funded from corporate resources. This will include ongoing £5.5 millions investment within ICT for IT replacement and renewal to support the

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Authority's new operating model. In addition there will be new investment covering digital technologies, business intelligence infrastructure and productivity tools. There will be £3 millions of investment to the County's corporate estate including heating and ventilation systems, electrical works, lifts and other improvements and £3 millions investment within County Farms to ensure the County is able to meet its statutory and legislative requirements.

5. Equality Impact Assessment

- 5.1 Under the Equality Act 2010, the County Council has a legal duty to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations when making decisions about services. This duty applies to the eight 'protected characteristics' of age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation. Where relevant, Impact Assessments are carried out to consider how best to meet this duty, which includes mitigating against the negative impact of service reductions.
- 5.2 The Equality Act 2010 and other relevant legislation does not prevent the Council from taking difficult decisions which result in service reductions or closures for example, it does however require the Council to ensure that such decisions are:
- Informed and properly considered with a rigorous, conscious approach and open mind.
 - Taking due regard of the effects on the protected characteristics with the need to ensure nothing results in unlawful discrimination in terms of access to, or standards of, services or employment as well as considering any opportunities to advance equality and foster good relations.
 - Proportionate (negative impacts are proportionate to the aims of the policy decision).
 - Fair
 - Necessary
 - Reasonable, and
 - Those affected have been adequately consulted.
- 5.3 The report 'Budget 2017 – 2018 Equality Impact Assessment' provides information on the impacts of savings strategies. Previous years assessments are available at <https://new.devon.gov.uk/impact/> under 'Published Assessments'. The report for 2017/18 provides a detailed analysis of community feedback and data and views on budget priorities and council tax.

The 2017/18 report is published at <https://new.devon.gov.uk/impact/published/budget-setting-201718/>

Mary Davis

County Treasurer

Electoral Divisions : All

Local Government Act 1972

Phil Norrey

Chief Executive

List of Background Papers

Contact for Enquiries : Mary Davis

Tel No: (01392) 383310 Room 199

Background Paper Date File Ref

Nil

Date Published 11th January 2017

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Leadership Group Commentary

Introduction

Against a national back drop of economic and political uncertainty, Devon County Council is facing increasing pressures on its budget. Uncertainties around the potential fall out from Brexit make for a nervous economic picture, and there remains a lack of any clear direction around the devolution agenda and the potential for the Heart of the South West to benefit financially.

What is clear though is that while resources reduce, demand on services is growing. With people living longer and having increased and more complex needs, expectations of how the Council delivers services need to be managed more effectively.

We remain a large organisation and a major employer in the South West, with a budget of over £1 billion. This is becoming increasingly challenging to manage but by working in new and innovative ways with our staff, Members, partners and communities, it is achievable.

Services under pressure

The combination of increased need and increased complexity of need is putting our services under pressure. While we have already taken steps to increase efficiency and effectiveness, we need to do more to prevent unnecessary escalation into our high cost specialist service areas.

Our budget recognises that the health and social care system is a critical area that is under severe pressure, resulting in escalating demand on resources and the need for better integration. Our core purpose is to look after the old, the young and the most vulnerable people in our society and ensure they have the best outcomes while achieving value for money across all areas of our work.

With a greater emphasis on prevention and tackling health inequalities, we will work with our partners to identify opportunities for better local outcomes, encourage greater independence, and help people to help themselves and live their lives well.

Supporting people, whatever their circumstances, through education and into work is a cornerstone of our commitment to improving quality of life and giving back to the local economy.

We also work hard to keep Devon on the move, with a smooth transition to our new Term Maintenance Contractor helping to reduce costs, and Government grants helping to improve the rural road network.

Building community resilience

One of Devon's biggest assets is its communities. We know that many people are active in supporting others in their town and village, and our voluntary and community sector is strong, playing a key role in helping people to live independently, feel connected and build more resilient communities.

We are beginning to have a different sort of conversation with our communities and discovering more about what matters to them and how they want to work with others to reduce dependency on services. Our recent community survey revealed:

- 80% say their community is active in helping people to stay healthy with a good quality of life
- 84% think local people come together to support each other
- 71% say they look out for neighbours or anyone who might be isolated or lonely
- 68% say they can get the help and support they need from family, friends and the community

- 83% say they are active in helping to shape community life
- 72% say their community helps plan for emergencies such as flooding
- 90% say Devon is a place where people and communities can do well

A prime example of community self help is the innovative Integrated Care for Exeter (ICE) programme, bringing together local government, public and community sector organisations and NHS providers. ICE aims to improve the experience of health and social care and support people to remain independent.

And our place based community self-help scheme involves volunteers in a range of activities to enhance their community and keep it moving in the event of flooding or snow.

Efficiency and innovation

By changing our approach to service delivery, we are challenging ourselves to be more focused on what matters by looking through the eyes of individuals and communities at what we do and how we do it.

We will make the most of the talents, skills and energy of our staff, Councillors and residents to redesign and modernise our services.

We will learn from the best and from experience, developing new ideas and digital solutions.

And we will inject more pace into everything we do, becoming more agile in our approach and ensuring that the best value services get to the right people, at the right time, by the right organisation.

For more information on the contents of this section, please contact Nicky Allen, Senior Assistant County Treasurer on 01392 383590 or email nicola.allen@devon.gov.uk

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Chief Executive, Legal and Communications

2016/17 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2017/18 Outturn Budget £'000	2017/18 Net Changes £'000
1,352	Coroners Service	1,400	(2)	1,398	46
1,056	Legal Services	2,097	(1,046)	1,051	(5)
836	Media, Marketing and Communications	1,202	(317)	885	49
	Other Services				
212	Corporate Management	288	(64)	224	12
1,740	Cost of Democracy	1,583	(79)	1,504	(236)
130	Local Authority Subscriptions	130	0	130	0
2,082		2,001	(143)	1,858	(224)
(534)	Registration Service	1,336	(1,840)	(504)	30
4,792		8,036	(3,348)	4,688	(104)

	Change £'000
Analysis of changes:	
Technical and Service Changes	
Inflationary increases	155
Increase to Pension contributions	165
Transfer re additional business support (see Digital Transformation and Business Support)	(3)
Savings requirements	
Increased income from Academies	(100)
Savings in cost of Democracy	(321)
Total Chief Executive, Legal and Communications	(104)

Service Commentary

Chief Executive, Legal Services & Communications provides advice, information and support to staff and Members. In addition it also provides for the Registration of Births, Deaths & Marriages, Her Majesty's Coroners Services, Democratic Services and Scrutiny.

There are a number of pressures affecting the service, not least the increasing demands for legal support in respect of childcare and safeguarding adults, and financial pressures on the Coroners Service.

Service Statistics and Other Information

	Unit of Measurement	2014/15 actual	Change	2015/16 actual
Coroners Service				
Caseload	No.	2,849	(88)	2,761
Total inquests opened	No.	301	(20)	281
Natural deaths reported with a Post Mortem	No.	529	6	535
Registration Service				
Certificates issued	No.	62,673	1,212	63,885

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Digital Transformation & Business Support

2016/17 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2017/18 Outturn Budget £'000	2017/18 Net Changes £'000
Business Infrastructure					
5,082	Business Services and Support	5,462	(370)	5,092	10
986	Customer Relations	1,122	(162)	960	(26)
2,606	Facilities Management	4,771	(2,104)	2,667	61
(7,288)	Private Finance Initiatives	1,492	(8,812)	(7,320)	(32)
1,386		12,847	(11,448)	1,399	13
Estates					
2,272	Building Maintenance	2,124	(13)	2,111	(161)
1,090	Estates Corporate	1,389	(406)	983	(107)
(362)	Farms	710	(1,092)	(382)	(20)
3,000		4,223	(1,511)	2,712	(288)
ICT					
1,385	Customer Service Centre	1,396	(11)	1,385	0
7,210	ICT	8,858	(1,201)	7,657	447
8,595		10,254	(1,212)	9,042	447
1,260	Procurement	1,612	(441)	1,171	(89)
14,241		28,936	(14,612)	14,324	83

Analysis of changes:

**Change
£'000**

Technical and Service Changes

Inflationary increases	583
Increase to Pension contributions	506
National living wage (Facilities Management)	30
Rental of corporate premises	70
Combating Ash Dieback in Devon's trees	60
Transfer re additional business support to legal services (Chief Executive, Legal and Comms)	3

Savings requirements

Staffing reductions and turnover savings	(635)
Corporate Maintenance savings	(164)
Increased income from joint ventures	(100)
Property rationalisation initiatives	(75)
Contractual savings (PFI)	(35)
ScoMIS - increased growth from educational marketplace	(50)
Energy efficiency savings	(50)
County Farms - rental reviews (net savings)	(20)
Facilities Management savings	(40)

Total

83

Service Commentary

The Digital Transformation and Business Support Service is critical for the smooth running of the County Council, enabling all of us to work more efficiently and is fundamental to ensuring that the County Council's key resources are prioritised to meet organisational demand.

As such it covers a range of functions that are critical to supporting frontline service delivery including Information and Communications Technology, Property Asset Strategy, Procurement Services, Land and Property Management (including the County Farms Estate), Facilities management, Business Support (both Front line and back office support), Customer Services Centre, Customer Relations and Information Governance.

In terms of pressures, the key challenge is to ensure efficient and effective service delivery to all front-line services, despite ever increasing demands being placed on Digital Transformation and Business Support from all services within the Council whilst concurrently planning and delivering the required budget savings for these services.

Services must also be developed to ensure they meet the changing shape of the Council and to ensure the Council has a robust and secure foundation on which to operate, whilst also contributing to the Council's Budget reduction programme.

Service Statistics and Other Information

	Unit of Measurement	2016/17	Change	2017/18
Property				
DCC owned operational properties (including schools)	No.	598	(42)	556
The estate valuation based on depreciated replacement costs or market value, (excluding Church Schools)	£m	779	(81)	698
High priority backlog of maintenance works	£m	49	(5)	44
County Farms Estate				
No of Farms	No.	69	0	69
Total acreage	Acres	9624	(34)	9,590
IT Infrastructure				
Managed Desktops	No.	7,254	(123)	7,131
Networked Sites	No.	278	(20)	258
User accounts (DCC IT systems)	No.	6,062	(236)	5,826

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Human Resources and Organisational Development

2016/17 Adjusted Budget £'000	Gross Expenditure £'000	Gross Income £'000	2017/18 Outturn Budget £'000	2017/18 Net Changes £'000
2,680 Human Resources	16,414	(13,793)	2,621	(59)
726 Organisational Development	685	(100)	585	(141)
3,406	17,099	(13,893)	3,206	(200)

Analysis of changes:

£'000

Technical and Service Changes

Inflationary increases	94
Increase to Pension contributions	217

Savings requirements

Staffing reductions	(309)
County wide information management and change resources review	(167)
Contractual savings	(35)

Total

(200)

Service Commentary

Organisational Development plays a critical role in transforming the way services are delivered, both within the Council and with partners. It helps to shape the Council's approach, operation and structure by bringing together our corporate policy, HR and organisational change functions in a focussed and coherent way to ensure the Council responds effectively to the pressures, policy and legislative developments it faces.

Those pressures and the drive to transform and change are particularly acute at present and balancing those demands with the need to make significant budget savings, particularly within the HR Service, is the key pressure, as there are significant demands for support, particularly HR support, from front-line services that are themselves undergoing significant organisational change.

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Treasurer's Services

2016/17 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2017/18 Outturn Budget £'000	2017/18 Net Changes £'000
Other Services					
152	Bank Charges	152	0	152	0
106	External Audit	106	0	106	0
5,148	Unfunded Pensions	8,191	(3,265)	4,926	(222)
5,406		8,449	(3,265)	5,184	(222)
Treasurer's Services					
3,060	Accountancy Services	3,786	(938)	2,848	(212)
221	Corporate Management and Commissioning	1,248	(840)	408	187
1,088	Financial Systems, Processes and Compliance	5,269	(4,014)	1,255	167
1,252	Strategic Financial Planning	1,672	(233)	1,439	187
5,621		11,975	(6,025)	5,950	329
11,027		20,424	(9,290)	11,134	107

TREASURER'S SERVICES

Analysis of changes:

Change

£'000

Technical and Service Changes

Inflationary increases

168

Increase to Pension contributions

235

Savings requirements

Reduced staffing

(296)

Total

107

Service Commentary

The Treasurer provides financial advice and support to Members and to Adult Care and Health, Children's Services, Community, Health, Environment and Prosperity, Highways, Infrastructure and Waste as well as Corporate Services. In addition it oversees a range of other services, including audit, bank charges and competition whilst also managing the Devon Local Government Pension Scheme.

In terms of pressures, the most significant of these is managing continuing austerity at a time when there are increasing demands for financial support and advice from front-line services when Treasurer's Services are undergoing significant organisational change.

Service Statistics and Other Information

	Unit of Measurement	2016/17 estimates	Change	2017/18 estimates
Debtors raised p.a.	No.	82,000	4,000	86,000
Invoices paid p.a.	No.	427,000	11,000	438,000
Proportion paid using BACS	Percentage	98	1	99

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Capital Programme

The following table details the medium term capital programme for this service and how that programme is being funded.

Project	*Total Scheme Approval £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Digital Transformation and Business Support						
Information and Communications Technology						
DCC Operating Model ICT Replacement and Renewal		0	1,000	1,000	1,000	0
Digital communications and transactions		328	0	0	0	0
Supporting ICT Infrastructure		685	0	0	0	0
User access and productivity tools		1,467	0	0	0	0
		2,480	1,000	1,000	1,000	0
County Farms Estate						
County Farms Estate Enhancement Programme		600	600	600	600	600
Corporate Property Estate						
County Hall - Renew electrical & power systems		140	0	0	0	0
Property Enabling Budget		150	150	150	150	0
Replace and Upgrade Corporate Estate		600	600	600	600	600
		890	750	750	750	600
Corporate Services Total		3,970	2,350	2,350	2,350	1,200
Financed by:						
Borrowing - Unsupported		140	0	0	0	0
Capital Receipts - General		3,830	2,350	2,350	2,350	1,200
Total		3,970	2,350	2,350	2,350	1,200

* Scheme Approvals have been included for individual projects.

This table does not show expenditure on capital projects currently programmed in financial year 2016/17 which may be deferred to 2017/18 owing to changes in project delivery timescales.

Corporate Service – Risk Assessment

Service	Budget 2017/18 £000	Risk and Impact	Mitigation
Digital Transformation and Business Support	14,324	Increasing demands for support for Children & Adults at risk, services subject to organisational change and changes in service plans place increasing pressure on this service.	Work closely with service heads across the authority to ensure consistency of approach.
Legal Services	1,051	Legal is a demand led service and as such subject to external influences, not least the current economic climate. The service also needs to be flexible in responding to the priorities of the County Council as a whole. In doing this it is important to ensure that the necessary skills & knowledge are available in order to respond to changes in legislation & processes. Furthermore, significant levels of income are predicated on charging academies for conveyancing work.	There is little scope for management action to alleviate financial pressures except at the expense of other services. We are continuing to work closely with colleagues to ensure that we manage the situation to the best of our ability.
Coroners Service	1,398	There is a risk of unavoidable additional costs in medical, analysts, funeral directors and mortuary facility fees. This partly arises from problems in commissioning pathology services, increased fees generally, increases in charges set by the Home Office and some increase in workload.	We are continuing to work closely with colleagues across the region conducting ongoing reviews of commissioning processes and joint working arrangements with a view to curtailing expenditure and producing additional efficiencies and economies in this respect.
Treasurer's Services and Human Resources	8,571	Increasing demands for financial and HR support & advice, not least from services subject to organisational change and changes in service plans, place increasing pressure on the capacity of this service at a senior level.	Work closely with service heads across the authority to ensure consistency of approach, smarter working practices and increased use of information systems.

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Organisational Development and review of information services	585	Savings required as part of the organisational development service will require commitment and co-operation from across DCC and its partners.	Work closely with service heads across the authority to ensure consistency of approach, smarter working practices and increased use of information systems
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Consolidated Pages

The following consolidated pages have been produced to show the overall proposed budgets for the Authority and are based on the new management structure implemented on 1st November 2016.

The targets set for each service area have been based on this new structure. The impact for scrutiny committees is:-

- Health and Wellbeing Scrutiny Committee will continue to receive the proposed budgets for Public Health which is the responsibility of the Chief Officer for Communities, Public Health, Environment and Prosperity.
- Place Scrutiny Committee will receive the proposed budgets for Capital Development and Waste Management and Highways and Traffic Management which is the responsibility of the Chief Officer for Highways, Infrastructure Development and Waste. It will also receive the proposed budgets for Economy, Enterprise and Skills, Planning Transportation and Environment and Communities and Other Services which is the responsibility of the Chief Officer for Communities, Public Health, Environment and Prosperity. This reflects the change to include Public Health and Skills. For the sake of completeness the proposed budgets for Public Health have also been included which have been considered by the Health and Wellbeing Scrutiny Committee.
- People Scrutiny Committee will receive the proposed budgets for Adult Services which is the responsibility of the Chief Officer for Adult Care and Health. It will also receive the proposed budgets for Children's Services which is the responsibility of the Chief Officer for Children's Services. This reflects the movement of Skills to Place Scrutiny.
- Corporate Services Scrutiny Committee will continue to receive the proposed budgets for all the Corporate Services.

These pages are for information only and show how the services being scrutinised by this Committee fit into the overall structure of the Council. Any questions on these pages relating to services outside of this Committees remit will need to be considered at the Joint Scrutiny meeting on 30th January 2017.

How the 2017/18 budget has been built up

	2016/17 Adjusted Budget	Changes	2017/18 Outturn Budget
	£'000	£'000	£'000
Adult Care Operations and Health	173,852	16,786	190,638
Adult Commissioning and Health	23,895	1,960	25,855
Adult Care and Health	197,747	18,746	216,493
Childrens Social Work and Child Protection	75,767	2,046	77,813
Education and Learning - General Fund	40,060	258	40,318
Education and Learning - School Funding	0	0	0
Children's Services	115,827	2,304	118,131
Communities and Other Services	11,201	7	11,208
Economy, Enterprise and Skills	4,923	32	4,955
Planning, Transportation and Environment	17,040	1,053	18,093
Public Health	147	800	947
Community, Health, Environment, Prosperity	33,311	1,892	35,203
Chief Executive, Legal and Communications	4,792	(104)	4,688
Digital Transformation and Business Support	14,241	83	14,324
Human Resources and Organisational Development	3,406	(200)	3,206
Treasurer's Services	11,027	107	11,134
Corporate Services	33,466	(114)	33,352
Capital Development and Waste Management	26,909	(205)	26,704
Highways and Traffic Management	31,528	(1,826)	29,702
Highways, Infrastructure and Waste	58,437	(2,031)	56,406
Total	438,788	20,797	459,585

	Change £' 000
Reasons for changes in Revenue Budget	
Technical and Service Changes	
Inflation	10,683
Increase in Pension Contributions	4,078
National Living Wage	2,531
Children's Services demographic and demand pressures	5,425
Adult Services demographic and demand pressures	16,919
Care Act Removal of External funding	3,047
Waste Services demographic and contract pressures	1,135
Other demographic, contract and service pressures	1,708
Increase in External Contributions	(2,500)
Savings Requirements	(22,229)
Total	20,797

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Staffing Data

	2016/17		2017/18		Total FTEs
	Adjusted Total FTEs	Changes FTEs	Revenue Funded FTEs	Externally Funded FTEs	
Adult Care Operations and Health	992	1	895	98	993
Adult Commissioning and Health	166	2	158	10	168
Adult Care and Health	1,158	3	1,053	108	1,161
Childrens Social Work and Child Protection	738	(4)	704	30	734
Education and Learning - General Fund	122	0	108	14	122
Education and Learning - School Funding	27	3	0	30	30
Children's Services	887	(1)	812	74	886
Communities and Other Services	92	(48)	20	24	44
Economy, Enterprise and Skills	137	6	59	84	143
Planning, Transportation and Environment	150	25	165	10	175
Public Health	31	0	31	0	31
Community, Health, Environment, Prosperity	410	(17)	275	118	393
Chief Executive, Legal and Communications	108	2	110	0	110
Digital Transformation and Business Support	472	(7)	465	0	465
Human Resources and Organisational Development	175	(3)	172	0	172
Treasurer's Services	265	2	161	106	267
Corporate Services	1,020	(6)	908	106	1,014
Capital Development and Waste Management	102	0	102	0	102
Highways and Traffic Management	253	0	253	0	253
Highways, Infrastructure and Waste	355	0	355	0	355
Total	3,830	(21)	3,403	406	3,809

Explanation of Movements

Adult Care Operations and Health

Net movement as a result of workforce reductions	(4)
Increase in corporate staff to support new duties under part 1 of the Care Act	10
Social Care Reablement removal of vacant posts	(10)
Externally funded posts to support improvement to intermediate care provision	5
	1

Adult Commissioning and Health

Increase in staff to support market sufficiency duties under part 1 of the Care Act	6
Increase in staff to support transformation and savings programmes	3
Mental Health operational efficiencies	(2)
Transfer of posts to Learn Devon	(5)
	2

Children's Social Work and Child Protection

Disabled Children's Services Restructure	(9)
Fostering Team Restructure	(2)
Supervised Contact Team Restructure/Movement Across Service	4
Additional Personal Advisors within Social Work	2
Atkinson Unit Additional Support Posts	2
Reducing Exploitation and Absence from Care or Home (REACH) Team Restructure	(1)
	(4)

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Education and Learning

General Fund

Additional Special Educational Needs & Disability (SEND) Implementation support staff funded by grant 8

Review of Early Years services (3)

Academisation of Teacher Training (5)

Dedicated Schools Grant

Review of Admissions services 1

Review of Early Years services 2

3

Communities and Other Services

Youth Service - staff transferring to an independent entity (48)

(48)

Economy, Enterprise and Skills

Learn Devon - apprentices 3

Learn Devon - transfer in from Adult Care Commissioning 5

Restructure of team hours (2)

6

Planning Transportation & Environment

NHS Transport staff transferred in 8

Reinstatement of School Crossing patrol staff numbers 14

Modern apprenticeships and interns 3

25

Chief Executive, Legal & Communications

Legal support to address capacity issues 1

Assistant Solicitor Adult Social Care 1

2

Digital Transformation and Business Support

Business Support - transfer in from Children's Social Work and Child Protection 4

Review of Business Support (12)

Modern Apprenticeship 1

(7)

Human Resources and Organisational Development

Change Management 8

Review of HR structure (11)

(3)

Treasurer's Services

Finance Management Team restructure (2)

Devon Audit Partnership (2)

Peninsula Pensions - new legislation 7

Reduction of hours across service (1)

2

Total (21)

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Analysis of Total Expenditure for 2017/18

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Adult Care Operations and Health	251,644	(16,799)	(44,207)	0	190,638
Adult Commissioning and Health	27,769	(1,274)	(636)	(4)	25,855
Adult Care and Health	279,413	(18,073)	(44,843)	(4)	216,493
Childrens Social Work and Child Protection	86,810	(5,080)	(358)	(3,559)	77,813
Education and Learning - General Fund	43,358	(1,043)	(1,371)	(626)	40,318
Education and Learning - School Funding	522,982	(522,373)	(220)	(389)	0
Children's Services	653,150	(528,496)	(1,949)	(4,574)	118,131
Communities and Other Services	11,685	(53)	(354)	(70)	11,208
Economy, Enterprise and Skills	6,946	(100)	(1,781)	(110)	4,955
Planning, Transportation and Environment	24,354	(1,044)	(3,517)	(1,700)	18,093
Public Health	29,986	(28,979)	0	(60)	947
Community, Health, Environment, Prosperity	72,971	(30,176)	(5,652)	(1,940)	35,203
Chief Executive, Legal and Communications	8,036	0	(2,473)	(875)	4,688
Digital Transformation and Business Support	28,936	(8,812)	(3,715)	(2,085)	14,324
Human Resources and Organisational Development	17,099	0	(2,681)	(11,212)	3,206
Treasurer's Services	20,424	0	(6,970)	(2,320)	11,134
Corporate Services	74,495	(8,812)	(15,839)	(16,492)	33,352
Capital Development and Waste Management	31,901	0	(4,278)	(919)	26,704
Highways and Traffic Management	31,454	(118)	(1,281)	(353)	29,702
Highways, Infrastructure and Waste	63,355	(118)	(5,559)	(1,272)	56,406
Total	1,143,384	(585,675)	(73,842)	(24,282)	459,585

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The following services (which are not included above) are wholly self-funded and do not impact on Council Tax.

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Digital Transformation and Business Support					
ScoMIS	9,699	0	(2,105)	(7,594)	0
Treasurer's Services					
Devon Audit Partnership	1,240	0	(1,240)	0	0
Childrens Social Work and Child Protection					
Atkinson Unit	3,261	(180)	(2,509)	(572)	0
Capital Development and Waste Management					
Ecowaste4Food Project	37	(32)	0	(5)	0
Highways and Traffic Management					
On Street Parking	6,302	(104)	(6,198)	0	0
Communities and Other Services					
Active Devon	1,517	(831)	(70)	(616)	0
Syrian Refugees	500	(500)	0	0	0
Economy, Enterprise and Skills					
LAG - MIL (Making It Local 2)	58	(58)	0	0	0
LAG - REAL Devon	51	(51)	0	0	0
Learn Devon	3,781	(3,384)	(206)	(191)	0
Planning, Transportation and Environment					
AONB Blackdown Hills	213	(202)	0	(11)	0
AONB North Devon	185	(172)	0	(13)	0
Cycle Bikeability Training	280	(280)	0	0	0
Devon Maritime Forum	14	(5)	(4)	(5)	0
Exe Estuary Partnership	26	(17)	0	(9)	0
INNOVASUMP	45	(38)	0	(7)	0
Other Countryside Projects	150	(141)	0	(9)	0
South West Coast Path Team	109	(109)	0	0	0
Transport Co-Ordination Service	3,239	(1,146)	(2,075)	(18)	0
Total	30,707	(7,250)	(14,407)	(9,050)	0
Grand total	1,174,091	(592,925)	(88,249)	(33,332)	459,585

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Government Grants and Contributions Received

Some of the costs of providing services are funded by external grants and contributions, the table below shows the details of the funding expected.

Service and Grant Title	Funded by	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Adult Care Operations and Health					
Local Reform Community Voices Grant	Department of Health	138	138	138	138
Social Care in Prisons Grant	Department of Health	303	303	303	303
Contributions	Health and other local authorities	16,358	16,358	16,358	16,358
		16,799	16,799	16,799	16,799
Adult Commissioning and Health					
Local Reform Community Voices Grant	Department of Health	344	344	344	344
Contributions	Health and other local authorities	930	930	930	930
		1,274	1,274	1,274	1,274
Children's Social Work and Child Protection					
Assessed and Supported Year in Employment	Department for Education	52	52	52	52
Youth Detention Grant	Ministry of Justice	26	26	26	26
Youth Justice Grant	Youth Justice Board	67	67	67	67
Police & Crime Commissioner Grant	Office of the Police & Crime Commissioner	19	19	19	19
Unaccompanied Asylum Seekers Grant	Home Office	2,162	3,783	4,045	4,045
Troubled Families Programme	Department for Communities & Local Government	1,050	1,050	1,050	1,050
Contributions	Health and other local authorities	1,884	1,884	1,884	1,884
		5,260	6,881	7,143	7,143
Education and Learning - Dedicated Schools Grant					
Dedicated Schools Grant*	Education Funding Agency	477,365	477,365	477,365	477,365
Early Years - Disadvantaged 2 Year Olds	Education Funding Agency	5,083	5,083	5,083	5,083
Post 16 Funding	Education Funding Agency	5,129	5,129	5,129	5,129
Pupil Premium	Education Funding Agency	23,496	23,496	23,496	23,496
Universal Infant Free School Meals	Education Funding Agency	7,813	7,813	7,813	7,813
PE & Sport Grant	Department for Education	2,765	2,765	2,765	2,765
Music Grant	Arts Council	919	919	919	919
Contributions	Health and other local authorities	846	846	846	846
		523,416	523,416	523,416	523,416
Economy and Enterprise					
LAG - MIL (Making it Local 2)	RPA	58	60	58	0
LAG - REAL Devon	RPA	51	52	51	0
Learn Devon - Community Learning	Skills Funding Agency	2,185	2,185	2,185	2,185
Learn Devon - Adult Skills Budget (inc Apprenticeships / Additional Learning Support)	Skills Funding Agency	1,064	1,064	1,064	1,064
Learn Devon - 24+ Advanced Learning Loans Facility	Skills Funding Agency				
Learn Devon - 14-19 EFA Funding	Education Funding Agency	135	135	135	135
Trading Standards	Government Grants	100	100	100	100
		3,593	3,596	3,593	3,484
Planning, Transportation and Environment					
Natural Futures	Heritage Lottery	78	0	0	0
Areas of Outstanding Natural Beauty	DEFRA	301	306	311	311
Areas of Outstanding Natural Beauty	Other Local Authorities	73	73	73	73
Environment and Sustainable Travel	Other Local Authorities	43	73	43	73
Maritime and Fisheries projects	Other	11	11	11	11
Taw Valley Countryside Stewardship Facilitation Fund	European Agricultural Fund	39	39	39	39
Devon Resilience Fourm	Environment Agency	2	0	0	0
Devon Resilience Fourm	Office of the Police & Crime Commissioner	2	0	0	0
Coastal Creatures	Heritage Lottery Fund	20	5	0	0
South West Coast Path & Country Parks	Natural England	109	109	109	109
Bikeability	Department of Transport	280	280	280	0
Innovasump	ERDF	38	19	0	0
Bus Service Operators Grant	Department of Transport	1,146	1,146	1,146	1,146
Transport contributions	Other Local Authorities	62	62	62	62
Transport contributions	Other	950	946	871	824
		3,154	3,069	2,945	2,648

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Service and Grant Title	Funded by	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Communities and Other Services					
Active Devon	Sport England	748	748	748	748
Active Devon	Other	83	83	83	83
Syrian Refugee	Home Office	500	900	900	900
Youth Services	Other	13	13	13	13
		1,344	1,744	1,744	1,744
Public Health					
Public Health	Department of Health	28,238	27,504	26,788	26,092
Public Mental Health	Better Care Fund	91	30	0	0
Nicotine Replacement Therapy Contribution	NEW Devon CCG	650	650	650	650
Emergency Planning	Other Local Authorities	40	40	40	40
		29,019	28,224	27,478	26,782
Digital Transformation and Business Support					
Private Finance Initiative	Department for Communities and Local Government	6,937	6,937	6,937	6,937
Private Finance Initiative	Exeter Diocesan Board	1,875	1,889	1,905	1,920
		8,812	8,826	8,842	8,857
Capital Development and Waste Management					
Ecowaste4food	ERDF	32	32	35	32
Highways and Traffic Management					
ExeRail	Other Local Authorities	30	30	30	30
South West Coast Path & Country Parks	Other Local Authorities	45	45	45	45
South West Coast Path & Country Parks	RPA	25	25	25	25
South West Coast Path & Country Parks	Historic England	10	7	14	0
South West Coast Path & Country Parks	Natural England	112	112	112	112
		222	219	226	212
Total		592,925	594,080	593,495	592,391

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Grants Paid to External Organisations

2016/17 £000		2017/18 £000
	Service and Grant Title	
	Children's Social Work and Child Protection	
190	University Bursary Grants	194
150	Facilitating Access to Mainstream Activities for Disabled Children's Services	150
32	Calvert Trust Short Holiday Breaks	32
372		376
	Planning, Transportation and Environment	
45	AONB (East, South and Tamar)	48
60	Dorset & East Devon World Heritage site (Jurassic Coast)	60
25	Cornwall & West Devon Mining Landscape World Heritage site	25
20	South West Energy & Environment group	20
4	Wembury Centre	4
2	Tamar Estuaries consultative forum	2
20	Devon Wildlife Trust Nature Improvement Area Project	20
126	Safety Camera Partnership	101
40	Devon & Cornwall Rail Partnership	40
247	Community bodies	247
589		567
	Communities and Other Services	
400	Citizens Advice Bureau	400
72	Community Council of Devon	72
189	Councils for Voluntary Services	189
661		661
	Public Health	
10	Exmoor National Park	0
20	Dartmoor National Park	0
25	Devon Rape Crisis	0
10	Young Devon	10
22	North Devon against Domestic Abuse	0
15	Teignbridge D.C	10
102		20
1,724 TOTAL		1,624

Abbreviations

Abbreviations used within the budget:

AONB	Area of Outstanding Nature Beauty
BACS	Bankers automated clearing services (electronic processing of financial transactions)
BCF	Better Care Fund - a national arrangement to pool existing NHS and Local Government funding, which started in April 2015.
BDUK	Broadband Delivery UK
BRRS	Business Rate Retention Scheme
CCG	Clinical Commissioning Group
CDWM	Capital Development & Waste Management
CIPFA	The Chartered Institute of Public Finance & Accountancy
C of E	Church of England
DAF	Devon Assessment Framework
DCC	Devon County Council
DDA	Disability Discrimination Act
DEFRA	Department for Environmental Food & Rural Affairs
DFC	Devolved Formula Capital
DSG	Dedicated Schools Grant
E&E	Economy & Enterprise
EESI	Energy Efficiency Schools Initiative
EFA	Education Funding Agency
ESPL	Exeter Science Park Ltd
EU	European Union
FAB LAB	Fabrication Laboratory at Exeter Central Library
FTE	Full Time Equivalent
HR	Human Resources
ICT	Information & Communications Technology
IID	Investing in Devon funds
ILF	Independent Living Fund
IT	Information Technology
LAG	Local Action Group
LEP	Local Enterprise Partnership
LIBID	London Interbank BID rate
LIBOR	London Interbank Offered Rate
LLFA	Lead Local Flood Authority
LOBO	Lender Option Borrower Option
LTP	Local Transport Plan
MASH	Multi Agency Safeguarding Hub
MIL	Making it Local
MMF	Money Market Funds
MRP	Minimum Revenue Provision
MTCP	Medium Term Capital Programme
MTFS	Medium Term Financial Strategy
MUMIS	Major Unforeseen Maintenance Indemnity Scheme

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NEWDCCG	Northern, Eastern and Western Devon Clinical Commissioning Group
NHS	National Health Service
OFSTED	Office for Standards & Education, Children's Services and Skills
OP&D	Older People and Disability
PE	Physical Education
PFI	Private Finance Initiative
PTE	Planning Transportation & Environment
PWLB	Public Works Loans Board
REAL	Rural Enterprise and Local Livelihoods
RDPE	Rural Development Programme of England
RSG	Revenue Support Grant
S106	Funding from developers resulting from planning obligations authorised by section 106 of the Town and Country Planning Act 1990
SCOMIS	Schools Management Information Service
SEN	Special Education Needs
SEND	Special Educational Needs and Disabilities
SfC	Services for Communities
VAT	Value Added Tax
VELP	Vehicle Equipment Loan Pool
WEEE	Waste Electrical and Electronic Equipment Regulation

TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2017-18

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

Recommendation: That the Committee consider whether it wishes to draw to the attention of the Cabinet any observations on the proposals contained within the Treasury Management and Investment Strategy.

1. Introduction

- 1.1 In February 2016 the Council, in accordance with the revised CIPFA Code of Practice for Treasury Management in the Public Services, adopted a revised Treasury Management Policy Statement together with a statement of its 'Treasury Management Practices' (TMPs). No changes are proposed to these policies for 2017/18.
- 1.2 The policy requires the Council to consider a treasury strategy report, setting out the strategy and plans to be followed in the coming year, as part of the budget process.

2. Treasury Management and Investment Strategy

- 2.1 The Treasury Management and Investment Strategy is shown in draft at Appendix 1. It sets out the Minimum Revenue Provision (MRP) policy, capital expenditure funding, prudential indicators, the current treasury position, debt and investments; prospects for interest rates; the borrowing strategy; and the investment strategy.
- 2.2 The MRP policy has not been changed from that adopted for 2016/17. All borrowing (including Vehicle and Equipment Loans Pool), Capitalisation Direction and charges to other public sector bodies and PFI costs will be charged on the period of benefit of the capital investment (on a straight line basis).
- 2.3 Since 2009 the Council has followed a policy of containing the capital programme, taking out no new external borrowing and repaying debt whenever this can be done without incurring a financial penalty. Capital expenditure new starts have been limited to those that were financed from sources other than borrowing. To meet the need for capital expenditure, the highest priority schemes across the Authority are funded from Corporate Capital Receipts over the Capital Programme timescale.
- 2.4 The ability of the Council to repay further debt will depend on the cost of repayment and the availability of cash to fund the repayment. Under their current policy the Public Works Loan Board (PWLB) sets premature repayment rates, and where the interest rate payable on a current loan is higher than the

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repayment rate, the PWLB imposes premium penalties for early repayment. Current interest rate forecasts suggest that it is extremely unlikely that gilt yields will rise sufficiently to cancel out the premiums in the medium term. Use of revenue reserves and internal borrowing to fund the capital programme are likely to reduce the cash balance during 2017/18. As a result the availability of cash to repay external debt will be extremely limited.

- 2.5 Following the Bank of England's decision to reduce the base rate from 0.5% to 0.25%, in response to the European Union referendum result, the target return for deposits with banks and building societies has been reduced from 0.65% to 0.40% reflecting the current low interest rates on offer from the Council's counterparties. The target rate for the CCLA Property Fund will remain at 4.50%.

3. Conclusion

- 3.1 The Treasury Management and Investment Strategy will be considered by Cabinet along with the draft budget for 2017/18 on 10 February, and will become part of the budget book to be approved by Council at its budget meeting on 16 February.
- 3.2 The Committee is invited to make observations on these proposals prior to their consideration by the Cabinet on 10 February.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers – Nil

Contact for Enquiries: Mark Gayler

Tel No: (01392) 383621 Room G97

Treasury Management Strategy 2017/18 – 2019/20 and Prudential Indicators 2017/18 - 2021/22

Introduction

The Treasury Management Strategy sets out the County Council's policies in relation to: the management of the Council's cashflows, its banking, money market and capital market transactions; borrowing and investment strategies; monitoring of the level of debt and funding of the capital programme.

The County Council has adopted the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Services. This is one of the Prudential Indicators required by the Code. The current Code of Practice was published by CIPFA in November 2011, and requires the Council to approve a Treasury Management Policy Statement together with a statement of its 'Treasury Management Practices' (TMPs). A revised Policy Statement and TMPs were agreed by the Council in February 2016. These policies remain appropriate and no changes are proposed for 2017/18.

The County Council is required to monitor its overall level of debt in line with the national code of practice drawn up by CIPFA. Part of this code requires consideration of a set of "prudential indicators" in order to form a judgement about the affordable, prudent and sustainable level of debt.

The prudential indicators, treasury management strategy and the annual investment strategy have been reviewed in line with the Capital Programme 2017/18 – 2021/22.

This Treasury Management Strategy document sets out:

- Minimum revenue provision;
- Capital expenditure funding;
- Prudential indicators on the impact of capital financing and monitoring of the level and make-up of debt;
- The current treasury position, debt and investments;
- Prospects for interest rates;
- The borrowing strategy; and
- The investment strategy.

Minimum Revenue Provision

Minimum Revenue Provision (MRP) is a charge to the authority's revenue account to make provision for the repayment of the authority's external debt and internal borrowing. The authority has a statutory obligation to charge to the revenue account an annual amount of MRP.

The authority's MRP strategy is to charge all elements based on the period of benefit of the capital investment. All supported capital expenditure and unsupported borrowing up to 1st April 2008 and unsupported borrowing post 1 April 2008 (including Vehicle and Equipment Loans Pool), Capitalisation Direction and charges to other public sector bodies will be charged on the period of benefit of the capital investment (on a straight line basis).

We will not provide for MRP in circumstances where the relevant expenditure is intended to be financed from external contingent income, where it has not yet been received but where we conclude that it is more probable than not that the income will be collected.

Capital financing costs are also affected by PFI contracts and finance leases coming 'on Balance Sheet'. This will be charged in-line with the authority's main MRP Policy over the period of benefit of the capital investment, being the asset life.

The main Prudential Indicator to measure the acceptable level of borrowing remains the ratio of financing costs to total revenue stream. The figures for MRP shown in table 6 reflect the adoption of this strategy.

Capital Expenditure

Table 1 shown below, summarises the Capital Programme and liabilities from capital projects that will appear on the balance sheet in future years. The Capital Programme has been tested for value for money via option appraisal and for prudence, affordability and sustainability by looking at the impact that the proposed Capital Programme has on the revenue budget and through the Prudential Indicators.

Table 1 – Capital Expenditure

	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Total Capital programme	112,050	97,989	71,423	59,487	57,945
Funded by:					
Gross borrowing	10,312	11,055	2,967	1,200	1,218
Other capital resources	101,738	86,934	68,456	58,287	56,727
Total capital programme funding	112,050	97,989	71,423	59,487	57,945
Total capital expenditure	112,050	97,989	71,423	59,487	57,945

Prudential Indicators

Capital Financing Requirement

The Capital Financing Requirement represents the Council's underlying debt position. It shows the previous and future spend for capital purposes that has been or will be financed by borrowing or entering into other long term liabilities. The Capital Financing Requirement and debt limits will be higher than the Council's external debt, as they will be partly met by internal borrowing from the Council's internal cash resources. This reduces the cost of the required borrowing, but the Council also needs to ensure that a prudent level of cash is retained.

The forecast Capital Finance Requirement for 2017/18 and the following four years are shown in table 2 below.

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Table 2 – Capital Financing Requirement

	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Underlying borrowing requirement	672,988	665,629	650,280	631,431	616,018
Other long-term liabilities	138,946	133,717	128,637	123,888	118,485
Capital financing requirement	811,935	799,346	778,917	755,319	734,503

Limits to Debt

The Authorised Limit represents the level at which the Council is able to borrow and enter into other long term liabilities. Additional borrowing beyond this level is prohibited unless the limit is revised by the Council. Table 3 details the recommended Authorised Limits for 2017/18 – 2021/22.

Table 3 – Authorised Limits

	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Authorised limits for borrowing	742,988	735,629	720,280	701,431	686,018
Authorised limit for other long-term liabilities	138,946	133,717	128,637	123,888	118,485
Authorised limit for external debt	881,935	869,346	848,917	825,319	804,503

The Operational Boundary is based on the anticipated level of external debt needed during the year. Variations in cash flow may lead to occasional, short term breaches of the Operational Boundary that are acceptable. Sustained breaches would be an indication that there may be a danger of exceeding the Authorised Limits. Table 4 details the recommended Operational Boundaries for 2017/18 and following years.

Table 4 - Operational Limits

	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Operational limits for borrowing	717,988	710,629	695,280	676,431	661,018
Operational limit for other long-term liabilities	138,946	133,717	128,637	123,888	118,485
Operational limit for external debt	856,935	844,346	823,917	800,319	779,503

The forecast opening balance for External Borrowing at 1 April 2017 is £507.85 million and remains unchanged at 31 March 2018.

The Council also needs to ensure that its gross debt does not, except in the short term, exceed the total of the Capital Financing Requirement. Table 5 details the Capital Financing Requirement against the total gross debt plus other long term liabilities. The level of under borrowing reflects the use of internal borrowing from the Council's internal cash resources.

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Table 5 – Underlying Borrowing Requirement to Gross Debt

	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Capital financing requirement	811,935	799,346	778,917	755,319	734,503
Gross borrowing and other long-term liabilities	651,467	646,796	641,567	636,487	631,738
Under/ (over) borrowing	160,468	152,551	137,350	118,832	102,766

The debt management strategy and borrowing limits for the period 2017/18 to 2021/22 have been set to ensure that over the medium term net borrowing will only be for capital purposes.

Ratio of Financing Cost to Net Revenue Stream

Table 6 below shows the relationship between Capital Financing Costs and the Net Revenue Stream for 2017/18 and future years. Financing cost is affected by Minimum Revenue Provision (MRP), interest receivable and payable and reductions in other long term liabilities.

Table 6 – Ratio of Financing Costs to Net Revenue Stream

	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Minimum revenue provision	18,376	17,241	17,116	18,849	15,431
Interest payable	26,023	26,023	26,023	26,023	26,023
Recharges and other adjustments	(2,136)	(697)	(646)	(2,774)	(3,566)
Interest receivable	(790)	(790)	(790)	(790)	(790)
Capital financing cost (excluding other long-term liabilities)	41,473	41,777	41,703	41,308	37,098
Capital financing costs of other long-term liabilities	15,930	15,362	14,625	14,901	14,636
Capital financing costs including other long-term liabilities	57,403	57,139	56,328	56,209	51,734
Estimated net revenue stream	492,922	493,262	510,223	497,163	497,163
Ratio of financing costs (excluding other long term liabilities) to net revenue stream	8.41%	8.47%	8.17%	8.31%	7.46%
Ratio of financing costs (including other long-term liabilities) to net revenue stream	11.65%	11.58%	11.04%	11.31%	10.41%

Incremental Impact on Council Tax

The incremental impact on Council Tax of the investment decisions made in setting the 2017/18 Capital Programme is shown in table 7.

Table 7 – Impact on Council Tax

	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Incremental impact on band D council tax payers of investment decisions funded by borrowing	(0.13)	(0.55)	(0.09)	0.08	0.08
Incremental impact on band D council tax payers of investment decisions funded by increased other long-term liabilities	0.00	0.00	0.00	0.00	0.00
Incremental impact on band D council tax payers of capital investment decisions made in setting the 2017/18 MTCP	(0.13)	(0.55)	(0.09)	0.08	0.08

Treasury Management Prudential Indicators

Where external borrowing is required it can either be at fixed or variable rates of interest, and can be taken out for periods from a year to 50 years. The use of prudential indicators seeks to reduce the risks associated with fixed and variable interest rate loans and with borrowing for different loan periods.

Borrowing at fixed rates of interest for long periods can give the opportunity to lock into low rates and provide stability, but means that there is a risk of missing possible opportunities to borrow at even lower rates in the medium term. Variable rate borrowing can be advantageous when rates are falling, but also means that there is a risk of volatility and a vulnerability to unexpected rate rises.

Borrowing for short periods or having large amounts of debt maturing (and having to be re-borrowed) in one year increases the risk of being forced to borrow when rates are high.

The Council's policy has been to borrow at fixed rates of interest when rates are considered attractive.

The proposed Prudential Indicators for 2017/18 and beyond are set out in Table 8 below:

Table 8 – Treasury Management Prudential Indicators

Prudential Indicators	Upper Limit	Lower Limit
	%	%
Limits on borrowing at fixed interest rates	100	70
Limits on borrowing at variable interest rates	30	0
Percentage of Fixed Rate Debt maturing in:		
Under 12 months	20	0
12 Months to within 24 months	25	0
24 Months to within 5 Years	30	0
5 years and within 10 Years	35	0
10 years and within 20 years	45	0
20 years and within 35 years	60	0
35 years and within 50 years	75	20

The limits have been set taking into account the CIPFA Code of Practice which requires that the maturity date for LOBO (Lender Option Borrower Option) loans is assumed to be

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the next call date, rather than the total term of the loan. This will apply to the Council's Money Market loans.

Monitoring the Indicators

It is important to monitor performance against forward looking indicators and the requirement that borrowing should only be for capital purposes. The total level of borrowing will be monitored daily against both the operational boundary and the authorised limit. If monitoring indicates that the authorised limit will be breached, a report will be brought to the Cabinet outlining what action would be necessary to prevent borrowing exceeding the limit and the impact on the revenue budget of breaching the limit. It will be for the Cabinet to make recommendations to the County Council to raise the limit if it is felt appropriate to do so.

The indicators for capital expenditure, capital financing requirement, capital financing costs and the treasury management indicators will be monitored monthly. Any significant variations against these indicators will be reported to the Cabinet.

Analysis of Long Term Debt

The following Table 9 shows the County Council's fixed and variable rate debt as at 31 March 2016 and 31 December 2016 (current).

The interest rates shown do not include debt management costs or premiums/discounts on past debt rescheduling.

There has been no movement in the Council's external debt over the last financial year, as no new borrowing has been required and no further opportunities have arisen to repay debt.

Table 9 – Analysis of Long Term Debt

	Actual 31.03.16 £'m	Interest Rate %	Current 31.12.16 £'m	Interest Rate %
Fixed Rate Debt				
PWLB	436.35	4.99	436.35	4.99
Money Market	71.50	5.83	71.50	5.83
Variable Debt				
PWLB	0.00		0.00	
Money Market	0.00		0.00	
Total External Borrowing	507.85	5.11	507.85	5.11

Schedule of Investments

The following schedule shows the County Council's fixed and variable rate investments as at 31 March 2016 and as at 31 December 2016 (current).

Table 10 – Schedule of Investments

	Actual 31.03.16*	Interest Rate %	Current 31.12.16*	Interest Rate %
	£'m		£'m	
Bank, Building Society and MMF Deposits				
Fixed Rates				
Term Deposits				
	< 365 days	45.00	0.84	45.00
	365 days & >	0.00		0.00
Callable Deposits				
Variable Rate				
Call & Notice Accounts	73.80	0.60	37.50	0.56
Money Market Funds (MMFs)	0.00		13.33	0.30
Property Fund	10.00	4.67	10.00	4.49
All Investments	128.80	1.00	105.83	1.00

The Council's cash balance available for investment varies during the year, with the balance building up during the first half of the financial year, and then tapering down towards the end of the financial year. It is anticipated that the cash balances at 31st March 2017 will have reduced from £128.8m at the start of the financial year to around £110m (£95m excluding Growing Places Fund money).

The recent investment performance of the County Council's cash has been affected by the low interest rates introduced as part of the measures used to alleviate the global credit crunch. Interest rates have also been impacted by the introduction of new banking regulations requiring banks to hold higher levels of liquidity to act as a buffer.

The rates on offer continue to be low and the returns on the County Council's cash investments are forecast to remain at the current low levels for the foreseeable future; however, the Treasury Management Strategy will continue to ensure a prudent and secure approach.

Prospects for Interest Rates

Forecasting future interest rate movements even one year ahead is always difficult. The factors affecting interest rate movements are clearly outside the Council's control. Whilst short term rates are influenced by the Bank of England's Base Rate, long term rates are determined by other factors, e.g. the market in Gilts. Rates from overseas banks will be influenced by their national economic circumstances. The County Council retains an external advisor, Capita, who forecast future rates several years forward. Similar information is received from a number of other sources.

Following the outcome of the EU referendum in June, the Bank of England decided to reduce UK interest rates from 0.5% to 0.25%, as a result of concerns about the impact of the decision on the UK economy. UK interest rates had already been held at an unprecedented low level of 0.5% since March 2009. Interest rates have also been under pressure across the world, with both the Eurozone and Japan seeing negative interest

* The figures as at 31 March 2016 and 31 December 2016 include respectively around £14.6m and £14.5m related to the Growing Places Fund (GPF). Devon County Council has agreed to be the local accountable body for the GPF, which has been established by the Department for Communities and Local Government to enable the development of local funds to address infrastructure constraints, promoting economic growth and the delivery of jobs and houses. The Council is working in partnership with the Local Economic Partnership, and interest achieved on the GPF cash, based on the average rate achieved by the Council's investments, will accrue to the GPF and not to the County Council.

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rates. Quantitative Easing measures to provide liquidity have been utilised widely and remain in place in the UK, the Eurozone and Japan. The introduction of new regulations requiring banks to hold a higher cash buffer has also had the effect of reducing the rates on offer. Only in the United States have interest rates begun to rise as a result of a strengthening economy.

As a result of this and other global concerns that have impacted on banks, the rates that are now available have fallen further during 2016 from the already low rates previously available in the market.

A rise in the Bank of England Base Rate is thought unlikely during 2017/18, as a result of the uncertainty arising from the decision to leave the European Union and the nature of the UK's future relationship with the EU. The following Table 11 sets out interest rate forecasts over the next year. The forecasts from Capita and Capital Economics reflect the view that the Bank of England base rate is unlikely to increase over the next financial year. The longer-term rates available from the Public Works Loan Board (PWLB) are forecast to increase marginally from the end of 2017.

Table 11 – Base Rate Forecasts and PWLB Rates

	Dec (act) 2016	March 2017	June 2017	Sep 2017	Dec 2017	March 2018
Base Rate						
Capita	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

	Dec (act) 2016	March 2017	June 2017	Sep 2017	Dec 2017	March 2018
PWLB Rates						
Capita forecast						
10 Year	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
25 Year	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%
50 Year	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%

When budgeting for interest payments and receipts a prudent approach has been adopted to ensure that, as far as is possible, both budgets will be achieved.

Borrowing Strategy 2017/18 – 2019/20

The overall aims of the Council's borrowing strategy are to achieve:

- Borrowing at the lowest rates possible in the most appropriate periods;
- The minimum borrowing costs and expenses; and
- A reduction in the average interest rate of the debt portfolio.

Since 2009 the Council has followed a policy of containing the capital programme, taking out no new external borrowing and repaying debt whenever this can be done without incurring a financial penalty. Capital expenditure new starts have been limited to those that were financed from sources other than borrowing.

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This strategy has worked well in a period of austerity. The Council's external borrowing level has reduced by £102m to £508m from 2008/09, resulting in reduced Capital Financing Charges.

The strategy was reviewed in 2014, in recognition of the need to invest in capital and the low level of interest rates. The review resulted in a programme of new starts funded by capital receipts but reaffirmed the policy of taking out no new external borrowing. There is no expectation that government funding will deviate from its current downward trajectory. The authority faces significant challenges in balancing its revenue budget in the coming years and it is therefore difficult to imagine how significant additional borrowing could be financed. As a result the Medium Term Financial Strategy (MTFS) continues to assume that, over the three year period, no new long-term borrowing will be required, although this will be kept under review.

The potential to repay further debt, or refinance debt at lower rates, will continue to be closely monitored. The ability of the Council to repay further debt will depend on the cost of repayment and the availability of cash to fund the repayment.

The loans in the Council's current debt portfolio all have maturity dates beyond 2027. Under their current policy the Public Works Loan Board (PWLB) sets premature repayment rates, and where the interest rate payable on a current loan is higher than the repayment rate, the PWLB imposes premium penalties for early repayment. With current low rates of interest this would be a significant cost which would impair the benefit of repayment. Therefore it will only make financial sense to repay debt early if the PWLB changes its current policy, or if interest rates rise and cancel out the repayment premiums. Current interest rate forecasts suggest that it is extremely unlikely that gilt yields will rise sufficiently to cancel out the premiums in the medium term.

It is forecast that as at 31 March 2017 the Council will have cash balances of around £95m. A prudent level of balances is required to meet cashflow. In addition, the cash balances will in part be made up of earmarked reserves and will therefore be committed to meeting Council expenditure. Use of revenue reserves and internal borrowing to fund the capital programme are likely to reduce the cash balance significantly during 2017/18. As a result the availability of cash to repay external debt will be extremely limited.

If short-term borrowing is required to aid cashflow, this will be targeted at an average rate of **0.4%**.

Investment Strategy 2016/17 – 2018/19

The County Council continues to adopt a very prudent approach to counterparties to whom the County Council is willing to lend. As a result only a small number of selected UK banks and building societies, money market funds and Non-Eurozone overseas banks in highly rated countries are being used, subject to strict criteria and the prudent management of deposits with them. In addition the CCLA (Churches, Charities and Local Authorities) Property Fund is being used. The lending policy is kept under constant review with reference to strict criteria for inclusion in the counterparty list.

The Treasury Management Strategy will continue to be set to ensure a prudent and secure approach.

The full County Council is required under the guidance in the CIPFA Treasury Management Code of Practice to approve an Annual Investment Strategy.

The overall aims of the Council's strategy continue to be to:

- Limit the risk to the loss of capital;
- Ensure that funds are always available to meet cash flow requirements;

- Maximise investment returns, consistent with the first two aims; and
- Review new investment instruments as they come to the Local Authority market, and to assess whether they could be a useful part of our investment process.

The overriding objective will be to invest prudently, with priority being given to security and liquidity before yield.

The outlook for cash investment remains challenging. Whereas in the past there has been a perception that Governments would not allow banks to fail, the current regulatory environment has put more emphasis on the requirement for investors to take a hit by funding a "bail-in". A bail-in is where the bank's creditors, including local authorities depositing money with them, bear some of the burden by having part of the debt they are owed written off. The balance of risk has therefore changed, and as a result the Council has considered alternative forms of investment in order to diversify its risk.

A variety of investment instruments are available to the Local Authority market. In addition to the notice accounts and fixed term deposits available from UK and overseas banks, it is also possible for the Council to invest, for example, in UK Government Gilts, bond funds and property funds. These alternative instruments would either require the Council to tie up its cash for significantly longer periods, thus reducing liquidity, or would carry a risk of loss of capital if markets go down.

The Council has considered these alternatives and concluded that investment in a commercial property fund would be a prudent way to diversify risk and achieve a higher yield. UK Gilts and corporate bond funds could still face a challenging environment, whereas the commercial property market stood to benefit from forecast growth in GDP. The CCLA Property Fund is therefore included as an approved counterparty.

However, the majority of the Council's investments will still be in bank deposits. Security is achieved by the creation of an 'Approved List of Counterparties'. These are the banks, building societies, money market funds and other public bodies with whom we are prepared to deposit funds. In preparing the list, a number of criteria will be used not only to determine who is on the list, but also to set limits as to how much money can be placed with them, and how long that money can be placed for.

Banks are expected to have a high credit rating. The Council uses the ratings issued by all three of the major credit rating agencies, Fitch, Moody's and Standard & Poor's, made available to the Council through its external Treasury Advisors. These are monitored daily.

The lowest rating published by any of the agencies is used to decide whether an institution is eligible for inclusion. Where the counterparty is only rated by two of the major ratings agencies the lowest rating published by either of the two is used. This rating also determines the maximum amount which can be loaned to an individual counterparty. Non-Eurozone overseas banks that meet the criteria are included from countries with a high Sovereign rating.

The time length of all deposits with financial institutions will be managed prudently, taking account of the latest advice from the Council's external advisors.

Money Market Funds have a portfolio comprised of short-term (less than one year) securities representing high-quality, liquid debt and monetary instruments. Following the financial crisis these funds were seen as higher risk and were therefore not used by the Council. However, the new regulatory environment around the concept of "bail-in" means that many money market funds are now regarded as a more secure form of investment than bank deposits, as they diversify their investments across a range of financial institutions to spread the risk, and will therefore be used where appropriate. Money market funds must have an 'AAA' rating to be included on the counterparty list.

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Other public sector bodies are principally arms of Government, or other local authorities, and although not rated are deemed suitable counterparties because of their inherent low risk.

The 'Approved List of Counterparties' specifies individual institutions, and is formally reviewed at least monthly. Notification of credit rating downgrades (or other market intelligence) is acted upon immediately, resulting in any further lending being suspended.

Table 12 below summarises the current 'Approved List' criteria.

Table 12 – Counterparty Approved List Summary

Counterparty Type	Fitch	Moody's	Standard & Poor's	Credit Limit
UK Banks				
not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
not below	A- & F1	A3 & P-1	A- & A-1	£30 million
UK Building Societies				
not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
not below	A- & F1	A3 & P-1	A- & A-1	£30 million
Non-Eurozone Overseas Banks				
Sovereign Rating of	AAA	Aaa	AAA	
and not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
and not below	A- & F1	A3 & P-1	A- & A-1	£30 million
UK Public Bodies				
Central Government				
– Debt Management Office				Unlimited
Local Government				
– County Councils				£10 million
– Metropolitan Authorities				£10 million
– London Boroughs				£10 million
– English Unitaries				£10 million
– Scottish Authorities				£10 million
– English Districts				£5 million
– Welsh Authorities				£5 million
Fire & Police Authorities				
				£5 million
Money Market Funds				
	AAA	Aaa	AAA	£30 million
CCLA Property Fund				
				£30 million

Where the short term rating of a counterparty is one notch below the stated criteria, but the counterparty meets the long term rating criteria, they may still be used subject to the advice of our external advisors (Capita) who will take into account a range of other metrics in arriving at their advice.

The credit ratings shown in the table for banks and building societies allow for greater sensitivity in recognising counterparty risk. Liquidity in investments is the second key factor in determining our strategy. Funds may be earmarked for specific purposes or may be general balances, and this will be a consideration in determining the period over which the investment will be made.

The counterparty limits shown in the table also apply at a banking group level. This ensures that the Council is not exposed to the risk of having maximum sums invested in multiple institutions owned by a group that encounters financial difficulties.

The Council has a self-imposed limit of ensuring that at least 15% of deposits will be realisable within one month.

A requirement of the Prudential Code is to establish an indicator of the total principal sum invested for a period longer than 364 days, and to state the basis used in determining the amount. The purpose of this indicator is to help the Council to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested.

The limit on investments over 364 days will be set at no more than 20% of the total loans outstanding at any time or £30m whichever is the lower.

For the 2017/18 financial year it has been assumed that the average interest rate earned on lending to banks and building societies will be **0.40%** p.a. and the yield from investment in the CCLA Property Fund will be **4.50%**. The inclusion of overseas counterparties provides additional flexibility, but the rates offered by some banks have reduced over the last year. The target we have set for 2017/18 is thought to be one that is achievable.

Interest rates are forecast to remain low for the foreseeable future. MTFS forecasts have therefore been based on average rates for lending to banks and building societies continuing to be 0.40% for 2018/19 and 2019/20. However these will be reviewed in the light of changes to the rates on offer from the Council's counterparties over the MTFS period.

Performance Targets

The primary targets of the Treasury Management Strategy are to minimise interest payments and maximise interest receipts over the long term whilst achieving annual budgets, without taking undue risk. Where there are comparative statistics available for individual aspects of the Strategy (e.g. the CIPFA Treasury Management Statistics) these will be used to monitor performance.

SCRUTINY OF THE CORPORATE RISK REGISTER

1.0 Introduction

As well as meeting legal requirements, Risk Management enables the efficient use and allocation of resources, more informed, transparent and accountable decision-making and allows the Council to focus on its most critical areas.

2.0 Background

2.1 At the meeting of the Corporate Services Scrutiny Committee on 28 November 2016, Members of the Committee discussed how to ensure that the scrutiny of the Council's Corporate Risk Register was robust and valuable. Members felt particularly that there was great value in being able to question the relevant Risk Owner on how a particular risk was being managed and mitigated against, at the Committee meeting. This had not been the practice in the past due the impracticality of having all Risk Owners listed on the Risk Register, attend Committee.

2.2 In light of this, the Corporate Risk Register has been circulated to the Committee well in advance of the meeting, to allow Members the opportunity to review the risk register at an earlier stage, and request further information on a particular risk, and/or the attendance of a particular Risk Owner at the meeting of the Committee on 24 January.

3.0 Corporate Risk Register

3.1 There are currently 26 risks on the Corporate Risk Register (Appendix A). Currently relevant risks are added to the register as agreed by the People, Place and Corporate Services Leadership Teams. Following reorganisation of the leadership group new reporting and escalation processes will need to be implemented.

3.2 Fourteen risks were identified in the final three months of 2016 (Appendix B), mostly relating to various aspects of Adult Social Care. There were also new risks relating to Brexit, broadband roll-out and legislation around payments to off-payroll workers.

3.3 There are currently 17 risks that are scored as Very High (Appendix C) meaning they are both likely to happen and would have a significant impact if they did.

Jan Shadbolt, County Solicitor

ELECTORAL DIVISIONS: ALL

Local Government Act 1972: List of Background Papers

Contact for Enquiries: V Church (01392) 383691
Room: G31

<u>Background Paper</u>	<u>Date</u>	<u>File Reference</u>
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Nil

Appendix A: Corporate Risk Register

Risk details	Status and Risk owner	Mitigating controls
<p>TG15: Reduction in Government funding affects service delivery Potential loss of funding affecting DCC service delivery in the event of changes made in the Comprehensive Spending Review and subsequent local government settlement given inflationary pressures in market and demographic growth.</p>	<p>Inherent status: 30 Very high Current status : 30 Very high Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Option of 2% precept Amber Increase in BCF funding</p>
<p>JO23: Children's and Adult services budget pressures and allocation Impact across People's Services of budget pressures and allocation issues within children's services. Significant overspends are currently being forecast across a range of Education transport and Social Care budgets, which threaten the financial stability of People's Services.</p>	<p>Inherent status: 30 Very high Current status : 30 Very high Risk owner: Jo Olsson Accountable officer: Jennie Stephens Last review: 09 Aug 2016</p>	<p>Green Regular financial performance reporting to CLT Green Weekly children's social care management meetings focussing on budget pressures Green Focus of regular LTP discussion Green Scrutiny reporting Green Task group led by Leader of the Council</p>
<p>TG20: Market capacity adult social care (Residential And Nursing Care) The supply of residential and nursing care of the right quality is currently stretched in some parts of Devon increasing the risk that we cannot achieve safe discharge from hospital. Difficulties in recruiting care staff further increases this risk.</p>	<p>Inherent status: 30 Very high Current status : 30 Very high Risk owner: Tim Golby Accountable officer: Ian Hobbs Last review: 24 Oct 2016</p>	<p>Green Capital investment programme led by BR Team to increase capacity in areas of highest need Green New care homes contract including block bed provisions from 2017-18 Green Working with CCGs re intermediate care to ensure fit to contract Green Improving relationship with the market via sector lead to increase market engagement Green Fee uplift has stabilised market failure Green Workforce development programme being extended to private sector</p>
<p>TG29: Budget Management That a broader corporate overview of timing, impact or scope of service or policy changes gives rise to review or reconsideration of proposals</p>	<p>Inherent status: 25 Very high Current status : 25 Very high Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Thoroughness on consultation on proposals Green Thorough impact and risk assessment of plans and policy change</p>
<p>TG11: Market Capacity: Adult Social Care (Personal Care) The supply of personal care of the right quality is currently stretched in some parts of Devon increasing the risk that we cannot maintain all people who require it safely in their own homes, achieve safe discharge from hospital and with the potential to increase admissions to residential and nursing care.</p>	<p>Inherent status: 30 Very high Current status : 24 Very high Risk owner: Tim Golby Accountable officer: Ian Hobbs Last review: 24 Oct 2016</p>	<p>Green Refresh of the Adult Social Care Services Market Position Statement Green Provider Engagement Network Green Performance monitoring of call off against the Framework Agreement Green Work with providers to address capacity shortfall</p>

Risk details	Status and Risk owner	Mitigating controls
		<p>Green Reprocurement of personal care via new framework: contracts to be awarded in march, transition to new arrangements in June.</p> <p>Green Investigation of new solutions/new way of working</p> <p>Green Weekly SITREPS and escalation</p> <p>Green Provider of last resort option.</p>
<p>HTM1: Failure to maintain C class and unclassified roads effectively. Deterioration of highway network due to insufficient planned and routine maintenance.</p>	<p>Inherent status: 24 Very high Current status : 24 Very high Risk owner: Joe Deasy Accountable officer: David Whitton Last review: 31 Jul 2016</p>	<p>Green Value for Money solutions</p> <p>Green Highway Monitoring</p> <p>Green Safety repairs</p> <p>Green Communication with stakeholders</p>
<p>KS19: Continuing Health Care (CHC) Significant delays in assessments and determinations of CHC eligibility leading to operational inefficiencies, possible clinical risk if people with primary care needs are not being appropriately case managed by NHS professionals; and financial risk to the Council as well as impact on individuals and families.</p>	<p>Inherent status: 30 Very high Current status : 20 High Risk owner: Keri Storey Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Amber Issues escalated to NEW Devon CCG and some actions agreed which may mitigate.</p> <p>Amber Formal disputes now being raised and Draft Disputes Protocol in use.</p> <p>Green Further training for staff planned in PPA</p> <p>Green Learning Disabilities nurses transferred back to NHS</p> <p>Completed Discussions underway with CCG to consider future 4 week funding arrangements</p> <p>Completed NEW Devon supporting work on 2015.16 cases that were delayed in assessment or panel decisions.</p>
<p>SC1: School Transport Rising overspend on home to school transport is having a deleterious effects on Education and Learning Core budgets and initiatives which are currently absorbing the substantial overspend. Action to address overspend has had limited short term impact against rising costs due to increased expectations and the complexity of individual transport requested.</p>	<p>Inherent status: 30 Very high Current status : 20 High Risk owner: Sarah Aggett Accountable officer: Sue Clarke Last review: 09 Aug 2016</p>	<p>Amber Management actions within TCS including route analysis and efficiency savings</p> <p>Green TCS monitoring and regular review across all areas of spend</p> <p>Green Policy regularly reviewed and adjusted to reduce areas of discretionary spend</p> <p>Green Actions identified through corporate transport project board</p>
<p>HTM3: Lack of capacity or capability to effectively respond to extreme weather events Flooding and structural damage to the highway affecting citizens and property</p>	<p>Inherent status: 24 Very high Current status : 20 High Risk owner: Joe Deasy Accountable officer: David Whitton Last review: 12 Dec 2016</p>	<p>Green Highway Monitoring</p> <p>Green Winter Service and Emergency Plan</p> <p>Green Delivery of Planned works</p> <p>Green Preparedness</p> <p>Green Asset Management</p>

Risk details	Status and Risk owner	Mitigating controls
<p>HTM2: Lack of capacity or capability to respond effectively to highway safety related issues Potential for fatal and severe accidents to citizens due to lack of effective and timely repair or replacement of highway assets. This could be brought about by deteriorating highway condition, inability to meet policy level of service, inadequate procedures or poor staff/contract performance.</p>	<p>Inherent status: 24 Very high Current status : 20 High Risk owner: Joe Deasy Accountable officer: David Whitton Last review: 12 Dec 2016</p>	<p>Amber Highway Monitoring Amber Safety repairs Green Programme flexibility</p>
<p>KS14: Deprivation of Liberties (DoLS) and Court of Protection (CoP) Supreme Court ruling presents a significant financial risk due to the likely increase in DoLS and CoP assessments required and associated legal costs.</p>	<p>Inherent status: 25 Very high Current status : 20 High Risk owner: Sarah MacKereth Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Prioritised plan in place in adult services to address both res/nursing/hospital and community deprivations Green CLT endorsed approach and additional posts Green Ongoing review of performance at SLT and scrutiny ctte on request Green Law Commission review due to report by end 2016. Realistically DCC is unlikely to authorise any significant proportion of the outstanding res/nursing or community deprivations prior to legislation/policy change</p>
<p>R06 - Inflationary pressure across markets impacts upon service delivery and budget pressures Impact on the authority (budgets) generally by global and local inflationary pressure Cost reduction and impact on markets Public sector service cuts over the coming years having a destabilising effect on local and national markets in the short term</p>	<p>Inherent status: 16 High Current status : 16 High Risk owner: Kevin Balding Accountable officer: Justin Bennetts Last review: 19 Oct 2016</p>	<p>Green Manage Expectations Amber Understand Markets</p>
<p>FIN39: Failure to deliver priority services as a result of significantly reduced finances Reductions in government funding over the next 3 years will necessitate reductions in local government spending and service provision. DCC has responded by identifying savings in 2016/17 and is identifying the impact of further reductions in subsequent financial years via its Medium Term Financial Planning process This risk covers both a failure to deliver priority services due to inadequate financial planning and an inability to respond to changes arising from significant reductions in Government Finance</p>	<p>Inherent status: 20 High Current status : 16 High Risk owner: Martin Oram Accountable officer: Mary Davis Last review: 16 May 2016</p>	<p>Green Medium Term Financial Plan Completed Annual Savings Plan approved by CLT Green Purposeful Systems</p>
<p>PR01 - Supply market failure: Financial and other pressures leading to the failure of supply markets Failure of supply markets due to financial, capacity and other pressures particularly apparent in the social care market. Supply market failure could have a detrimental effect on the Council's ability to fulfil our legislative duties and</p>	<p>Inherent status: 20 High Current status : 16 High Risk owner: Nicola Tribble Accountable officer: Justin Bennetts Last review: 19 Oct 2016</p>	<p>Completed Integrated Category Management Completed Integrated Procurement Category Management (IPCM) Completed Corporate Strategy for procurement performance 2008-11</p>

Risk details	Status and Risk owner	Mitigating controls
strategic objectives.		<p>Green Attuned to markets</p> <p>Completed Contract Strategy</p>
<p>HR: Employee Services: System Failures</p> <p>System failure due to technical problems may result in employees not being paid on time or accurately</p>	<p>Inherent status: 16 High</p> <p>Current status : 16 High</p> <p>Risk owner: Wendy Smith</p> <p>Accountable officer: Jacky Wilson</p> <p>Last review: 20 Oct 2016</p>	<p>Green Proactive controls</p> <p>Amber HRMS Project</p> <p>Green Collaborative working</p> <p>Green HR and ICT Business Continuity Plans</p> <p>Amber Review of hardware and implementation of changes to processor</p>
<p>SPOC15: Failure to prevent discriminatory practice/adhere to the Equality Act & Public Sector Equality Duty</p> <p>Ensuring the Council gives due regard to the need to eliminate discrimination (end prohibited conduct), advance equality and foster good relations as required by the Public Sector Equality Duty (Equality Act 2010).</p>	<p>Inherent status: 20 High</p> <p>Current status : 16 High</p> <p>Risk owner: Jo Hooper</p> <p>Accountable officer: Roland Pyle</p> <p>Last review: 10 Nov 2016</p>	<p>Green (Equality) Impact Assessment</p> <p>Amber Equality Training and Competencies</p> <p>Green Equality Objectives (Fair for all Programme)</p> <p>Green Equality Reference Group</p> <p>Green Equality Framework for Local Government</p> <p>Amber Staff Surveys</p> <p>Green Discriminatory Incident Reporting</p> <p>Green Equality Policy</p> <p>Green Supporting employment policies</p> <p>Green Sufficient allocation of staff with responsibility for equality/impact assessment</p> <p>Green Information (Evidence base)</p> <p>Amber Customer diversity monitoring</p> <p>Green Equality Standards in Procurement</p> <p>Green Hate Crime Prevention</p> <p>Green Communications Toolkit</p> <p>Amber Workforce diversity data</p> <p>Completed Learning from Judicial Review Project - implementing the recommendations</p> <p>Green Impact Assessment Performance Measures</p>
<p>TCS1: Public Transport Support Budget</p> <p>Additional Cost/ budget pressure due to:</p> <p>(a) withdrawal of commercial services, requiring DCC to respond to fill gaps in the bus network through additional support for services.</p> <p>(b) Risk of higher tender prices, given a prolonged period of lower tender prices.</p> <p>(c) funding reductions resulting in significant cuts in bus services.</p> <p>Refer to Cabinet report 10 June 2015</p>	<p>Inherent status: 20 High</p> <p>Current status : 15 High</p> <p>Risk owner: Damien Jones</p> <p>Accountable officer: John Smith</p> <p>Last review: 20 Dec 2016</p>	<p>Amber Operational, policy and administrative efficiencies</p>

Risk details	Status and Risk owner	Mitigating controls
<p>Reduction in Public Health funding Clawback of Public Health reserve funds this year means that Public Health no longer have funding available to respond to immediate Public Health demands. It also may presage future reductions in the recurring funding which could impact on commissioned services</p>	<p>Inherent status: 15 High Current status : 15 High Risk owner: Mark Kealy Accountable officer: Tracey Polak Last review: 19 Dec 2016</p>	<p>Green Retaining a targeted health check programme for those most at risk Amber New Healthy Lifestyle service and voluntary service directory Green One You Green Change4Life Amber Making every contact count Green Specialist smoking service Amber Working with partners to access new sources of funding</p>
<p>HR: Workforce and Succession Planning DCC risks not having workforce plans in place to ensure that it has the 'right number of people with the right skills, in the right place at the right time to deliver short and long term organisational objectives' (Chartered Institute of Personnel & Development definition of 'workforce planning'). This is exacerbated by:</p> <p>The demographics of the workforce, given that around 45% of our current directly employed DCC workforce is over 50 years and over 60% is over 40 years. The need for changing skills and behaviours in order to implement new ways of working</p> <ul style="list-style-type: none"> • DCC's new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf • Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our 'employer brand' and therefore recruitment and retention • Skills shortages in key areas including social work and teaching • Improvements to the UK and local economy which may impact upon the Council's ability to recruit and retain staff. • Government policy (for example exit payment proposals) and changes to the Council's redundancy compensation policy, which could impact upon retention, particularly of those at more senior levels and/or older workers. 	<p>Inherent status: 16 High Current status : 12 Medium Risk owner: Helen Marsh Accountable officer: Jacky Wilson Last review: 05 Dec 2016</p>	<p>Green HR Strategy Green HR Redundancy and Turnover Management Strategy Amber HR Dashboard Green Communication and cross working Amber Workforce Planning roll-out</p>
<p>SPOC16: Failure to properly implement Impact Assessment in effective decision making The County Council has a legal duty under the Equality Act 2010 to publish information about people affected by its policies and practices. It also has a legal duty to give due regard to the need to eliminate discrimination, advance equality and foster good relations across nine protected characteristics. The County Council's method for meeting these duties is through the Impact Assessment</p>	<p>Inherent status: 30 Very high Current status : 12 Medium Risk owner: Jo Hooper Accountable officer: Roland Pyle Last review: 10 Nov 2016</p>	<p>Green Monitoring and feedback Green Training and guidance Green Decision making procedures Green Escalation</p>

Risk details	Status and Risk owner	Mitigating controls
<p>report. Risks to the organisation of not adhering to the Duty are Judicial Review or lack of consideration of community impacts which could result in harm, poor community relations, complaints about discrimination etc.</p>		
<p>SP1: Flood Risk Management Devon County Council became the Lead Local Flood Authority as defined by Flood and Water Management Act (FWMA) 2010 and, as a consequence, is responsible for managing the risk of local flooding from surface water run-off, groundwater and ordinary watercourses. The Act sets out a number of specific roles for the LLFA.</p> <p>This includes the risks associated with the obligations and expectations associated with this LLFA role, particularly in the light of the major flooding experienced in Devon in 2012 / early 2013 and the impending implementation of Schedule 3 of FWMA 2010 relating to Sustainable Drainage Systems (SuDS)</p> <p>[Note: no specific consideration here to the risk of flooding to DCC assets or the huge costs of responding to / recovering from flood events, particularly linked to highway flooding.]</p>	<p>Inherent status: 20 High Current status : 12 Medium Risk owner: Martin Hutchings Accountable officer: Dave Black Last review: 08 Aug 2016</p>	<p>Green Capacity of the Flood Risk Management Team Completed Flood Risk Management Strategy / Flood Resilience Community Pathfinder project Green Consider options for operation of Sustainable Drainage Approvals Body</p>
<p>HM12: Failure to maintain the A and B road network effectively leading to reduced surface life The risk of reduced life of the A and B road surfaces is influenced by several factors including the availability of an adequate budget to carry out work and deterioration factors such as severe winters and climate change.</p>	<p>Inherent status: 20 High Current status : 12 Medium Risk owner: Joe Deasy Accountable officer: David Whitton Last review: 12 Dec 2016</p>	<p>Amber Highways Asset Strategy Amber Assessment of Highway Drainage Green Materials Selection Green Re-evaluation of our approach to preventative maintenance</p>
<p>SPOC1: Failure to realise opportunities and insight derived from successful collaboration with key partners RISK of not engaging effectively with partners exposes DCC to levels of uncertainty in terms of capacity, service delivery and finance; insight and learning not shared about opportunities to share resources/effect change; aspirations as system leaders not realised; Better Together and Operating Model not achieved. OPPORTUNITY for greater value-added benefits through co-operation with other agencies and place-based budgets. The following link defines partnerships in a RM context. http://staff.devon.gov.uk/services-for-communities/strategicintelligence/risk-management/devonway-riskmanagement/risk-management-partners/risk-management-in-partnerships.htm</p>	<p>Inherent status: 16 High Current status : 12 Medium Risk owner: Simon Kitchen Accountable officer: John Smith Last review: 09 Aug 2016</p>	<p>Green Leadership and governance arrangements Amber Communications between Partners (key individual networks)</p>
<p>Disruption to DCC services (business continuity) The impact of an incident, internal or external, causing disruption to DCC</p>	<p>Inherent status: 12 Medium Current status : 9 Low</p>	<p>Amber Business continuity plans (BCPs)</p>

Risk details	Status and Risk owner	Mitigating controls
<p>services.</p>	<p>Risk owner: Keith Reed Accountable officer: Nicola Channon Last review: 19 Dec 2016</p>	<p>Amber Business Continuity plans for Social Care Green Exercising Completed Reminders to Review</p>
<p>BREXIT Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union which may impact on Council objectives, financial resilience and affected staff.</p>	<p>Inherent status: 24 Very high Current status : Risk owner: Martin Oram Accountable officer: Mary Davis Last review: 25 Nov 2016</p>	<p>Amber Monitor post-referendum environment Amber Monitor Official publications Red Engage with LGA Amber Human Resources support Red Engage with DCLG</p>
<p>Impact of reform of the Intermediaries Legislation (Off-Payroll working in the Public sector) Draft legislation has been circulated following HMRC consultation related to off payroll working in the public sector, and the current off payroll arrangements in place within the Council. Off payroll workers are paid by invoice via an intermediary i.e. their own limited company (also known as a personal services company) or via a recruitment agency, rather than the Council's payroll service. Care will need to be taken in terms of assessing the potential impact of the legislative change and in determining how the Council proceeds to ensure that Devon County Council fully meets it's duties in respect of tax legislation.</p>	<p>Inherent status: 0 Not set. Current status : Risk owner: Martin Oram Accountable officer: Mary Davis Last review: 01 Nov 2016</p>	<p>Green Establish a review group Amber Review existing contractual arrangements Amber Communication Amber Assess financial impact and issues Amber Review policies and procedures, alongside dealing with workflow issues</p>

Appendix B: Risks identified since 1 October 2016

Risk details	Status and Risk owner	Mitigating controls
<p>KS10: Residential and Nursing Care Market capacity and quality Inability to source placements in some parts of Devon at DCC agreed rates</p>	<p>Inherent status: 12 Medium Current status : 25 Very high Risk owner: Keri Storey Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Market intelligence Green Care Home Review Green Accommodation Strategy Green Recruitment of Market Sector Leads Green Weekly Sit Reps to be implemented</p>
<p>KS20: Care Management Capacity and Effectiveness Potential that pressures currently experienced by the care management service impact adversely on service user experience.</p>	<p>Inherent status: 20 High Current status : 25 Very high Risk owner: Keri Storey Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Demand Management work Green Productivity work alongside demand management Green Additional capacity in extended hours Green Supported Living Project</p>
<p>TG28: Budget Overspend Rising demand and cost pressures resulting in potential inability to deliver on demand reduction strategies due to lack of capacity to develop and implement or less than projected impact.</p>	<p>Inherent status: 25 Very high Current status : 25 Very high Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Demand Management Programme Green Recommissioning of residential and nursing care Green New approach to managing relationship with DPT</p>
<p>KS3: Deprivation of Liberties (DoLS) and Court of Protection (CoP) Supreme Court ruling presents a significant financial risk due to the likely increase in DoLS and CoP assessments required and associated legal costs.</p>	<p>Inherent status: 25 Very high Current status : 20 High Risk owner: Sarah MacKereth Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Prioritised plan in place in adult services to address both res/nursing/hospital and community deprivations Green CLT endorsed approach and additional posts Green Ongoing review of performance at SLT and scrutiny ctte on request Green Law Commission review due to report by end 2016. Realistically DCC is unlikely to authorise any significant proportion of the outstanding res/nursing or community deprivations prior to legislation/policy change</p>
<p>KS17: Secure transmission of confidential information Independent sector unable to access Egress resulting in possible insecure file transfers.</p>	<p>Inherent status: 20 High Current status : 20 High Risk owner: Keri Storey Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Being addressed through www group. Roger Jenkins leading.</p>
<p>KS5: Recruitment challenges Difficulty in recruiting suitably qualified staff to a range of posts, including</p>	<p>Inherent status: 20 High Current status : 20 High</p>	<p>Green Work underway to 'grow' own workforce and to review recruitment strategies</p>

Risk details	Status and Risk owner	Mitigating controls
<p>Advanced Mental Health Practitioners, Social Workers, Practice Managers and OTs</p>	<p>Risk owner: Keri Storey Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green AMPH service remodelled Green Social Worker regrading Green More proactive recruitment Green Revamped Social care Leadership Group, which improves retention Green ASCOR project will improve spans of control Green Monthly HR information including vacancies Green Adult Performance Framework will have HR focus</p>
<p>TG30: Short term intervention Risk that under developed short term service solutions leads to increased demand for long term services adversely impacting on costs</p>	<p>Inherent status: 25 Very high Current status : 20 High Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Demand management work on short term services offer Green Front door modelling Green North Devon: initial service model in conjunction with partners</p>
<p>TG31: NHS Regonfiguration Risk that changes to the NHS delivery model that are being developed in the Devon system could impact adversely on the social care business generating additional demand for adult social care services.</p>	<p>Inherent status: 25 Very high Current status : 20 High Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Joint Commissioning Green STP engagement Green RD&E Business Case Green Early intervention with health partners Green Wider Council commissioning 'ask'</p>
<p>TG22: Adult Mental Health Services Lack of acute psychiatric bed capacity locally and nationally is having a detrimental impact on acutely unwell people accessing hospital care increasing the risk to themselves, carers and public.</p>	<p>Inherent status: 20 High Current status : 16 High Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Commissioning arrangements under development Green Mental Health Crisis Concordaat agreed by peninsula partners</p>
<p>TG26: Assistive Technology 2 Failure to make best use of assistive technology through missed opportunities impacts on people's independence and safety at home leading to additional costs due to the procurement of more costly service solutions presenting a financial risk to the Authority.</p>	<p>Inherent status: 25 Very high Current status : 16 High Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green CES (prescriptions/stock itesms/non-stock items) Green Contract monitoring arrangements Green CES operational contract meetings Green Catalogue review group Green More concerted effort in promoting Assistive Technology, including Assistive Technology Day Green Living Well at Home contracts</p>
<p>TG25: Assistive Technology 1 There are financial and reputational risks presenting as a result of the legal</p>	<p>Inherent status: 16 High Current status : 9 Low</p>	<p>Green Reprocurement progressing to plan</p>

Risk details	Status and Risk owner	Mitigating controls
<p>challenges to the award of the Community Equipment contract</p>	<p>Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	
<p>Connecting Devon and Somerset - Secure superfast broadband to at least 95% of Devon and Somerset Premises by December 2019 with as much coverage as possible by the end of 2017</p> <p>The Connecting Devon and Somerset programme has been set up to bring superfast broadband to parts of rural Devon and Somerset, where the private sector will fail to deliver. Phase 1 was intended to increase superfast broadband to 90% of premises by the end of 2016 and phase 2 has the ambition of increasing this to 95% with as much as possible completed by the end of 2017. The programme has the overall target of ensuring all premises are connected to superfast broadband by 2020.</p>	<p>Inherent status: 24 Very high Current status : Risk owner: Sofie Francis Accountable officer: Not set Last review: 14 Nov 2016</p>	
<p>BREXIT</p> <p>Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union which may impact on Council objectives, financial resilience and affected staff.</p>	<p>Inherent status: 24 Very high Current status : Risk owner: Martin Oram Accountable officer: Mary Davis Last review: 25 Nov 2016</p>	<ul style="list-style-type: none"> Amber Monitor post-referendum environment Amber Monitor Official publications Red Engage with LGA Amber Human Resources support Red Engage with DCLG
<p>Impact of reform of the Intermediaries Legislation (Off-Payroll working in the Public sector)</p> <p>Draft legislation has been circulated following HMRC consultation related to off payroll working in the public sector, and the current off payroll arrangements in place within the Council. Off payroll workers are paid by invoice via an intermediary i.e. their own limited company (also known as a personal services company) or via a recruitment agency, rather than the Council's payroll service. Care will need to be taken in terms of assessing the potential impact of the legislative change and in determining how the Council proceeds to ensure that Devon County Council fully meets its duties in respect of tax legislation.</p>	<p>Inherent status: 0 Not set. Current status : Risk owner: Martin Oram Accountable officer: Mary Davis Last review: 01 Nov 2016</p>	<ul style="list-style-type: none"> Green Establish a review group Amber Review existing contractual arrangements Amber Communication Amber Assess financial impact and issues Amber Review policies and procedures, alongside dealing with workflow issues

Appendix C: Risks scored as Very High

Risk details	Status and Risk owner	Mitigating controls
<p>JO23: Children's and Adult services budget pressures and allocation Impact across People's Services of budget pressures and allocation issues within children's services. Significant overspends are currently being forecast across a range of Education transport and Social Care budgets, which threaten the financial stability of People's Services.</p>	<p>Inherent status: 30 Very high Current status : 30 Very high Risk owner: Jo Olsson Accountable officer: Jennie Stephens Last review: 09 Aug 2016</p>	<p>Green Regular financial performance reporting to CLT Green Weekly children's social care management meetings focussing on budget pressures Green Focus of regular LTP discussion Green Scrutiny reporting Green Task group led by Leader of the Council</p>
<p>TG20: Market capacity adult social care (Residential And Nursing Care) The supply of residential and nursing care of the right quality is currently stretched in some parts of Devon increasing the risk that we cannot achieve safe discharge from hospital. Difficulties in recruiting care staff further increases this risk.</p>	<p>Inherent status: 30 Very high Current status : 30 Very high Risk owner: Tim Golby Accountable officer: Ian Hobbs Last review: 24 Oct 2016</p>	<p>Green Capital investment programme led by BR Team to increase capacity in areas of highest need Green New care homes contract including block bed provisions from 2017-18 Green Working with CCGs re intermediate care to ensure fit to contract Green Improving relationship with the market via sector lead to increase market engagement Green Fee uplift has stabilised market failure Green Workforce development programme being extended to private sector</p>
<p>TG15: Reduction in Government funding affects service delivery Potential loss of funding affecting DCC service delivery in the event of changes made in the Comprehensive Spending Review and subsequent local government settlement given inflationary pressures in market and demographic growth.</p>	<p>Inherent status: 30 Very high Current status : 30 Very high Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Option of 2% precept Amber Increase in BCF funding</p>
<p>TG28: Budget Overspend Rising demand and cost pressures resulting in potential inability to deliver on demand reduction strategies due to lack of capacity to develop and implement or lesser than projected impact.</p>	<p>Inherent status: 25 Very high Current status : 25 Very high Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Demand Management Programme Green Recommissioning of residential and nursing care Green New approach to managing relationship with DPT</p>
<p>KS20: Care management capacity and effectiveness Potential that pressures currently experienced by the care management service impact adversely on service user experience</p>	<p>Inherent status: 20 High Current status : 25 Very high Risk owner: Keri Storey Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Amber Demand management work Amber Productivity work alongside demand management work Green Additional capacity in extended hours Amber Supported Living Project</p>
<p>TG29: Budget Management</p>	<p>Inherent status: 25 Very high</p>	<p>Green Thoroughness on consultation on proposals</p>

Risk details	Status and Risk owner	Mitigating controls
That a broader corporate overview of timing, impact or scope of service or policy changes gives rise to review or reconsideration of proposals	<p>Current status : 25 Very high Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Thorough impact and risk assessment of plans and policy change</p>
<p>KS9: Budget pressures and management Due to rising demand and cost pressures there is significant risk of financial overspend in current and future years.</p>	<p>Inherent status: 25 Very high Current status : 25 Very high Risk owner: Keri Storey Accountable officer: Keri Storey Last review: 24 Oct 2016</p>	<p>Amber Rigorous action monitoring of financial recovery plans for each service area. LD a particular issue Amber Learning disability financial pressures under review Amber NHS interface regarding funding issues under review</p>
<p>KS10: Residential and Nursing Care Market capacity and quality Inability to source placements in some parts of Devon at DCC agreed rates</p>	<p>Inherent status: 12 Medium Current status : 25 Very high Risk owner: Keri Storey Accountable officer: Jennie Stephens Last review: 24 Oct 2016</p>	<p>Green Market intelligence Green Care Home Review Green Accommodation Strategy Green Recruitment of Market Sector Leads Green Weekly Sit Reps to be implemented</p>
<p>KS11: Market Capacity: Adult Social Care (Personal Care) The supply of personal care of the right quality is currently stretched in some parts of Devon increasing the risk that we cannot maintain all people who require it safely in their own homes, achieve safe discharge from hospital and with the potential to increase admissions to residential and nursing care.</p>	<p>Inherent status: 30 Very high Current status : 24 Very high Risk owner: Tim Golby Accountable officer: Ian Hobbs Last review: 24 Oct 2016</p>	<p>Green Refresh of the Adult Social Care Services Market Position Statement Green Provider Engagement Network Green Performance monitoring of call off against the Framework Agreement Green Work with providers to address capacity shortfall Green Reprourement of personal care via new framework: contracts to be awarded in march, transition to new arrangements in June. Green Investigation of new solutions/new way of working Green Weekly SITREPS and escalation Green Provider of last resort option.</p>
<p>HTM1: Failure to maintain C class and unclassified roads effectively. Deterioration of highway network due to insufficient planned and routine maintenance.</p>	<p>Inherent status: 24 Very high Current status : 24 Very high Risk owner: Joe Deasy Accountable officer: David Whitton Last review: 31 Jul 2016</p>	<p>Green Value for Money solutions Green Highway Monitoring Green Safety repairs Green Communication with stakeholders</p>
<p>Connecting Devon and Somerset - Secure superfast broadband to at least 95% of Devon and Somerset Premises by December 2019 with as much coverage as possible by the end of 2017 The Connecting Devon and Somerset programme has been set up to bring</p>	<p>Inherent status: 24 Very high Current status : Risk owner: Sofie Francis Accountable officer: Not set</p>	

Risk details	Status and Risk owner	Mitigating controls
<p>superfast broadband to parts of rural Devon and Somerset, where the private sector will fail to deliver. Phase 1 was intended to increase superfast broadband to 90% of premises by the end of 2016 and phase 2 has the ambition of increasing this to 95% with as much as possible completed by the end of 2017. The programme has the overall target of ensuring all premises are connected to superfast broadband by 2020.</p>	<p>Last review: 14 Nov 2016</p>	
<p>JO13: Care Leavers in Education, Employment and Training Failure to join up approach across People leads to continuing high numbers of Care Leavers not in education, employment and training.</p>	<p>Inherent status: 30 Very high Current status : Overdue Risk owner: Vivien Lines Accountable officer: Jennie Stephens Last review: 01 Jul 2016</p>	<p>Green To ensure regular reporting and sharing of data on care leavers with appropriate partners Amber To ensure the offer from Careers South West is sufficiently bespoke to the needs of this group of y Amber To develop use of POPP to support care leavers Amber To work with business to develop the apprentice and internship provision</p>
<p>P22: Increasing costs and challenges Increasing costs and challenges securing education and care placements for children with additional and complex needs due to a reducing market, stronger regulation and difficulty delivering personalised services for individual children.</p>	<p>Inherent status: 25 Very high Current status : Overdue Risk owner: Sarah Aggett Accountable officer: Fiona Fitzpatrick Last review: 13 May 2016</p>	<p>Completed Placement Strategy Green Peninsular Framework Agreement Amber Single Education Health and Care Plans Amber Greater efficiency re joint agency placements</p>
<p>TG23: Workforce (People) Lack of Organisational Development Plan for the Authority, which should include succession planning for Leaders and Managers could lead to future skills shortages across key areas of the business, for example, Social Workers, Headteachers, Teachers and Health Workers. This needs to include contracted services for care where significant workforce recruitment and retention issues exist. Failure to address may result in market failure and statutory non-compliance with Care Act duties.</p>	<p>Inherent status: 30 Very high Current status : Overdue Risk owner: Tim Golby Accountable officer: Jennie Stephens Last review: 01 Jun 2016</p>	<p>Completed Test of Assurance Completed Succession Planning Completed Grading review: Adult Social Workers Green Workforce Development, including potential impact of devolution ask</p>
<p>SC17: The introduction of a joint Ofsted/CQC framework of services to support cyp with SEND From May 2016 introduces new legislation across local authority and partner services, with work required to ensure that services are at least 'good' as defined by standards within the inspection framework and that the authority is ready to facilitate an inspection.</p>	<p>Inherent status: 25 Very high Current status : Overdue Risk owner: Sarah Aggett Accountable officer: Sue Clarke Last review: 21 May 2016</p>	<p>Red Service audits</p>
<p>SC16: National Funding Formula and implications of the White Paper</p>	<p>Inherent status: 25 Very high</p>	<p>Amber Awareness raised at CLT</p>

Risk details	Status and Risk owner	Mitigating controls
<p>impact of consultation proposals to remove funding allocation for school improvement from September 2017. Potential time lag between changes in LA roles and responsibilities and reduction in Education Support Grant. Corporate budget implications and potential impact on School Improvement support for maintained schools. The White Paper sets out the Government's intention for universal academisation by 2022 . LA financial resources will be removed earlier than when responsibilities change bringing a number of risks for maintained schools requiring support and the removal of capacity within DCC. Significant costs to DCC to facilitate each academy conversion. Transfer all school sites and other wider education assets to the DfE. Greater discretion for the Regional Schools Commissioner who will determine future arrangements for schools.</p>	<p>Current status : Overdue Risk owner: Sue Clarke Accountable officer: Jennie Stephens Last review: 01 Jun 2016</p>	<p>Amber Full council debate on white paper</p>
<p>BREXIT Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union which may impact on Council objectives, financial resilience and affected staff.</p>	<p>Inherent status: 24 Very high Current status : Risk owner: Martin Oram Accountable officer: Mary Davis Last review: 25 Nov 2016</p>	<p>Amber Monitor post-referendum environment Amber Monitor Official publications Red Engage with LGA Amber Human Resources support Red Engage with DCLG</p>

SC/17/1

Corporate Services Scrutiny Committee
24 January 2017

Devon Youth Service

Report of the Chief Officer for Communities, Public Health, Environment and Prosperity

1. Background

Members will recall from the September 2016 meeting that following a competitive procurement exercise and consideration by Cabinet of the outcome, the youth service will be divested to DYS Space Ltd which is a social enterprise. The total value of the contract is £5.25million over its three year term.

Organisations were able to bid for the contract provided that:

- their objective is the pursuit of a public service mission linked to the delivery of the service;
- profits are reinvested and/or are distributed on participatory considerations; and
- ownership of the organisation is based on employee ownership/participatory principles or requires the active participation of employees, service users or stakeholders.

DYS Space Ltd will provide the service from 1 February 2017.

2. The Devon Youth Service and DYS Space Ltd

The Education and Inspections Act 2006 and subsequent statutory guidance announced in 2012 give local authorities statutory obligations for youth work activities. The Council has important responsibilities to support young people, especially those who are more vulnerable, to engage positively in their communities and to make successful transitions to adulthood.

The Council will retain responsibility for the Youth Service for Devon and commission the new organisation to deliver it on the Council's behalf.

DYS Space Ltd will work collaboratively with partners to ensure that young people aged between 13 and 19 receive the support and advice needed to reach their individual goals and to lead healthy, happy and fulfilling lives into adulthood.

The Youth Service is part of a broad range of early help and support services for children & young people and their families. There is an extensive and well developed voluntary and community sector in Devon which engages, supports and works with young people.

The scope of the Youth Service for Devon is the provision of:

- An open access youth service for young people at each of the eight youth and community centres (Tiverton, Barnstaple, Exeter, Totnes, Okehampton, Newton Abbot, Bideford and Exmouth).
- Targeted youth work for young people as part of the Devon Early Help strategy.
- Advice, guidance and support to voluntary and community groups.

Agenda Item 8

- Alternative provision for secondary school pupils who have:
 - Behavioural problems which disrupt their learning
 - Emotional and social needs, medical or mental health conditions; or
 - Extreme vulnerability due to personal and social issues.(This will be delivered at The Junction at Newton Abbot, Red Rock centre at Dawlish and other youth and community centres.)
- Duke of Edinburgh Award Scheme programmes having particular regard to enabling and supporting participation by young people who:
 - Are not in education, employment and training;
 - Have special educational needs;
 - Are at risk of exclusion from mainstream education; or
 - Have characteristics that are protected under the Equality Act 2010.
- Youth provision at Cranbrook until the planned permanent youth facility has been constructed or until 2024 whichever is the earlier.

The outcomes which the Youth Service for Devon will achieve for Young People accessing the service are:

1. Young people are safe from harm, neglect and exploitation.
2. Vulnerable and disadvantaged young people have good life chances, more opportunities and better outcomes.
3. Young people are able to establish good relationships and connections.
4. Young people influence the decisions that affect them.
5. Young people have good opportunities to participate in their community.

Whilst the focus of Youth Service for Devon will be young people aged between 13 and 19: "youth" is not necessarily a particular age but the developmental phase between childhood and adulthood. There is evidence from across the UK which shows the social and personal benefits of professional youth work to young people from an earlier age than 13. The national youth work strategy for Scotland is for young people aged between 11 and 18. The national youth strategy for Wales is for the education and development of young people aged between 11 and 25 years. The 2015 Youth Select Committee report on young people's mental health, produced by the British Youth Council with support from the House of Commons found that over half of all mental ill-health starts before the age of 14. DYS Space Ltd will work with 11 year olds upwards as capacity and/or need dictate.

DYS Space Ltd has a key role to play in relation to safeguarding and promoting the welfare of young people; this will underpin the service. DYS Space Ltd has clear policies and procedures in place relating to safeguarding in line with national guidance and locally agreed procedures through the Devon Safeguarding Children's Board.

The key performance indicators which will be used to support an assessment of the quality of the service are set out below.

Agenda Item 8

Service	Outcome(s) to be achieved	Key performance indicators (and frequency of reporting)	Target performance (Target KPI) (see notes below) The target KPIs have been calculated using information in the DYS "Quarterly Report January to March 2016"
Open access youth service for Young People	Outcomes 1, 3, 4 and 5	Total number of Young People in contact with the service (quarterly) Average number of contact hours per participant (quarterly)	1000 14 hours
Targeted youth work	Outcome 2	Percentage of Young People who have on-going engagement with targeted youth work and say that they are making good or some progress with their action plan (six weekly).	79% <i>(Note: DYS Space Ltd will be required to produce performance management information. DYS Space Ltd will ask Young People to rate their progress on a scale where "1 is no and 5 is definitely. This target KPIs will be calculated from the % who rate their progress at level 3,4 or 5)</i>
Advice, guidance and support to voluntary and community groups.	Outcomes 4 and 5	Number of groups and organisations provided with guidance and support (annual)	40
Alternative provision for school pupils	Outcomes 1 and 2	Average number of short term interventions for Young People (centre based provision) per month (monthly). Total number of Young People (centre provision and outreach work in the referring school) during the academic year.	30 65
Duke of Edinburgh Award scheme	Outcomes 3 and 5	Number of Young People participating in the Duke of Edinburgh Award scheme (quarterly)	Baseline to be agreed between the Council and DYS Space Ltd by end of March 2017.

In addition to the performance indicators, DYS Space Ltd will be required to provide the following performance management information to the Council on a quarterly basis:

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Overview of users

- Total number of Young People in contact with the service and at each youth and community centre.
- Average contact hours per participant.
- Number of hours of sessions delivered at each youth and community centre per week and totalled over the quarter.
- Number of starter Young People.
- Total number of Young People registered at each youth and community centre.
- Numbers of Young People by gender, age, religion, ethnicity, disability and sexual orientation.

Open access provision

For each centre, the Provider will provide information about:

- The types and frequency of issues raised by Young People in conversations with its workers.
- The type of information provided to Young People and the number of Young People who have been provided with it.
- The number and type of sessions where guidance is provided in a structured or formal way (e.g. a sexual health workshop or a crisis support session).
- How satisfied Young People are with the Provider's service at each centre.

Targeted Support

- Number of Young People receiving 1:1 support.
- Number of new referrals.
- Number of drop-outs/non-starters.
- Number of cases closed.
- Number of Young People who say that they have benefited from the Provider's 1:1 support.
- Number of Young People who say that they are making progress with their action plan.
- Analysis of progress which Young People say they are making with outcomes in their action plan.
- Number of 1:1 sessions provided.
- Number of hours of 1:1 targeted work each month.
- Analysis of the sources of referrals to the service each month.
- Analysis of the types of support which referrers for targeted work identify as needing to be met.
- Analysis of contribution to multi-agency working including number of incidences that a youth worker takes the lead professional role in a team around the Young Person /family.
- Number of Young People being supported in targeted group work sessions.
- Number of targeted group work sessions provided.
- Numbers of Young People referred into other services.

Youth and community support

- An analysis of the nature and results of work with and support for community and voluntary groups.

Performance management information on **alternative provision** and the **Duke of Edinburgh Award Scheme** will also be provided by DYS Space Ltd to the Council.

Dr Virginia Pearson
Chief Officer for Communities, Public Health, Environment and Prosperity

Agenda Item 8

Electoral Divisions: All

Cabinet Member for Performance and Engagement: Councillor Barry Parsons

Local Government Act 1972: List of Background Papers

Contact for enquiries: Roland Pyle

Room No: County Hall, Exeter. EX2 4QD

Tel No: 01392 383000

Background Paper	Date	File Ref.
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Nil

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hk 04 100117

DEVON COUNTY COUNCIL

SCRUTINY WORK PROGRAMME

The Scrutiny Work Programme identifies those areas of activity or work proposed to be undertaken by individual Scrutiny Committees over the coming months, notwithstanding the rights of County Councillors to ask for any matter to be considered by a Committee or to call-in certain decisions in line with the Council's Scheme of Delegation (Part 3 of the Constitution) and the Scrutiny Procedures Rules.

Co-ordination of the activities of Scrutiny Committees is undertaken by the Chairmen and Vice-Chairmen of Scrutiny Committees to avoid duplication of effort and to ensure that the resources of the Council are best directed to support the work of Scrutiny Committees.

The Work Programme will be submitted to and agreed by Scrutiny Committees at each meeting and will be published on the Council's website 'Information Devon', (http://www.devon.gov.uk/index/councildemocracy/decision_making/scrutiny/scrutiny_programme.htm) as soon as possible thereafter.

An up to date version of this Plan will also be available for inspection from the Democratic Services and Scrutiny Secretariat at County Hall, Topsham Road, Exeter (Telephone: 01392 382296) between the hours of 9.30am and 4.30pm on Mondays to Thursdays and 9.30am and 3.30pm on Fridays, free of charge.

Where possible Scrutiny Committees will attempt to keep to the timescales/dates shown in the Plan. It is possible, however, that some items may need to be rescheduled and new items added as new circumstances come to light.

Please ensure therefore that you refer to the most up to date Plan.

Copies of Agenda and Reports of Scrutiny Committees of the County Council referred to in this Forward Plan area also available on the Council's Website at (<http://www.devon.gov.uk/dcc/committee/mingifs.html>)

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SCRUTINY WORK PROGRAMME

Date for Consideration	Matter for Discussion	Scope of Investigation or Purpose of Report	Contributors or Heads of Services to be involved	Documents to be considered	Likely timescale for Investigation or Consideration
CORPORATE SERVICES SCRUTINY COMMITTEE					
24 JANUARY 2017					
24 Jan 2017	Budget 2017/18		County Treasurer	Report	Committee meeting only
24 Jan 2017	Treasury Management Strategy	Consideration of the Strategy and to make any comments / recommendations to Cabinet	County Treasurer	Report	Committee meeting only
24 Jan 2017	Risk Management	An opportunity to look in depth at some of the Council's most prominent risks, and the mitigating actions put in place to manage them.	Chief Officer for Communities, Public Health, Environment and Prosperity	Report	Committee meeting only
24 Jan 2017	Youth Service Externalisation	Update of the transfer of the youth service to a staff mutual	Head of Organisational Development	Report	Committee meeting only
23 MARCH 2017					
23 Mar 2017	Domestic Abuse Support Services Strategy	Performance Management and Governance Arrangements for the new strategy	Chief Officer for Communities, Public Health, Environment and Prosperity	Report	Committee meeting only
23 Mar 2017	Risk Management	To look in depth at some of the Council's most prominent risks, and the mitigating actions put in place to manage them.	Chief Officer for Communities, Public Health, Environment and Prosperity	Report	Committee meeting only
23 Mar 2017	Scrutiny in a Commissioning Council Task Group update	Update against the recommendations made by the Scrutiny in a Commissioning Council Task Group	Scrutiny Officer	Report	Committee meeting only
Future items					

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Date for Consideration	Matter for Discussion	Scope of Investigation or Purpose of Report	Contributors or Heads of Services to be involved	Documents to be considered	Likely timescale for Investigation or Consideration
27 Jun 2017	NPS 10 Year Review	Report on the Council's 10 year review of its Property Services contract with NPS	Head of Digital Transformation and Business Support	Report	Committee meeting only
27 Jun 2017	Deprivation of Liberty Safeguards	To assess the impact of new legislation.	Head of Adult Care Operations and Health	Report	Committee Meeting only

DEVON COUNTY COUNCIL

COUNCIL/CABINET FORWARD PLAN

In line with the public's general rights of access to information and the promotion of transparency in the way which decisions are taken by or on behalf of the Council, Devon County Council produces a Forward Plan of any Key Decisions to be taken by the Cabinet and any Framework Decisions to be made by the County Council. The Plan normally covers a period of a minimum of four months from the date of publication and is updated every month.

The County Council has defined key decisions as those which by reason of their strategic, political or financial significance or which will have a significant effect on communities in more than one division are to be made by the Cabinet or a Committee of the Cabinet. Framework Decisions are those decisions, which, in line with Article 4 of the Council's Constitution must be made by the County Council.

The Cabinet will, at every meeting, review its forthcoming business and determine which items are to be defined as key decisions and the date of the meeting at which every such decision is to be made, indicating what documents will be considered and where, in line with legislation, any item may exceptionally be considered in the absence of the press and public. The revised Plan will be published immediately after each meeting. *Where possible the County Council will attempt to keep to the dates shown in the Plan. It is possible that on occasion may need to be rescheduled.* Please ensure therefore that you refer to the most up to date Plan.

An up to date version of the Plan will available for inspection at the Democratic Services & Scrutiny Secretariat in the Office of the County Solicitor at County Hall, Topsham Road, Exeter (Telephone: 01392 382300) between the hours of 9.30am and 4.30am on Mondays to Thursdays and 9.30am and 3.30pm on Fridays, free of charge, or on the County Council's web site, 'Information Devon', (<http://www.devon.gov.uk/dcc/committee/>) at any time.

Copies of Agenda and Reports of the Cabinet or other Committees of the County Council referred to in this Plan area also on the Council's Website at (<http://www.devon.gov.uk/dcc/committee/mingifs.html>)

FORWARD PLAN

All items listed in this Forward Plan will be discussed in public at the relevant meeting, unless otherwise indicated for the reasons shown

Any person who wishes to make representations to the Council/Cabinet about (a) any of the matters proposed for consideration in respect of which a decision is to be made or (b) whether or not they are to be discussed in public or private, as outlined below, may do so in writing, before the designated Date for Decision shown, to The Democratic Services & Scrutiny Secretariat, County Hall, Exeter, EX2 4QD or by email to: members.services@devon.gov.uk

PART A - KEY DECISIONS

(To Be made by the Cabinet)

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Date of Decision	Matter for Decision	Consultees	Means of Consultation**	Documents to be considered in making decision	County Council Electoral Division(s) affected by matter
	<i>Regular / Annual Matters for Consideration</i>				
December 2017 10 January 2018	Target Budget: Target Budget: Impact of the Provisional Local Government Settlement for forthcoming year on the preparation of that year's budget and affirmation/re-affirmation of service expenditure targets	N/A	N/A	Report of the County Treasurer outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
10 February 2017	Admission Arrangements and Education Travel Annual Review: Approval to Admission Arrangements for Subsequent Academic Year	Schools, Governing Bodies and Teacher Associations	Formal Consultation, Correspondence and Meetings	Report of the Head of Education and Learning outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
12 April 2017	County Road Highway Maintenance Capital Budget Update on current years programmes and approval of schemes and proposed programmes for forthcoming financial year	N/A	N/A	Report of the Chief Officer for Highways, Infrastructure Development and Waste outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions

12 April 2017	County Road Highway Maintenance Revenue Budget and On Street Parking Account Allocation of highway maintenance funding allocated by the Council in the budget for the current/forthcoming financial year	N/A	N/A	Report of the Chief Officer for Highways, Infrastructure Development and Waste outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
<i>Specific Matters for Consideration</i>					
10 February 2017	Tipton St. John Church of England VA Primary School Approval to proceed to consultation on Enlargement and Transfer to a New Site	Pupils, Parents, Staff, Local Learning Community, All Schools, All County and District Councillors, Diocese, Phase Associations, TCC, JCC.	Informal and formal statutory consultation under School Organisation Regulations	Report of the Head of Planning, Transportation and Environment outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	Ottery St Mary
Between 10 February 2017 and 8 March 2017	Support for progression of Roundswell Southern Employment Site (Land south A39)	Stakeholders including local residents, businesses, local organisations, statutory and voluntary agencies	North Devon & Torridge Local Plan process (draft plan submitted to Secretary of State and currently at Inquiry)	Report of the Head of Economy, Enterprise and Skills outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	Chulmleigh and Swimbridge; Fremington Rural
Between 10 February 2017 and 15 March 2017	Promoting Independence Policy Approval of new policies, plans and communications strategy to underpin improved accessibility to adult social care services.		May be, as yet unknown	Report of the Head of Adult Commissioning and Health outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions

10 February 2017	Family Based Care Tender for provision of fostering placements Award of Contract [NB: This item may contain information about the financial and business affairs of the Council and/or of a third party, purchaser or provider of property, goods or services that may need to be discussed in the absence of the press and public]	n/a	n/a	Report of the Head of Childrens Social Care outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
10 February 2017	Transport Capital Programme for 2017/18 and 2018/19	Public and stakeholders Delivery partners	Public via previous Local Transport Plan consultation and subsequent district council Local Plans Stakeholders and delivery partners via on-going discussions	Report of the Head of Planning, Transportation and Environment outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
Between 10 February 2017 and 12 April 2017	Tithebarn Link Road Phase 2b (completion of link road to old A30) and new pedestrian/cycle bridge over M5 adjacent to Tithebarn Link Road – Design and scheme approval	Public, and interested parties and local planning authorities	Exeter & East Devon Local Plan and normal planning processes	Report of the Head of Planning, Transportation and Environment outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	Broadclyst & Whimble; Pinhoe & Mincinglake
8 March 2017	Children's Services - Re-procurement of Services (Cabinet Minute *132/11 January 2017)/ Approval to award of contract/selection of preferred bidder(s) for Children Service's provision [NB: This item may contain information about the financial and business affairs of the Council and/or of a third party, purchaser or provider of property, goods or services that may need to be discussed in the absence of the press and public]	Commissioners, Users, Providers and Interested Parties	Public Consultation exercise including webbased feedbackwith	Report of the Chief Officer for Communities, Public Health, Environment and Prosperity outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions

14 June 2017	Learning Disability Service: Review of provision	Users and interested parties	Meetings and correspondence	Report of the Head of Adult Commissioning and Health outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
14 June 2017	Regional Adoption Agency Approval to proposed future model of service	N/A	N/A	Report of the Chief Officer for Childrens Services outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
Between 14 June 2017 and 13 September 2017	Tiverton A361 junction Improvements: Approval to design of scheme and seeking of tenders for scheme	Mid Devon District Council, Highways Agency, Landowners, Environment Agency, Public	MDDC two-stage Masterplanning consultation and normal planning permission process	Report of the Head of Planning, Transportation and Environment outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	Tiverton East
12 July 2017	Property Services: Ten Year Review of Joint Venture with NPS SW: Consideration of future arrangements	Corporate Services Scrutiny Committee	Meetings	Report of the Head of Digital Transformation and Business Support outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions

PART B - FRAMEWORK DECISIONS

(Requiring approval of the County Council)

Date of Decision	Matter for Decision	Consultees	Means of Consultation**	Documents to be considered in making decision	County Council Electoral Division(s) affected by matter
16 February 2017	Revenue Budget, Medium Term Financial Strategy & Capital Programme for next subsequent financial and beyond	Public, Stakeholders, Trades Unions, Business and Voluntary Sectors and public	Statutory consultations, meetings, fora and public meetings, correspondence and website	Report of the County Treasurer outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
Between 8 March 2017 and April 2017	Heart of the South West Devolution: Approval to formal establishment of Joint Committee with HoSWD Partners	Procedures Committee, 2 February 2017		Report of the Democratic Services & Scrutiny Manager outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
16 February 2017	Pay Policy Statement Approval, in accordance with the provisions of the Localism Act 2011 of the Councils Annual Pay Policy Statement setting out its policy for each financial year relating to remuneration of Chief Officers and other employees and the relationship between the pay of chief officers and other employees	Appointments & Remuneration Committee	Meetings	Report of the Head of Organisational Development outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
Between 26 April 2017 and 18 May 2017	Heart of the South West Devolution Proposal: Approval to final Deal negotiated with Government (Minute 157/10 December 2015)	Government and Bid partners	Meetings & Correspondence	Report of the Chief Executive outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions

PART C - OTHER MATTERS

(i.e. Neither Key Nor Framework Decisions)

Date of Decision	Matter for Decision	Consultees	Means of Consultation**	Documents to be considered in making decision	County Council Electoral Division(s) affected by matter
	<i>Regular / Annual Matters for Consideration</i>				
	Standing Items, as necessary (Minutes, References from Committees, Notices of Motion and Registers of Delegated or Urgent Decisions)	As necessary		Report of the outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
Between 28 April 2016 and 3 May 2017 Between 17 October 2016 and 9 May 2018	Standing items on the future management, occupation, use and improvement of individual holdings and the estate, monitoring the delivery of the Budget & the Estate Useable Capital Receipts Reserve in line with the approved policy and budget framework <i>[NB: Items relating to the letting or occupancy of individual holdings may contain information about, or which is likely to reveal the identity of, an applicant for a holding and about the financial and business affairs of the Council and any prospective or existing tenant that may need to be discussed in the absence of the press and public]</i>	To be considered at the Farms Estates Committee, including any advice of the Council's Agents NPS South West Ltd		Report of the Head of Digital Transformation and Business Support County Treasurer outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
8 March 2017	Budget Monitoring 2016/17 Monitoring at Month 10	n/a	n/a	Report of the County Treasurer outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
8 March 2017	Adult's Annual Safeguarding Report	N/A	N/A	Report of the outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
June 2017	Approval to Revenue & Capital Outturn, for the preceding financial year	N/A	N/A	Report of the County Treasurer outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions

31 May 2017	Public Health Annual Report 2016-17 Receipt of statutory annual report on the health of people in Devon by the Director of Public Health.	N/A	JSNA	Report of the Chief Officer for Communities, Public Health, Environment and Prosperity outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
12 July 2017	Treasury Management Stewardship Outturn Report	Corporate Services Scrutiny Committee	n/a	Report of the County Treasurer outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
Between 13 September 2017 and 11 October 2017	Annual Childcare Sufficiency Report: Endorsement of Annual report outlining how the Council is meeting its statutory duty to secure sufficient early years and childcare places and identifying challenges and actions for the coming year in relation	Interested parties and partners and schools and parents		Report of the Head of Education and Learning outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
Page 7 of 8 Between 1 October 2017 and 8 November 2017	Devon Safeguarding Children's Board Annual Report	N/A	N/A	Report of the Chief Officer for Childrens Services outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
13 December 2017	Treasury Management Mid Year Stewardship Report			Report of the County Treasurer outlining all relevant considerations, information and material including any equality and / or impact assessments, as necessary.	All Divisions
	<i>Specific Matters for Consideration</i>				