

**Revenue Budget 2021/22**  
**Medium Term Financial Strategy to 2024/25**  
**and**  
**Capital Strategy 2021/22 to 2025/26**

## Relevant Committee Reports

The following reports may be helpful in understanding the development of budget plans for 2021/22

Date	Committee	Subject	Ref No.
9th December 2020	Cabinet	Revenue/Capital Budget 2021/22	CT/20/107
13th January 2021	Cabinet	Revenue/Capital Budget 2021/22	CT/21/01
25th January 2021	Children's Scrutiny	Draft Capital Programme 2021/22 - 2025/26 and Draft Revenue Budget 2021/22	CT/21/03
26th January 2021	Health and Adult Care Scrutiny	Draft Capital Programme 2021/22 - 2025/26 and Draft Revenue Budget 2021/22	CT/21/04
28th January 2021	Corporate, Infrastructure & Regulatory Services	Draft Capital Programme 2021/22 - 2025/26 and Draft Revenue Budget 2021/22	CT/21/05
12th February 2021	Cabinet	Impact Assessments	<a href="https://www.devon.gov.uk/impact/budget21-22/">https://www.devon.gov.uk/impact/budget21-22/</a>
12th February 2021	Cabinet	Report of Consultations with representatives of the Devon Business Community; Older People and Voluntary Sector Representatives, and Trade Unions	CSO/21/05
12th February 2021	Cabinet	Overview/Scrutiny Committee recommendations	CSO/21/06
12th February 2021	Cabinet	Revenue Budget and Medium Term Financial Strategy 2021/22 - 2024/25 and Capital Programme 2021/22 - 2025/26	CT/21/16
18th February 2021	Council	Revenue Budget and Medium Term Financial Strategy 2021/22 - 2024/25 and Capital Programme 2021/22 - 2025/26	CT/21/17

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## Revenue Budget Overview

The 2021/22 Budget is set in the context of the ongoing Covid-19 Global Pandemic. The virus has had a devastating impact on public health, social care, the NHS and the economy. The national response has cost billions of pounds and has seen national debt rise to over £2 trillions; levels not seen since world war 2.

In November the Chancellor announced a Government Spending Review (SR2020); it had been hoped that it would be a multi-year spending review, but this was not the case. The one-year spending review was followed in December with a one-year provisional settlement which was confirmed in the Final Settlement. Whilst not a generous settlement, it is better than it might have been in the current economic climate and has allowed the authority to set a balanced budget with only modest savings being required.

This section of the Budget Book sets the scene for the Revenue Budget for 2021/22 with more information on what the future might hold within the Medium Term Financial Strategy which starts on page 91

## The Local Government Finance Settlement 2021/22

On the 4th February 2021, the Secretary of State for the Ministry for Housing, Communities and Local Government, Rt. Hon. Robert Jenrick MP, made a written statement to Parliament on the Final Local Government Finance Settlement 2021/22, the details of which are set out below.

The 2021/22 local government finance settlement is for one year only and is based on the Spending Round 2020 (SR20). The Final Settlement is £103.2 millions.

The main points are set out below:

- Council Tax – As previously announced at Spending Round 2020, the council tax referendum limit will be 2% for local authorities with social care authorities allowed a 3% social care precept. The settlement confirmed districts will be allowed to apply the higher of the referendum limit or £5;
- Business Rates Retention – The business rates multiplier has been frozen for 2021/22 resulting in the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remaining at 2020/21 levels;
- Revenue Support Grant – Has been increased by 0.55%;
- Social Care Funding – Originally announced at SR20, there has been an increase to the Social Care Support Grant of £300 millions nationally. This has been allocated based on Adult Social Care relative need (£60 millions) and the ability to raise resources through the social care precept (£240 millions). There has been no change to the Improved Better Care Fund Grant;
- Rural Services Delivery Grant – There has been an increase of £4 millions nationally, from £81 millions in 2020/21, to £85 millions in 2021/22; with the methodology for distribution remaining unchanged from 2020/21;
- Covid-19 Funding – In SR20, £2.2 billions of funding was announced to support local government in 2021/22, alongside support for local tax income and the spreading of deficits; and

- Local government Funding Reform – No papers were published relating to the Fair Funding Review or the Business Rates Reset.

The Settlement for the authority is:

	<b>£'000</b>
Revenue Support Grant	549
Business Rates Central Government Top Up	80,654
New Homes Bonus	2,486
Rural Services Delivery Grant	7,823
Social Care Support Grant SR20	3,149
Social Care Support Grant SR19	20,160
Improved Better Care Fund	28,271
Covid-19 Funding	14,823
Council Tax Support Grant	6,358

## Revenue Expenditure

Detailed budgets have now been produced within the Targets set by Cabinet in January 2021; these are shown on pages 39 to 89.

Cabinet at its meeting on 13th January set increased Revenue Budget Targets for 2021/22. Although the original Targets were set only a few weeks prior at the 9th December Cabinet, much had happened in that time. A new variant of the Coronavirus had been identified and the country had entered another national lockdown. It was hard to imagine that a return to normal would happen quickly. The rapidly changing circumstances led to a review of the Targets. Some savings previously identified did not seem feasible and the other areas needed bolstering to increase the resilience of the authority.

The detailed budgets on pages 39 to 89 comply with the targets set by Cabinet on 13th January which total £578.5 millions. The total includes funding for budget pressures of £47.3 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 £11.6 millions are required to set a balanced budget.

The targets set for each service area have been subject to different pressures and influences. The table below shows the 2021/22 Budget Targets by service area.

	<b>2020/21 Adjusted Budget *</b>	<b>Inflation &amp; Pressures</b>	<b>Savings &amp; additional Income</b>	<b>2021/22 Budget</b>	<b>Net change</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
Adult Care & Health	260,757	26,235	(4,557)	282,435	21,678	8.3%
Children's Services	146,869	13,787	(2,389)	158,267	11,398	7.8%
Community Health, Environment & Prosperity	39,792	1,039	(958)	39,873	81	0.2%
Corporate Services	37,566	4,436	(1,615)	40,387	2,821	7.5%
Highways, Infrastructure Development & Waste	57,827	1,804	(2,111)	57,520	(307)	-0.5%
	<b>542,811</b>	<b>47,301</b>	<b>(11,630)</b>	<b>578,482</b>	<b>35,671</b>	<b>6.6%</b>

\* Adjusted for permanent virements

The risks associated with the delivery of the 2021/22 budget and the mitigating action needed to try to contain that risk is detailed on pages 150 to 166.

## Revenue Expenditure - Other items

Key Table 1 on page 9 shows the estimated level of spending on services and other items such as Capital Financing and Interest on Balances. These items are held centrally and not distributed to service budgets. Capital Financing Charges are dependent on the authority's Capital Programme explained on pages 19 to 38. Factors that influence the income gained from our balances are set out on pages 122 to 138 that explains the authority's Treasury Management Strategy.

## Revenue Income - Council Tax

The authority is required to set a Council Tax for each property band. This will need to be notified to each District Council for them to include in the billing process. Cabinet is required to recommend a tax level to County Council.

District Councils have now reported their final tax base and surpluses on collection. The level of tax collection surplus attributable to the authority is an estimated £2.4 millions. Surpluses serve to reduce the Council tax implications of any given spending level, but only on a one-off basis. They cannot be relied on for future years or to fund on-going expenditure.

Key Table 2 sets out the Council Tax Requirement, Tax Base, Council Tax by band and individual District Precepts.

## Reserves and Balances

Members need to endorse the level at which general balances and earmarked reserves should be maintained. Pages 114 to 121 explain the authority's strategy for its reserves and balances. It is recommended that general balances are maintained at or above £14 millions. A detailed risk assessment has been completed which demonstrates that residual risk after mitigation, falls below this level.

Key Table 3 summarises the authority's Reserves and Balances.

## Medium Term Financial Strategy

The authority's approach to the Medium Term Financial Strategy (MTFS) is detailed on pages 91 to 113. The level of uncertainty over future funding and the combined impact of the Pandemic and leaving the EU means that significant assumptions have had to be made; when future funding levels are known the MTFS will almost certainly need updating. Key table 4 is the financial representation of the current MTFS.

## Revenue Income - Specific Grants

The authority not only receives Core Funding but also specific grants that relate to particular activities and these are detailed in Key Table 5 on page 13 and 14. The most significant specific grant is the Dedicated Schools Grant which must be spent on schools and related expenditure. For 2021/22 the Dedicated Schools Grant has increased to £589.1 millions from £539.9 millions in 2020/21. In spite of this increase Devon's schools remain some of the most poorly funded by Government.

## Conclusion

The Budget for 2021/22 includes significant investment in core services to support the most vulnerable people in Devon. It must be noted however that we are in unprecedented times and the authority faces significant risk of increased demand for services, increased costs and reducing funding. We face a challenging future in every respect, and it will not be an easy path to navigate.



## Key Table 1 – Council Tax Requirement

<b>2020/21 Adjusted Budget £'000</b>	<b>Changes £'000</b>	<b>2021/22 Budget £'000</b>
260,757 Adult Care & Health	21,678	282,435
146,869 Children's Services	11,398	158,267
39,792 Communities, Public Health, Environment & Prosperity	81	39,873
37,566 Corporate Services	2,821	40,387
57,827 Highways, Infrastructure Development & Waste	(307)	57,520
0 County Council Election	1,400	1,400
600 Central Contingency - Apprenticeship Levy	10	610
(483) Pension contribution discount	(18)	(501)
(1,087) 2020/21 Pay award 2.75% vs 2% budget	1,087	0
0 Coroner - additional staffing	108	108
1,058 Pension contribution shortfall	(831)	227
0 Pay award for under £24,000	500	500
700 Insurance Provision	(700)	0
<b>543,599 TOTAL SERVICE BUDGETS</b>	<b>37,227</b>	<b>580,826</b>
38,399 Capital Financing Charges	151	38,550
13,311 Schools and Energy from Waste PFI Financing Charges	(59)	13,252
(1,550) Interest on Balances	750	(800)
350 Council Tax Support Partnership	(300)	50
1,500 Bellwin Scheme Related Emergencies	(1,500)	0
0 COVID spending	14,823	14,823
0 Council Tax Hardship Support	600	600
1,000 Highways -Street Furniture and Potholes	(300)	700
7,905 Spending from Reserves	1,916	9,821
618 Environment Agency - Flood Defence	12	630
348 Inshore Fisheries Conservation Authority (IFCA)	0	348
(7,905) Use of Reserves	(1,916)	(9,821)
4,500 Transfer to/(from) Budget Management Reserve	(4,500)	0
(7,913) Business Rates - Government Grants	(1,938)	(9,851)
(2,544) Independent Living Fund (ILF)	(78)	(2,622)
(1,476) Education statutory retained duties - schools contribution	0	(1,476)
0 School Improvement Grant	(685)	(685)
(581) Local Service Support Grant	(94)	(675)
(3,526) New Homes bonus	1,040	(2,486)
(7,455) Rural Services Delivery Grant	(368)	(7,823)
(95) Lead Local Authority Flood Relief Grant	0	(95)
0 COVID funding	(14,823)	(14,823)
0 Council Tax Irrecoverable Loss Compensation 75%	(5,000)	(5,000)
0 Council Tax Support Grant	(6,358)	(6,358)
(20,160) Social Care Grant	(3,149)	(23,309)
(28,271) Improved Better Care Fund	0	(28,271)
<b>530,054 NET BUDGET (BUDGET REQUIREMENT)</b>	<b>15,451</b>	<b>545,505</b>
(546) Revenue Support Grant	(3)	(549)
(80,654) Business Rates Central Government Top Up	0	(80,654)
(21,983) Business Rates Retention Scheme Local Element	(129)	(22,112)
291 Collection Fund (Surplus)/Deficit - Business Rates	12,078	12,369
0 Transfer from COVID-19 Business Rate Relief Reserve	(11,738)	(11,738)
(4,067) Collection Fund Surplus - Council Tax	1,688	(2,379)
<b>(423,095) COUNCIL TAX REQUIREMENT</b>	<b>17,347</b>	<b>(440,442)</b>

The 2021/22 Band D Council Tax is increased by 4.99% to £1,511.28

## Key Table 2 – Precept & Council Tax

### TOTAL SPENDING TO BE MET FROM COUNCIL TAX

	<b>£'s</b>
County Council Budget funded by District Councils' collection fund	442,820,830.24
Net Surplus on Council Tax collection in previous years	(2,379,009.00)
<b>Total to be met from Council Tax precepts in 2021/22</b>	<b>440,441,821.24</b>

### EQUIVALENT NUMBERS OF BAND "D" PROPERTIES

District Council	Tax Base (Relevant Amount)	Tax Base Used for Collection	Collection Rate %
East Devon	61,119.00	60,084.00	98.30
Exeter	38,533.00	37,377.00	97.00
Mid Devon	29,785.86	28,594.38	96.00
North Devon	35,461.72	34,397.87	97.00
South Hams	39,480.73	38,298.32	97.00
Teignbridge	49,651.30	48,410.00	97.50
Torridge	24,664.15	24,035.20	97.45
West Devon	20,972.89	20,239.51	96.50
<b>Total</b>	<b>299,668.65</b>	<b>291,436.28</b>	<b>97.25</b>

### COUNTY COUNCIL TAX DUE FOR EACH PROPERTY VALUATION BAND

Valuation Band	Government Multiplier		Adult Social Care Precept	General Expenditure (Other)	Council Tax Devon CC
	Ratio	% of Band D	£'s	£'s	£'s
A	6/9	66.7	112.56	894.96	<b>1,007.52</b>
B	7/9	77.8	131.32	1,044.12	<b>1,175.44</b>
C	8/9	88.9	150.08	1,193.28	<b>1,343.36</b>
<b>D</b>	<b>1</b>	<b>100.0</b>	<b>168.84</b>	<b>1,342.44</b>	<b>1,511.28</b>
E	11/9	122.2	206.36	1,640.76	<b>1,847.12</b>
F	13/9	144.4	243.88	1,939.08	<b>2,182.96</b>
G	15/9	166.7	281.40	2,237.40	<b>2,518.80</b>
H	18/9	200.0	337.68	2,684.88	<b>3,022.56</b>

The County Council Tax for Band D represents an increase of 4.99% on the 2020/21 figure.

### NET AMOUNT DUE FROM EACH DISTRICT COUNCIL IN 2021/22

District Council	Surplus/(deficit) for 2020/21 £'s	Precepts Due 2021/22 £'s	Total due in 2021/22 £'s
East Devon	2,427,513.00	90,803,747.52	93,231,260.52
Exeter	744,217.00	56,487,112.56	57,231,329.56
Mid Devon	(608,918.00)	43,214,114.61	42,605,196.61
North Devon	652,862.00	51,984,812.97	52,637,674.97
South Hams	(181,199.00)	57,879,485.05	57,698,286.05
Teignbridge	(506,725.00)	73,161,064.80	72,654,339.80
Torridge	(104,448.00)	36,323,917.06	36,219,469.06
West Devon	(44,293.00)	30,587,566.67	30,543,273.67
	<b>2,379,009.00</b>	<b>440,441,821.24</b>	<b>442,820,830.24</b>

## Key Table 3 – Reserves and Balances

COUNTY FUND BALANCES	£'000
Estimated balance as at 31st March 2021	14,790
Add contribution in 2021/22	0
<b>Estimated balance as at 31st March 2022</b>	<b>14,790</b>

Note: The estimate of both working balances and earmarked funds as at March 2021 reflect the best known information to date: the final totals will change as a result of decisions taken at outturn.

### EARMARKED REVENUE RESERVES

	Estimated Balance at 31 March 2021 £'000	Estimated Spending £'000	Estimated Income £'000	Estimated Balance at 31 March 2022 £'000
Affordable Housing	182	60		122
On Street Parking	942	540		402
Public Health	5,898	500		5,398
Budget Management	64,447	27		64,420
Business Rates Pilot	10,010	3,218		6,792
Business Rate Risk Management	15,188	3,032		12,156
COVID-19 Business Rates Relief 20-21	11,738	11,738		0
Climate Change Emergency	115	115		0
Emergency	18,089	0		18,089
Service Transformation	9,444	2,329		7,115
<b>Total Earmarked Revenue Reserves</b>	<b>136,053</b>	<b>21,559</b>	<b>0</b>	<b>114,494</b>

## Key Table 4 – Medium Term Financial Strategy

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Adult Care & Health	282,435	300,855	319,546	339,181
Children's Services	158,267	170,518	178,984	187,567
Communities, Public Health, Environment & Prosperity	39,873	41,158	41,887	42,474
Corporate Services	40,387	42,714	43,988	45,278
Highways, Infrastructure Development & Waste	57,520	60,272	62,948	65,501
Savings to Services	0	0	(46,316)	(64,141)
County Council Election	1,400	0	0	0
Central Contingency - Apprenticeship Levy	610	620	630	640
Pension contribution discount	(501)	(519)	0	0
Pension contribution shortfall	227	400	400	400
Coroner - additional staffing	108	108	108	108
Pay award for under £24,000	500	500	500	500
Insurance Provision	0	500	550	600
<b>Total Service Budget</b>	<b>580,826</b>	<b>617,126</b>	<b>603,225</b>	<b>618,108</b>
<b>Other Budgets:</b>				
Capital Financing Charges	38,550	38,803	39,131	39,287
Schools and Energy from Waste PFI Financing Charges	13,252	13,252	13,252	13,252
Interest on Balances	(800)	(800)	(800)	(800)
Council Tax Support Partnership	50	50	50	50
COVID spending	14,823	0	0	0
Council Tax Hardship Support	600	0	0	0
Highways -Street Furniture and Potholes	700	0	0	0
Spending from Reserves	9,821	6,947	2,562	2,500
<b>Payments to Outside Bodies</b>				
Environment Agency - Flood Defence	630	643	656	669
Inshore Fisheries Conservation Authority (IFCA)	348	359	370	381
<b>Reserves and Balances</b>				
Use of Reserves	(9,821)	(6,947)	(2,562)	(2,500)
Transfer from Business Rates Risk Reserve	0	0	0	0
Contribution to Service Transformation Reserve	0	5,000	5,000	5,000
<b>Other Grant Income</b>				
Business Rates - Government Grants	(9,851)	(9,999)	(10,199)	(10,403)
Independent Living Fund (ILF)	(2,622)	(2,622)	(2,622)	(2,622)
Education statutory retained duties - schools contribution	(1,476)	(1,476)	(1,476)	(1,476)
School Improvement Grant	(685)	(685)	(685)	(685)
Local Service Support Grant	(675)	(675)	(675)	(675)
New Homes bonus	(2,486)	(980)	0	0
Rural Services Delivery Grant	(7,823)	(7,823)	(7,823)	(7,823)
Lead Local Authority Flood Relief Grant	(95)	(95)	(95)	(95)
COVID funding	(14,823)	0	0	0
Council Tax Irrecoverable Loss Compensation 75%	(5,000)	0	0	0
Council Tax Support Grant	(6,358)	0	0	0
Social Care Grant	(23,309)	(23,309)	(23,309)	(23,309)
Improved Better Care Fund	(28,271)	(28,271)	(28,271)	(28,271)
<b>NET BUDGET ( BUDGET REQUIREMENT)</b>	<b>545,505</b>	<b>598,498</b>	<b>585,729</b>	<b>600,588</b>
<b>Financed By:</b>				
Revenue Support Grant	(549)	(557)	(569)	(580)
BRRS Central Government Top Up	(80,654)	(81,864)	(83,501)	(85,171)
BRRS Local Element	(22,112)	(20,902)	(21,320)	(21,746)
Collection Fund (Surplus)/Deficit - BRRS	12,369	3,000	3,000	1,000
Transfer from COVID-19 Business Rate Relief Reserve	(11,738)	0	0	0
Collection Fund Surplus - Council Tax	(2,379)	1,838	1,838	0
<b>COUNCIL TAX REQUIREMENT</b>	<b>(440,442)</b>	<b>(453,697)</b>	<b>(467,352)</b>	<b>(481,418)</b>
<b>Budget savings required/(Surplus)</b>	<b>0</b>	<b>46,316</b>	<b>17,825</b>	<b>12,673</b>
Savings included in service budgets above	(11,630)	(750)	(500)	(500)
Further savings required	0	(46,316)	(17,825)	(12,673)
Total Savings to be delivered	(11,630)	(47,066)	(18,325)	(13,173)

## Key Table 5 – Government Specific Grants

<b>Service and Grant Title</b>	<b>Funded by</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Adult Care Operations and Health</b>					
Local Reform Community Voices Grant	Department of Health	140	140	140	140
Social Care in Prisons Grant	Department of Health	302	302	302	302
War Pensions Scheme Grant	Department of Health	429	429	429	429
Contributions	Health and other local authorities	20,790	20,790	20,790	20,790
		<b>21,661</b>	<b>21,661</b>	<b>21,661</b>	<b>21,661</b>
<b>Adult Commissioning and Health</b>					
Local Reform Community Voices Grant	Department of Health	370	370	370	370
Contributions	Health and other local authorities	2,232	2,232	2,232	2,232
		<b>2,602</b>	<b>2,602</b>	<b>2,602</b>	<b>2,602</b>
<b>Children's Social Care</b>					
Assessed and Supported Year in Employment	Department for Education	26	26	26	26
Youth Detention Grant	Ministry of Justice	26	26	26	26
Staying Put Grant	Department for Education	300	300	300	300
Secure Stairs Grant	NHS England	421	421	421	421
Youth Justice Grant	Youth Justice Board	66	66	66	66
Unaccompanied Asylum Seekers Grant	Home Office	1,417	1,417	1,417	1,417
Troubled Families Programme	Department for Communities & Local Government	2,338	0	0	0
Contributions	Health and other local authorities	2,901	2,901	2,901	2,901
		<b>7,495</b>	<b>5,157</b>	<b>5,157</b>	<b>5,157</b>
<b>Education and Learning</b>					
Dedicated Schools Grant*	Education Funding Agency	588,546	589,164	589,164	589,164
DSG in year settlement growth plan	Education Funding Agency	618	0	0	0
Post 16 Funding	Education Funding Agency	1,145	1,145	1,145	1,145
Pupil Premium	Education Funding Agency	24,266	24,266	24,266	24,266
Universal Infant Free School Meals	Education Funding Agency	8,231	8,231	8,231	8,231
PE & Sport Grant	Department for Education	5,631	5,631	5,631	5,631
Contributions	Health and other local authorities	722	722	722	722
Virtual School Heads Grant	Department for Education	96	0	0	0
Music Grant	Arts Council	928	928	928	928
		<b>630,183</b>	<b>630,087</b>	<b>630,087</b>	<b>630,087</b>
<b>Economy and Enterprise</b>					
Developing Entrepreneurship in Schools	Interreg Europe	56	23	6	0
North Devon Enterprise Centre	European Regional Development Fund	82	83	5	0
Digital Utilisation Growth	European Regional Development Fund	165	165	0	0
Learn Devon - Community Learning	Skills Funding Agency	2,154	2,154	2,154	2,154
Learn Devon - Adult Skills Budget (inc Apprenticeships / Additional Learning Support)	Skills Funding Agency	1,202	1,202	1,202	1,202
Learn Devon - 14-19 EFA Funding	Education Funding Agency	100	100	100	100
Learn Devon - Employment Hub	Department for Work and Pension	78	0	0	0
Learn Devon - Smartskills	Other Local Authorities	275	281	214	0
Trading Standards	Government Grants	80	80	80	80
		<b>4,192</b>	<b>4,088</b>	<b>3,761</b>	<b>3,536</b>

\*The Dedicated Schools Grant is estimated on October 2020 pupil numbers. The final grant allocation is expected to be notified by the end of March 2021.

<b>Service and Grant Title</b>	<b>Funded by</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Planning, Transportation and Environment</b>					
Areas of Outstanding Natural Beauty	DEFRA	316	316	316	316
Areas of Outstanding Natural Beauty	Other Local Authorities	77	77	77	77
Environment and Sustainable Travel	Other Local Authorities	72	0	40	0
Environment and Sustainable Travel	Other	109	0	0	0
Maritime and Fisheries projects	Other Local Authorities	12	12	12	12
Maritime and Fisheries projects	Other	17	17	17	17
Taw Valley Countryside Stewardship Facilitation Fund	European Agricultural Fund	92	0	0	0
Woods for Water WEG	Environment Agency	11	0	0	0
South West Coast Path & Country Parks	Natural England	92	92	92	92
Bikeability (offer letter awaited)	Department of Transport	0	0	0	0
Sustainable Mobility Plans (INNOVASUMP)	Interreg Europe	3	0	0	0
Devon & Exeter Low Carbon Energy & Transport Technology Innovator (DELETTI)	European Regional Development Fund	16	19	0	0
Bio-Cultural Heritage Tourism	Interreg Europe	244	0	0	0
TIDES	Interreg Europe	61	102	10	0
Co-Adapt Connecting The Culm	Interreg Europe	215	20	0	0
Nature's Tonic	Big Lottery Fund	2	0	0	0
FutureMares	Interreg Europe	4	4	4	4
Bus Service Operators Grant	Department of Transport	1,146	1,146	1,146	1,146
Transport contributions	Other Local Authorities	130	57	57	57
Transport contributions	Other	994	994	994	994
		<b>3,613</b>	<b>2,856</b>	<b>2,765</b>	<b>2,715</b>
<b>Communities and Other Services</b>					
Active Devon	Sport England	898	908	923	880
Active Devon	Other	591	0	0	0
Active Devon	Other Local Authorities	31	0	0	0
Active Devon	NHS Devon CCG	52	0	0	0
Syrian Refugees	Home Office	265	119	41	6
Crowdfunding Site	Police & Crime Commissioner	7	0	0	0
Crowdfunding Site	Other Local Authorities	11	0	0	0
Cranbrook Library	Other	15	15	0	0
Sherford Library	Other	12	12	12	12
Atlantic Youth Creative Hubs	European Regional Development Fund	40	0	0	0
Atlantic Youth Creative Hubs	Other	13	0	0	0
Youth Services	Other	31	31	0	0
Emergency Planning	Other Local Authorities	43	0	0	0
		<b>2,009</b>	<b>1,085</b>	<b>976</b>	<b>898</b>
<b>Public Health</b>					
Public Health	Department of Health	28,617	28,617	28,617	28,617
Nicotine Replacement Therapy Contribution	New Devon CCG	650	650	650	650
Diabetes Lifestyle Intervention Programme	Big Lottery	191	278	86	0
		<b>29,458</b>	<b>29,545</b>	<b>29,353</b>	<b>29,267</b>
<b>Digital Transformation and Business Support</b>					
Private Finance Initiative	Department for Communities and Local Government	6,937	6,937	6,937	6,937
Private Finance Initiative	Exeter Diocesan Board	1,945	1,962	1,979	1,997
		<b>8,882</b>	<b>8,899</b>	<b>8,916</b>	<b>8,934</b>
<b>Capital Development and Waste Management</b>					
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Highways and Traffic Management</b>					
Park & Ride Sites	Other Local Authorities	25	25	25	25
South West Coast Path & Country Parks	Other Local Authorities	45	45	45	45
South West Coast Path & Country Parks	Rural Payments Agency	22	22	22	22
South West Coast Path & Country Parks	Heritage Lottery Fund	267	0	0	0
South West Coast Path & Country Parks	Historic England	23	0	0	0
South West Coast Path & Country Parks	Natural England	112	112	112	112
		<b>494</b>	<b>204</b>	<b>204</b>	<b>204</b>
<b>Total</b>		<b>710,589</b>	<b>706,184</b>	<b>705,482</b>	<b>705,061</b>

Where grants are expected to be ongoing, but figures are currently unavailable, it is assumed that the same level of grant will be received as in previous years. In these instances, grant funded expenditure plans will be modified to reflect the level of grant funding when confirmed.

## Key Table 6 – Grants Paid to External Organisations

2020/21 £'000	Service and Grant Title	2021/22 £'000
	<b>Adult Care Operations &amp; Health</b>	
	6 Ottery Help Scheme	6
	7 Assist Teignbridge	7
	15 Tavistock Area Support Services	15
	12 Blackdown Support Group	12
	25 Age Concern Barnstaple	25
	32 The Olive Tree Association	32
<b>97</b>		<b>97</b>
	<b>Adult Commissioning and Health</b>	
	27 Recovery Devon	27
	38 Bridge Collective open access MH support	38
	15 Connections open access MH support	15
	25 Exeter CVS First step project open access MH support	25
<b>105</b>		<b>105</b>
	<b>Children's Social Care</b>	
	137 University Bursary Grants	137
	Facilitating Access to Mainstream Activities for	
	120 Disabled Children's Services	120
<b>257</b>		<b>257</b>
	<b>Planning, Transportation and Environment</b>	
	49 AONB (East, South and Tamar)	49
	Dorset & East Devon World Heritage site (Jurassic	
	40 Coast)	40
	Cornwall & West Devon Mining Landscape World	
	25 Heritage site	25
	23 South West Energy & Environment group	23
	4 Wembury Centre	4
	2 Tamar Estuaries consultative forum	2
	Devon Wildlife Trust Nature Improvement Area	
	20 Project	20
	40 Devon & Cornwall Rail Partnership	40
	248 Community bodies - Transport Ring & Ride	248
<b>451</b>		<b>451</b>
	<b>Communities and Other Services</b>	
	400 Citizens Advice Bureau	400
	62 Devon Communities Together	62
<b>462</b>		<b>462</b>
	<b>Highways and Traffic Management</b>	
	9 Meldon Viaduct	9
<b>9</b>		<b>9</b>
<b>1,381</b>	<b>TOTAL</b>	<b>1,381</b>

## Key Table 7- Staffing Data

	2020/21	Changes FTEs	2021/22		Total FTEs
	Adjusted Total FTEs		Revenue Funded FTEs	Externally Funded FTEs	
Adult Care Operations and Health	1,057	8	955	110	1,065
Adult Commissioning and Health	180	1	173	8	181
<b>Adult Care and Health</b>	<b>1,237</b>	<b>9</b>	<b>1,128</b>	<b>118</b>	<b>1,246</b>
Children's Social Care	1,094	90	894	290	1,184
Education and Learning - General Fund	119	10	129	0	129
Education and Learning - School Funding	44	(1)	0	43	43
<b>Children's Services</b>	<b>1,257</b>	<b>99</b>	<b>1,023</b>	<b>333</b>	<b>1,356</b>
Communities and Other Services	46	(2)	21	23	44
Economy, Enterprise and Skills	191	15	65	141	206
Planning, Transportation and Environment	179	(1)	155	23	178
Public Health	35	0	0	35	35
<b>Community, Health, Environment, Prosperity</b>	<b>451</b>	<b>12</b>	<b>241</b>	<b>222</b>	<b>463</b>
Chief Executive, HR, Legal and Communications	289	18	306	1	307
Digital Transformation and Business Support	540	29	507	62	569
Organisational Development	20	0	20	0	20
Treasurer's Services	297	17	194	120	314
<b>Corporate Services</b>	<b>1,146</b>	<b>64</b>	<b>1,027</b>	<b>183</b>	<b>1,210</b>
Highways and Traffic Management	283	4	285	2	287
Infrastructure Development and Waste	101	0	101	0	101
<b>Highways, Infrastructure and Waste</b>	<b>384</b>	<b>4</b>	<b>386</b>	<b>2</b>	<b>388</b>
<b>Total</b>	<b>4,475</b>	<b>188</b>	<b>3,805</b>	<b>858</b>	<b>4,663</b>

*Adult Commissioning and Health includes 73 social work staff assigned to Devon Partnership Trust*

### Explanation of Movements

#### Adult Care Operations and Health

Increase in safeguarding activity	12
Deputy Head of Service	1
Apprentices in Sensory and Peripatetic teams	4
Reduction in externally funded posts	(9)
	<b>8</b>

#### Adult Commissioning and Health

Net change in working hours across various posts	1
	<b>1</b>

#### Children's Social Work and Child Protection

Externally funded by Grant or Partnership	16
Increased capacity - service improvement	27
Edge of Care Service	41
Atkinson Secure Children's Home - intervention and support workers	6
	<b>90</b>



## **Education and Learning**

### General Fund

Review of Support for Inclusion and Infrastructure	1
Increased capacity - SEND and service transformation	14
Recommissioning escorts under external contracts for pupils with additional needs	(5)

### Dedicated Schools Grant

Review of Support for Admissions	(1)
	<b>9</b>

## **Communities and Other Services**

Externally funded - Active Devon project staff	(2)
	<b>(2)</b>

## **Economy, Enterprise and Skills**

Business Growth Support Officers	4
Externally funded - New posts for Learn Devon projects	7
Externally funded - Growth Hub staff	6
Externally funded - Various projects	(2)
	<b>15</b>

## **Planning Transportation and Environment**

Externally funded - Project changes	(1)
	<b>(1)</b>

## **Chief Executive, HR, Legal and Communications**

HR - Reinstatement of HRMS posts	12
HR - Reduction in externally funded Operations posts	(2)
Legal Services - Safeguarding	5
Externally Funded - Legal Services (Litigation)	1
Legal Services - Litigation	1
Legal Services - Insurance Officer	1
	<b>18</b>

## **Digital Transformation and Business Support**

IT Commissioning - 2021/2024 IT Roadmap	17
Transfer of Business Support posts from Children's Social Care	10
Transfer of IT post to Education & Learning	(1)
Procurement - Graduate Apprentices	3
	<b>29</b>

## **Treasurer's Services**

Finance Strategy - Systems Development	1
Accountancy Services posts	4
Accountancy Services - TUPE of Living Well @ Home	1
Externally funded - Charging For Care	5
Externally funded - Devon Audit Partnership	2
Externally funded - Capital Principal Accountant	1
Externally funded - Pensions	3
	<b>17</b>

## **Highways and Traffic Management**

Civil Parking Enforcement posts	3
Removal of permit scheme post	(1)
Externally funded - Stover HLF project	2
	<b>4</b>

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<b>Total</b>	<b>188</b>
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# Statement on the Robustness of the Budget Estimates, the Adequacy of the County Council's Reserves and Affordability of the Capital Strategy

Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer to make a report to the Council when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. (For the purpose of the Act reserves includes general balances). The Act requires the authority to have regard to the report in making its decisions.

There is a requirement to prepare a Capital Strategy in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2017. The Prudential Code requires that the Chief Finance Officer report explicitly on the affordability and risk associated with the capital strategy.

The preparation of the budget for 2021/22 has been set by the detailed assessment of the risks associated with each budget and the goals and objectives of the authority. A number of budgets can be classified as high risk because they are subject to external demands which are difficult to manage. Other budgets are affected by above average inflation, strong market forces or other factors not easy to predict. Details of these budgets, the level of risk they present and the action taken to mitigate the risk can be found on pages 150 to 166. It has been necessary to make budget reductions to meet the targets set by the Cabinet. Details of the reductions have been provided to Scrutiny Committees and are contained in the detailed budgets.

The availability of general balances to meet any unforeseen liabilities and provide flexibility during a period of change is a key element of prudent financial management. General balances for 2021/22 have been set at £14.8 millions. This level is based on an assessment of the financial risks facing the authority. Full details of this assessment are provided on page 115

The authority also holds earmarked reserves for specific purposes. The level of earmarked reserves as at 31st March 2022 is estimated at £114.5 millions. The total for revenue reserves and balances for 2021/22 is forecast as £129.3 millions. This is judged to be appropriate in the context of the Medium Term Financial Strategy.

Budget monitoring experience in 2020/21 provides an indication of the pressures facing the authority in 2021/22. In 2020/21 a number of demand led budgets have been under pressure, and this has required compensating actions to be taken elsewhere in order to ensure that overall the authority's spending is forecast to remain close to the budget total. Further action has been taken to either ensure that there is sufficient provision within the 2021/22 budget to meet service demands or review service delivery so as to remain within the budget available.

It is my view that the budget proposed by the Cabinet represents a sound and achievable financial plan for 2021/22. The total level of reserves and balances has been based on a comprehensive risk assessment and is judged adequate to meet all reasonable forecasts of future liabilities.

It is also my view that the Capital Strategy and associated capital programme is affordable and the risks associated have been assessed appropriately.

**Mary Davis**

## Capital Programme Overview 2021/22 - 2025/26

The Capital Programme aims to optimise the authority's use of its infrastructure and corporate estate assets, which are necessary to support service delivery and County wide objectives, whilst also minimising any impact upon the revenue budget.

The authority's five year Capital Programme is the realisation of the Capital Strategy, which is shown alongside the authority's Treasury Management and Investment Strategy.

### Shaping the Capital Programme

The aim of the authority's five year Capital Programme is to strike a balance between investment in the infrastructure needed to support service delivery, and affordability. The size of the Capital Programme is dependent on the continued delivery of capital receipts, the availability of internal cash resources and external (mainly grant) funding.

### Availability of Resources

A large proportion of the capital programme is supported by external funding sources which include a variety of external capital grants, local contributions from developers and a small amount of revenue contributions, mainly from maintained schools. The size and nature of the Capital Programme is often shaped by the type of grant awarded, restrictions placed on the specific use of the grant, and by the availability of each of these funding sources.

The authority also generates Capital Receipts; income generated from the sale of surplus assets. The use of Capital Receipts as a funding source can ensure the authority is able to contain its only other source of capital funding, which is borrowing, either internal or external. Whilst the planned Capital Programme is fully funded, it is reliant on the successful realisation of planned capital receipts, and the availability of the authority's cash resources where schemes are to be funded from internal borrowing.

The policy of not undertaking any new external borrowing is set out within the authority's Capital and Treasury Management strategy with the authority not having undertaken any new external borrowing since January 2008. However, the Treasury Management and Capital Strategy also highlight that there may be an opportunity to externally borrow to restructure existing debt, or to borrow now at optimum interest rates to ensure cash resources are sufficient to support the future objectives of the Capital Programme. Should the authority wish to undertake or invest in a major strategic project, this may require external borrowing.

Future new additions to the capital programme which are not externally funded, will be subject to the availability of the authority's cash resources, its ability to generate capital receipts and any legislative restrictions imposed by Central Government with respect to external borrowing. Any delay or restriction in these two areas of funding may lead to schemes being paused, re-prioritised or removed from the Capital Programme, depending on strategic objectives.

## Demand for Capital Investment

The Capital Programme, in line with the Capital Strategy, aims to strike a balance between an affordable Capital Programme and one that meets the needs and aspirations of the authority's services. Over the five year period between 2021/22 and 2025/26 the Capital Programme will see a net increase of £56.8 millions funded in the following ways:

- Reductions of £25.5 millions in external funding, this is mainly due to the final announcement by Central Government of the North Devon Link Road funding from the Department of Transport (DfT).
- Increase in externally funded projects of £75.5 millions, mainly due to the addition of the Local Transport Plan (LTP) funding addition in 2025/26.
- Increase in Corporately funded capital projects as set out in Table A of £6.8 millions, funded by capital receipts and internal borrowing (borrowing from our own cash resources).
- The Capital Programme has also seen some reprofiling of existing schemes, which is a net nil impact over the five year period.

The Local Transport Plan (LTP) maintenance funding allocations have not yet been announced by the Department for Transport, the figures included within the Capital Programme are an estimate of the needs based formula funding and incentive funding allocations. The MTCP may need to be updated when actual figures are known.

**Table A - Corporately Funded Increases and Decreases to the Capital Programme**

<b>Project</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><i>New schemes recommended for inclusion</i></b>						
Carbon Reduction Plan *	500	1,000				<b>1,500</b>
Waste Recycling Centres - Capital works	220	220	220	220	220	<b>1,100</b>
Economic Support Package	250	250				<b>500</b>
<b><i>Adjustments</i></b>						
Climate Change (reallocated to Carbon Reduction Plan)	(627)					<b>(627)</b>
Reprofiling of existing corporately funded schemes	1,085	5,545	(5,930)	(350)	(350)	<b>0</b>
<b><i>Continuation of approved schemes into 2025/26</i></b>						
DCC Operating Model ICT Replacement and Renewal					1,000	<b>1,000</b>
Vehicle & Equipment Loans Programme					1,200	<b>1,200</b>
County Farms Estate Enhancement Programme					600	<b>600</b>
Replace and Upgrade Corporate Estate					600	<b>600</b>
Flood Prevention Works					350	<b>350</b>
Building Maintenance					300	<b>300</b>
Property Enabling Budget					150	<b>150</b>
Grants to adapt foster carers houses					40	<b>40</b>
Youth service minor capital works					37	<b>37</b>
<b>Total Increase to Capital Programme</b>	<b>1,428</b>	<b>7,015</b>	<b>(5,710)</b>	<b>(130)</b>	<b>4,147</b>	<b>6,750</b>

\*Carbon Reduction Plan - £500k currently profiled in 2020/21 to be carried forward subject to approval

<b>Financed by:</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing - Internal	308	6,645	(5,580)	0	1,200	<b>2,573</b>
Capital Receipts - General	1,120	370	(130)	(130)	2,947	<b>4,177</b>
<b>Total</b>	<b>1,428</b>	<b>7,015</b>	<b>(5,710)</b>	<b>(130)</b>	<b>4,147</b>	<b>6,750</b>

Table B shows the anticipated future capital receipts, net of disposal costs, against schemes funded from capital receipts. There is a risk that capital receipts may not be realised in line with these original estimates. In which case schemes may need to be refinanced, rescheduled or paused if alternative sources of funding cannot be identified.

### Table B – Capital Receipts

	Estimated opening balance	Forecast receipts	Forecast spend	Estimated closing balance
	£'000	£'000	£'000	£'000
2021/22	2,124	11,569	(12,122)	1,571
2022/23	1,571	6,483	(5,557)	2,497
2023/24	2,497	4,214	(5,578)	1,133
2024/25	1,133	3,840	(2,847)	2,126
2025/26	2,126	3,840	(2,947)	<b>3,019</b>

Table C shows the level of commitments funded by Internal Borrowing (borrowing from the authority's cash resources). This Internal Borrowing is repaid through the minimum revenue provision (MRP) over time and is always subject to the availability of cash resources. Should cash resources become limited in the future, schemes may need to be refinanced, rescheduled or paused if alternative sources of funding cannot be identified.

The authority also internally borrows to support the Vehicle and Equipment Loans Pool (VELP). These are loans provided to schools and across internal services for the purchase of vehicles and often ICT equipment. This internal borrowing is included in the following table, but MRP is not required as the loans are repaid to the authority with nominal interest.

### Table C – Internal Borrowing

	Internal Borrowing Commitments	*MRP Annual Impact
	£'000	£'000
2021/22 to 2025/26 Approved and committed	26,272	1,051
2021/22 New for approval	2,573	103
	<b>28,845</b>	<b>1,154</b>

\*Minimum Revenue Provision - assumes 25 year repayment period  
Actual MRP charge will vary based on actual spend, and attributable MRP policy.

## Capital Risk Assessment

Risks to the capital programme and mitigations are set out below, using the following Risk Matrix

LIKELIHOOD	6	12	18	24	30
	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	IMPACT				

Risk Title:	Inherent Score	Current (Mitigated) Score	Mitigations
<p><b>Capital Scheme costs are higher than estimated</b></p>	<p>Impact: 3 Likelihood 4 12 – Medium</p>	<p>Impact: 2 Likelihood: 3 6 – Low</p>	<ul style="list-style-type: none"> <li>Experts' advice and qualified professionals are engaged early on</li> <li>Works which may be susceptible to seasonal variations are programmed during less volatile seasons wherever possible</li> <li>Projects and the economic climate monitored on a regular basis, and contingency built into major schemes to lessen the overall impact</li> <li>Unlikely as legal engaged early to draft contracts with default terms clearly communicated and understood</li> <li>Project boards set up for Major Schemes to try to identify synergies early</li> </ul>
<p><b>Risk Description</b></p> <p>Due to:</p> <ul style="list-style-type: none"> <li>Inaccurate or overly optimistic original estimates</li> <li>Unexpected events causing increased costs (either inside or outside of DCC control)</li> <li>Economic factors</li> <li>Default event by either party resulting in litigation</li> <li>Agreed changes to original scheme scope</li> <li>Scheme costs may increase, resulting in: <ul style="list-style-type: none"> <li>Unexpected gap to be financed</li> <li>Default fines</li> <li>Reduction in funds available to other schemes</li> <li>Increased internal borrowing or requirement to externally borrow</li> </ul> </li> </ul>			

Risk Title:	<b>Inherent Score</b>	<b>Current (Mitigated) Score</b>	<b>Mitigations</b>
<b>External funding resources are not received</b>	Impact: 3 Likelihood 4 12 – Medium	Impact: 2 Likelihood: 3 6 – Low	<ul style="list-style-type: none"> <li>The level of internal borrowing required to finance the capital programme is monitored, and in accordance with borrowing limits</li> <li>The availability of cash resources to support internal borrowing is monitored</li> <li>Capital programme is re-prioritised. Capital projects re-engineered, paused or deferred</li> <li>External funding balances are monitored monthly, including capital receipts</li> <li>Triggers are monitored for S106 and CIL payments</li> <li>Bi monthly monitoring of the capital programme by the Programme Group</li> <li>Regular monitoring by County Treasurer</li> </ul>
<b>Risk Description</b>			
<p>Due to:</p> <ul style="list-style-type: none"> <li>Expectations around future funding based on prior year funding and current economic climate</li> <li>Lack of signed agreements from central government and other bodies</li> <li>Changes to central government priority/policy determining where funds are directed or the funds available to bid for Capital funding</li> <li>The expected levels of funding may not be achieved, resulting in a shortfall for the delivery of planned works/schemes.</li> </ul>			
Risk Title:	<b>Inherent Score</b>	<b>Current (Mitigated) Score</b>	<b>Mitigations</b>
<b>Capital Programme is not delivered as planned</b>	Impact: 2 Likelihood 6 12 – Medium	Impact: 2 Likelihood: 4 8 – Low	<ul style="list-style-type: none"> <li>Development of a medium-term capital programme (MTCP) that can realistically be delivered to the time scales agreed</li> <li>Mitigate delays by bringing forward the planned start dates of future projects in the MTCP</li> <li>The Capital Programme Group provide challenge (including to financial forecasts) and support to the Capital Programme delivery</li> <li>Regular monitoring by County Treasurer</li> <li>Projects are monitored at a service level and board level</li> </ul>
<b>Risk Description</b>			
<ul style="list-style-type: none"> <li>Delays and longer-term delivery dates, particularly for Major Schemes with multiple funding and partners, due to:</li> <li>Time taken to achieve planning consent, public consultation, environmental factors</li> <li>Availability of resource / specialist contractors</li> <li>Design re-engineering</li> <li>Contractual variations</li> <li>Seasonal variations</li> </ul>			



<p>Risk Title:</p> <p><b>Capital Receipts arising later or lower than forecast</b></p>	<p><b>Inherent Score</b></p> <p>Impact: 3 Likelihood 4 12 – Medium</p>	<p><b>Current (Mitigated) Score</b></p> <p>Impact: 2 Likelihood: 4 8 – Low</p>	<p><b>Mitigations</b></p> <ul style="list-style-type: none"> <li>• Alternative funding sources, for example internal borrowing may be sought</li> <li>• The potential to borrowing externally may be considered</li> <li>• Capital schemes may be deferred, if receipts are generated later than forecast, or for a reduced sum.</li> <li>• Proceeds from the sale of assets are closely monitored</li> </ul>
<p><b>Risk Description</b></p> <p>Forecast capital receipts are estimated by internal officers and advisors based on local market conditions. Receipts may be lower than expected or not realised, including due to:</p> <ul style="list-style-type: none"> <li>• Sale not taking place</li> <li>• Limited supply of assets for sale</li> <li>• Market climate</li> <li>• Economic impact of Covid-19 pandemic</li> </ul> <p>Resulting in a need to reprioritise schemes.</p>			
<p>Risk Title:</p> <p><b>Risk of government funding to other geographical areas</b></p>	<p><b>Inherent Score</b></p> <p>Impact: 3 Likelihood 4 12 – Medium</p>	<p><b>Current (Mitigated) Score</b></p> <p>Impact: 2 Likelihood: 4 8 – Low</p>	<p><b>Mitigations</b></p> <ul style="list-style-type: none"> <li>• Projects and the economic climate monitored on a regular basis.</li> <li>• Contingency built into major schemes to lessen the overall impact.</li> <li>• The level of internal borrowing required to finance the capital programme is monitored, and in accordance with borrowing limits.</li> <li>• External funding balances are monitored monthly, including capital receipts.</li> <li>• Triggers are monitored for S106 and CIL payments.</li> <li>• Monitoring of the capital programme by the Programme Group.</li> <li>• Regular monitoring by County Treasurer.</li> <li>• Monitoring by individual project and programme groups.</li> </ul>
<p><b>Risk Description</b></p> <p>Central government priority/policy determines where funds are directed or funds available to bid for. Action taken by Central Government to mitigate the effects of the Covid-19 pandemic, the withdrawal from the EU, or for example the redirection of funding to the North of the UK, may result in a reduction in funding for the South West or less opportunity for the authority to bid for funding.</p>			

Risk Title:	Inherent Score	Current (Mitigated) Score	Mitigations
<b>Capital Project aborted due to external forces</b>	Impact: 3 Likelihood 4 12 – Medium	Impact: 2 Likelihood: 3 6 – Low	<ul style="list-style-type: none"> <li>• Effort is made to ensure that a project is not aborted</li> <li>• Alternatives will be investigated to ensure service needs are met by meeting capital objectives, whilst minimising a risk that abortive capital costs impact the revenue budget</li> <li>• If it is not possible to avoid aborting the project, the normal revenue mitigations of in-year savings and use of earmarked reserves and balances, may be used</li> <li>• Process re-engineering or pausing a project whilst alternative funding sources are identified are possible mitigations allowable under the Local Government Code of Practice</li> <li>• Monitoring by Capital Programme Group</li> <li>• Regulator monitoring by County Treasurer</li> <li>• Monitoring by individual project and programme groups</li> </ul>
<p><b>Risk Description</b></p> <p>Should funding be revoked, or an alternative solution be preferred, a capital project may be aborted. This can present an opportunity for resource to be redirected if the project is no longer needed (no adverse impact), or to re-prioritise, or identify alternative funding source.</p> <p>A project may also be aborted as a result of a change in legislation for the service, for example requiring an alternative delivery method, or if an alternative solution is preferred.</p>			

## The Medium Term Capital Programme

The County will be investing over £498 millions in Devon over the next 5 years. The latest forecast of the programme analysed by funding sources is shown in Table D. The funding available in forecast years will change as Government policies and grant allocations are published.

**Table D - Medium Term Capital Programme Summary £498.799 millions.**

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Adult Care and Health	10,829	8,931	7,367	7,267	7,267
Children's Services	2,379	2,394	2,094	1,994	1,994
Communities, Public Health, Environment and Prosperity	65,122	69,733	35,091	9,004	7,948
Corporate Services	7,187	2,846	2,300	2,300	2,300
Highways, Infrastructure Development and Waste	61,838	46,058	44,852	44,852	44,852
<b>Total</b>	<b>147,355</b>	<b>129,962</b>	<b>91,704</b>	<b>65,417</b>	<b>64,361</b>

	2021/22	2022/23	2023/24	2024/25	2025/26
Funding Source	£'000	£'000	£'000	£'000	£'000
Borrowing - Internal	10,903	8,491	1,920	100	0
Borrowing - VELP	1,451	1,539	1,389	1,504	1,548
Capital Receipts - General	12,009	5,557	5,578	2,847	2,947
Capital Receipts - IID	113	0	0	0	0
Direct Revenue Funds - Services	585	500	500	500	500
External Funding - Contributions	2,557	1,125	150	150	150
External Funding - Grants	110,015	109,689	81,508	59,604	58,604
External Funding - S106	9,722	3,061	659	712	612
<b>Total</b>	<b>147,355</b>	<b>129,962</b>	<b>91,704</b>	<b>65,417</b>	<b>64,361</b>

## Detailed Medium Term Capital Programme 2021/22 - 2025/26

The following tables detail the Medium Term Capital Programme for each service, and how that programme is being funded.

### Adult Care and Health

Project	*Total Scheme Approval £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Adult Care Operations and Health</b>						
Barnstaple Hub	3,000	1,933	0	0	0	0
Care Teams Accommodation & Equipment	N/A	65	50	50	0	0
Disabled Facilities Grant	N/A	7,267	7,267	7,267	7,267	7,267
ICT equipment for staff delivering Care Act	N/A	20	0	0	0	0
Integrated Adult Care & Finance System	4,345	1,444	1,527	0	0	0
Works for Provider Services	N/A	100	87	50	0	0
<b>Adult Care Operations and Health Total</b>		<b>10,829</b>	<b>8,931</b>	<b>7,367</b>	<b>7,267</b>	<b>7,267</b>
<b>Adult Care &amp; Health Total</b>		<b>10,829</b>	<b>8,931</b>	<b>7,367</b>	<b>7,267</b>	<b>7,267</b>
<b>Financed by:</b>						
Capital Receipts - General		2,577	1,527	0	0	0
External Funding - Grants		8,252	7,404	7,367	7,267	7,267
<b>Total</b>		<b>10,829</b>	<b>8,931</b>	<b>7,367</b>	<b>7,267</b>	<b>7,267</b>

\* Total Scheme Approvals have been included for individual projects only, not for programmes.

This table does not show expenditure on capital projects currently programmed in financial year 2020/21 which may be deferred to 2021/22, or future years, owing to changes in project delivery timescales.

## Children's Services

Project	*Total Scheme Approval £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Children's Social Care</b>						
Grants to adapt foster carers houses	N/A	40	40	40	40	40
<b>Children's Social Care Total</b>		<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>Education &amp; Learning</b>						
Devolved Formula Capital (DFC)	N/A	1,434	1,454	1,154	1,054	1,054
External contribution to school projects	N/A	150	150	150	150	150
External Grants to school projects	N/A	50	50	50	50	50
School budget share contribution to school projects	N/A	500	500	500	500	500
Stokeinteignhead - primary - Playground	25	5	0	0	0	0
Vehicle Equipment Loans Pool (VELP) - Schools	N/A	200	200	200	200	200
<b>Education &amp; Learning Total</b>		<b>2,339</b>	<b>2,354</b>	<b>2,054</b>	<b>1,954</b>	<b>1,954</b>
<b>Childrens Services Total</b>		<b>2,379</b>	<b>2,394</b>	<b>2,094</b>	<b>1,994</b>	<b>1,994</b>
<b>Financed by:</b>						
Borrowing - VELP		200	200	200	200	200
Capital Receipts - General		40	40	40	40	40
Direct Revenue Funds - Services		500	500	500	500	500
External Funding - Contributions		150	150	150	150	150
External Funding - Grants		1,489	1,504	1,204	1,104	1,104
<b>Total</b>		<b>2,379</b>	<b>2,394</b>	<b>2,094</b>	<b>1,994</b>	<b>1,994</b>

\* Total Scheme Approvals have been included for individual projects only, not for programmes.

This table does not show expenditure on capital projects currently programmed in financial year 2020/21 which may be deferred to 2021/22, or future years, owing to changes in project delivery timescales.

## Community, Health, Environment and Prosperity

Project	*Total Scheme Approval £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Economy, Enterprise and Skills</b>						
Devon & Somerset - Superfast broadband programme	3,034	2,661	0	0	0	0
Economic Recovery Programme	N/A	250	250	0	0	0
Industrial Estates Strategy	1,000	500	0	0	0	0
Mullacott - Industrial estate road	429	190	0	0	0	0
Okehampton East Business Park	480	262	0	0	0	0
Roundswell South Business Park & North Devon Enterprise Centre	7,414	397	0	0	0	0
<b>Economy, Enterprise and Skills Total</b>		<b>4,260</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Planning, Transportation and Environment</b>						
<b>Large and Major Highway Schemes</b>						
A379 Sandy Park Junction Newcourt, Exeter	2,680	2	1	0	0	0
A303/A30 Improvements - Design	N/A	11	0	0	0	0
A382-A383 Connection (Houghton Barton Link Road) Phases 1 & 2	7,400	5,184	0	0	0	0
Long Lane widening and new link road on Silverdown Office Park	3,800	2,147	500	0	0	0
North Devon Link Road	67,629	16,796	24,486	8,314	712	612
South Devon Highway	117,999	376	1,379	0	0	0
South West Exeter Housing Infrastructure Fund	55,140	11,180	17,830	16,780	0	0
Safer Roads Fund A3121 & A3123	4,100	2,125	0	0	0	0
Tiverton Eastern Urban Extension Phase 1	5,700	2	0	0	0	0
<b>Large and Major Highway Schemes Total</b>		<b>37,823</b>	<b>44,196</b>	<b>25,094</b>	<b>712</b>	<b>612</b>
<b>Sustainable Transport</b>						
Marsh Barton Station	16,000	4,150	200	0	0	0
Okehampton East Parkway Station	250	113	0	0	0	0
<b>Sustainable Transport Total</b>		<b>4,263</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LTP</b>						
Local Transport Plan (LTP) Integrated transport block	N/A	<b>5,101</b>	<b>3,601</b>	<b>3,601</b>	<b>3,601</b>	<b>3,601</b>
<b>Environment</b>						
Carbon Reduction Programme	2,000	500	1,000	0	0	0
Connecting the Culm (part of Co-Adapt)	342	165	16	0	0	0
Flood Prevention Works	N/A	350	350	350	350	350
<b>Environment Total</b>		<b>1,015</b>	<b>1,366</b>	<b>350</b>	<b>350</b>	<b>350</b>

**Schools Expansion**

Advanced Design Fees	N/A	300	300	0	0	0
Confirmed Basic Need Allocation	N/A	214	2,364	3,000	3,000	2,000
Cullompton Community College - Multi Use Games Area	647	100	525	0	0	0
Energy cost reduction initiative	60	60	0	0	0	0
Exeter Creative Free School Contribution	3,325	0	3,325	0	0	0
Exmouth Community College Expansion	3,449	1,500	1,000	0	0	0
Ivybridge College - Drama Teaching Block	1,317	0	1,317	0	0	0
Kingsteignton - New School Contribution	142	142	0	0	0	0
Mill Water School - Extension	175	0	115	0	0	0
Monkerton Primary - Contribution	1,065	1,065	0	0	0	0
Pilton Community College - Additional Accommodation	582	0	582	0	0	0
Roundswell Primary - Contribution	934	934	0	0	0	0
Seaton Primary School - expansion and improvements	656	20	636	0	0	0
Sidmouth Primary - Expansion to PAN 90	100	0	100	0	0	0
South Molton Community College - phased expansion	740	100	600	0	0	0
South Molton Infants - Expansion to 420	2,441	703	0	0	0	0
Willowbank Primary Expansion to PAN60	374	374	0	0	0	0

**SEND PROGRAMME**

Bidwell Brook - Expansion	1,627	1,250	0	0	0	0
Lampard School - Expand to 180	2,800	1,100	1,660	0	0	0
Marland Day	600	560	0	0	0	0
Okehampton Special School	7,900	1,580	5,500	820	0	0
Orchard Manor Special School, expansion	3,409	1,100	0	0	0	0
River Dart Academy - Dartington School site development	100	0	100	0	0	0
SEND Places (new build and expansion)	3,613	190	620	1,000	0	0

<b>Schools Expansion Total</b>		<b>11,292</b>	<b>18,744</b>	<b>4,820</b>	<b>3,000</b>	<b>2,000</b>
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**Commissioning Services For Communities**

Youth service minor capital works	N/A	37	37	37	37	37
Library modernisation Programme	N/A	80	0	0	0	0
Vehicle Equipment Loans Pool - Fleet management	N/A	1,251	1,339	1,189	1,304	1,348
<b>Commissioning Services For Communities Total</b>		<b>1,368</b>	<b>1,376</b>	<b>1,226</b>	<b>1,341</b>	<b>1,385</b>
<b>Communities, Health, Environment &amp; Prosperity Total</b>		<b>65,122</b>	<b>69,733</b>	<b>35,091</b>	<b>9,004</b>	<b>7,948</b>

**Financed by:**

Borrowing - Internal		6,413	8,466	1,920	100	0
Borrowing - VELP		1,251	1,339	1,189	1,304	1,348
Capital Receipts - General		4,776	970	3,018	287	387
Capital Receipts - IID		113	0	0	0	0
Direct Revenue Funds - Services		85	0	0	0	0
External Funding - Contributions		2,335	975	0	0	0
External Funding - Grants		40,427	54,922	28,305	6,601	5,601
External Funding - S106		9,722	3,061	659	712	612
<b>Total</b>		<b>65,122</b>	<b>69,733</b>	<b>35,091</b>	<b>9,004</b>	<b>7,948</b>

\* Total Scheme Approvals have been included for individual projects only, not for programmes.

This table does not show expenditure on capital projects currently programmed in financial year 2020/21 which may be deferred to 2021/22, or future years, owing to changes in project delivery timescales.



## Corporate Services

Project	*Total Scheme Approval £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Information and Communications Technology</b>						
DCC Operating Model ICT Replacement and Renewal	N/A	1,750	1,500	1,000	1,000	1,000
<b>Information and Communications Technology Total</b>		<b>1,750</b>	<b>1,500</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>County Farms Estate</b>						
County Farms Estate Enhancement Programme	N/A	1,000	350	350	350	350
<b>County Farms Estate Total</b>		<b>1,000</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>
<b>Corporate Property Estate</b>						
Building Maintenance	N/A	700	200	200	200	200
Property Enabling Budget	N/A	150	150	150	150	150
Replace and Upgrade Corporate Estate	N/A	600	600	600	600	600
Solar Carports (DELETTI)	1,259	1,114	46	0	0	0
Zero Carbon Buildings (Getting Building Fund)	1,873	1,873	0	0	0	0
<b>Corporate Property Estate Total</b>		<b>4,437</b>	<b>996</b>	<b>950</b>	<b>950</b>	<b>950</b>
<b>Corporate Services Total</b>		<b>7,187</b>	<b>2,846</b>	<b>2,300</b>	<b>2,300</b>	<b>2,300</b>
<b>Financed by:</b>						
Borrowing - Internal		373	0	0	0	0
Capital Receipts - General		4,396	2,800	2,300	2,300	2,300
External Funding - Contributions		72	0	0	0	0
External Funding - Grants		2,346	46	0	0	0
<b>Total</b>		<b>7,187</b>	<b>2,846</b>	<b>2,300</b>	<b>2,300</b>	<b>2,300</b>

\* Total Scheme Approvals have been included for individual projects only, not for programmes.

This table does not show expenditure on capital projects currently programmed in financial year 2020/21 which may be deferred to 2021/22, or future years, owing to changes in project delivery timescales.

## Highways, Infrastructure Development and Waste

Project	*Total Scheme Approval £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Schools Maintenance and Improvements</b>						
Bassetts Farm Primary School - Block 01 replace rooflights & replace flat roof	199	48	0	0	0	0
Beaford Community Primary & Nursery School - Block 01 replace windows & renew render. Replace sports flooring.	81	65	16	0	0	0
Berrynarbor C of E Primary School - Block 01 replace kitchen ventilation hood & provide gas detection	24	19	5	0	0	0
Berrynarbor C of E Primary School - Block 03 render damp external walls	32	6	0	0	0	0
Bishops Nympton Primary School - Block 01 Rewire. Block 02 Replace alarm system. Block 04 Replace cladding & ext door/frame.	92	74	18	0	0	0
Bishops Tawton Primary School - Block 04 Roof works, gable end strengthening works & damp	36	7	0	0	0	0
Bishopsteignton School - Block 01 Ceiling, asbestos & void work	225	44	0	0	0	0
Bovey Tracey Primary School - Underground Gas Mains	46	6	0	0	0	0
Bow Community Primary School - Block 01 replacement windows	65	21	0	0	0	0
Brampford Speke C of E Primary School - Block 01 Replace windows, doors & replace flat roof	61	49	12	0	0	0
Branscombe CofE Prim Sch - Roof replacement	98	20	0	0	0	0
Burlescombe CofE Primary School - replacement oil store block 01 ventilation	47	9	0	0	0	0
Caen Primary - Kitchen & heating	56	11	0	0	0	0
Canada Hill Community Primary School - Block 01 replace suspended ceiling & renew tarmac	31	25	6	0	0	0
Canada Hill Community Primary School - Block 01 replace windows in hall	19	3	0	0	0	0
Cheriton Fitzpaine Primary School - Hot water & BMS	26	21	5	0	0	0
Chudleigh CofE Community Primary School - replacement of heating	72	15	0	0	0	0
Copplestone Primary School - Block 01 replace suspended ceiling	22	18	4	0	0	0
Countess Wear Community School - Replace drainage pipe in playground	27	22	5	0	0	0
Culmstock Primary School - Block 1 re-roof corridor & replace flat roof above girls toilet	26	5	0	0	0	0
DDA projects (contingency)	N/A	200	150	0	0	0
Decoy Primary - hygiene room	63	12	0	0	0	0
Decoy Primary School - Block 01 renew flat roofs	38	7	0	0	0	0
Denbury Primary - Doors & facias	49	7	0	0	0	0
Doddiscombsleigh Community School - Block 01 kitchen doors & kitchen, WC & Storeroom windows. Block 04 replace external wall cladding	123	98	25	0	0	0
East The Water Community Primary School - Block 01 Upgrade incoming electrical service	42	34	8	0	0	0
Estimated Capital Maintenance (School Condition Allocation Grant)	N/A	4,000	3,500	3,500	3,500	3,500
Great Torrington Bluecoat - Balconies	59	8	0	0	0	0

Great Torrington Bluecoat C of E Primary School - Block 01 pitched roof replacement	308	0	61	0	0	0
Great Torrington Bluecoat C of E Primary School - Block 01 replace doors, windows & replace boiler house doors	61	49	12	0	0	0
Gulworthy Primary School - Block 01 above girls WC-Partial renewal of flashings/valleys, partial re-roof & scaffolding	22	18	4	0	0	0
Halberton Primary School - Block 06 Replace windows & replace gas heater	30	24	6	0	0	0
Hartland Primary - Block 01 External refurb & roof light replacement	90	18	0	0	0	0
Hatherleigh Community Primary School - Block 01 replace kitchen windows. Block 02 replace timber skirt, cladding, fascias, windows & doors	182	146	36	0	0	0
Hayward's Primary School - Block 01 roofing	170	0	34	0	0	0
Heathcoat Primary - Boiler Replacement	92	18	0	0	0	0
Honiton Primary School - Block 01 flat roof improvement works	37	7	0	0	0	0
Horrabridge Primary School replacement boilers	46	8	0	0	0	0
Ifracombe CofE Junior School - Kitchen ventilation & asbestos removal	71	15	0	0	0	0
Ifracombe Infant and Nursery School - Replace retaining wall	24	19	5	0	0	0
Kentisbeare C of E Primary School - Block 01 replace lighting, replace windows to the SE, NE & NW elevations & door/frame to SW elevation. Refurbish Fascias & Bargeboards	71	57	14	0	0	0
Kentisbury Primary School - New sewage plant	63	15	0	0	0	0
Kilmington Primary School - Block 01 replace boiler	37	7	0	0	0	0
King Edward VI Community College - Block 05 renew wet heating	50	40	10	0	0	0
King Edward VI Community College - Renew tarmac	65	52	13	0	0	0
Ladysmith Infant & Nursery School - Block 03 renew gas heaters	62	14	0	0	0	0
Ladysmith Infants School - Block 03 External Refurbishment	175	140	35	0	0	0
Ladysmith Infants School - Renew wet heating system, pipes & radiators	177	142	35	0	0	0
Landscape Primary School - Block 01 cladding & Block 04 rooflight	136	25	0	0	0	0
Littleham C of E Primary School - Reinforce wall around WPD. Block 01 replace flat roof at nursery area	61	49	12	0	0	0
Littleham primary - Toilet refurbishment	99	20	0	0	0	0
Manor Primary School - Block 07 rewire, renew wet heating & CO detection. Block 06 CO detection	14	2	0	0	0	0
Marland Primary School - Block 01 Replace windows & doors	67	54	13	0	0	0
Marland School - Blocks 02 replacement	509	96	0	0	0	0
Marwood School - Structural improvements to stone wall	54	15	0	0	0	0
Milton Abbot - Windows & External Wall	44	8	0	0	0	0
MUMIS (contingency)	N/A	147	90	0	0	0
Newtown primary - Wood block floor	43	9	0	0	0	0
Newtown Primary School - Block 02 renewal of fascias	33	26	7	0	0	0
Payhembury C of E Primary Drainage pipe	26	5	0	0	0	0

Payhembury C of E Primary School - Block 01 replace timber windows, door/frame & replace night storage heaters	96	77	19	0	0	0
Petroc - new hygiene & therapy room	148	30	0	0	0	0
Pilton Infants School - Infill basement	21	17	4	0	0	0
Plymtree C of E Primary School - Block 01 external refurb, replace windows & fire door. Block 02 Replace ceiling, windows & exterior doors	164	131	33	0	0	0
Sandford Primary School - Block 01 External refurb & toilet refurb. Block 02 replace timber windows. Blocks 03 & 04 renew fascias. Block 05 replace velux rooflight	262	210	52	0	0	0
Sandford Sch - Renew render & external doors	59	12	0	0	0	0
Schools capital maintenance (contingency)	N/A	402	200	0	0	0
Seaton Primary School - Replace Sewage Pumping System	49	39	10	0	0	0
Shaugh Prior Primary School - Block 02 renew fascias & soffits. Block 02 replace roof	52	42	10	0	0	0
Shute Community Primary School - Block 02 replace flat roof	37	30	7	0	0	0
Shute Primary - Flooring	91	15	0	0	0	0
Sidmouth College - Block 11 & 15, Fire Alarm & lighting	14	3	0	0	0	0
St Michael's CofE Primary Schools, Kingsteignton - Block 01 boiler replacement. Block 01 CO detection. Block 04 CO detection	130	26	0	0	0	0
Stoke Canon C of E Primary School - Block 01 replace windows & doors	42	34	8	0	0	0
Stoke Hill Infants & Nursery School - Block 04 replacement windows	33	6	0	0	0	0
Stoke Hill Junior School - Block 01 flat roof remedial works	182	36	0	0	0	0
Stoke Hill Junior School - Resurface tarmac in smaller playground. Partially renew tarmac in top playground. Renew tarmac to pedestrian paths	98	78	20	0	0	0
Stokenham Area Primary School - Blocks 01 & 02 replace windows. Block 02 replace door & frame	32	5	0	0	0	0
The Castle Primary School / Elmore Church, Tiverton - Replacement wall	600	375	25	0	0	0
The Erme Primary School - Block 01 External refurb & replace North & West Elevation windows	58	46	12	0	0	0
The Lampard Community School - Block 01 replace fan convector & replace water heater	45	9	0	0	0	0
Thorverton C of E Primary School - Flat Roof Replacement	53	42	11	0	0	0
Tiverton High - heating system work	54	11	0	0	0	0
Two Moors Primary School - Block 04 removal of ACM fire breaks. Replace suspended ceilings, fascia cladding panels & flat roof. Fit doors & Frames	1,503	400	0	0	0	0
West Croft School - Block 01 partial replacement of flat roof, partially renew fascias & soffits. Block 201 Replace rooflight. Block 212 Replace guttering	244	195	49	0	0	0
West Exe Nursery School - Block 01 Roof replacement	417	334	83	0	0	0
West Hill Primary School - Block 01 & 03 replace luminaires	14	4	0	0	0	0
Whimple Primary School - Block 01 replace windows. Block 04 replace windows & external doors	74	13	0	0	0	0
Whitchurch Community Primary School - Block 01 pitched roof replacement	289	119	22	0	0	0
Willand School - Block 01 asbestos & duct work	180	36	0	0	0	0
<b>Schools Maintenance and Improvements Total</b>		<b>8,876</b>	<b>4,706</b>	<b>3,500</b>	<b>3,500</b>	<b>3,500</b>

**Waste**

Waste Recycling Centre - Capital works	N/A	220	220	220	220	220
<b>Waste Total</b>		<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>

**Highways**

Local Transport Plan (LTP) Maintenance	N/A	41,132	41,132	41,132	41,132	41,132
Pothole Fund	N/A	7,700	0	0	0	0
Street Lighting LED	8,673	3,910	0	0	0	0
<b>Highways Total</b>		<b>52,742</b>	<b>41,132</b>	<b>41,132</b>	<b>41,132</b>	<b>41,132</b>

<b>Highways, Infrastructure Development and Waste Total</b>		<b>61,838</b>	<b>46,058</b>	<b>44,852</b>	<b>44,852</b>	<b>44,852</b>
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**Financed by:**

Borrowing - Internal		4,117	25	0	0	0
Capital Receipts - General		220	220	220	220	220
External Funding - Grants		57,501	45,813	44,632	44,632	44,632

<b>Total</b>		<b>61,838</b>	<b>46,058</b>	<b>44,852</b>	<b>44,852</b>	<b>44,852</b>
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\* Total Scheme Approvals have been included for individual projects only, not for programmes.

This table does not show expenditure on capital projects currently programmed in financial year 2020/21 which may be deferred to 2021/22, or future years, owing to changes in project delivery timescales.

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## **Service Budgets**

## Leadership Group Commentary

2020 has been one of our most challenging years and has left the authority, and indeed all local authorities, facing a more difficult financial position than we might have envisioned due to the significant costs associated with responding to the Covid-19 pandemic. It has, however, also been a year that enabled us to demonstrate our resilience and adaptability in the face of huge uncertainty.

At the start of the year we were focused on preparations to leave the EU and supporting our residents and businesses through the changes this would bring, alongside anticipating the possibility of a local government review.

However, from early in the year, as cases of coronavirus spread across the world, it became clear that much of our focus would be on Covid-19 response work. Between March and June 2020 the suspension of some of our statutory responsibilities allowed us to put every effort into the fight against the virus and supporting our communities.

Following the announcement of a national lockdown on 23 March, teams across the authority had to move quickly to establish new ways of working to continue delivering services and information to the people of Devon.

Support services such as IT and Digital Transformation, Legal, Finance, HR and Communications all had to adapt to using new systems to ensure the wider organisation continued to operate as smoothly as possible. Highways, Environment, Development and Waste teams all underwent dramatic changes in the way they worked and communicated in order to keep the authority operating.

Frontline Adults' and Children's Services, Public Health and Education faced additional workloads and are still facing a very turbulent time in supporting our most vulnerable people within communities and ensuring children and young people don't miss out on their education. An increase in demand and referrals for Children's Services, in part driven by the impact of the pandemic on families and children, including those with disabilities, has put financial pressure on an area of the authority that was already stretched.

Each and every member of staff and elected Member across the authority has been affected by the challenges faced during the pandemic. They have all responded quickly, effectively and efficiently and the authority remains in a good position as we enter another uncertain year in 2021.

This year, Devon County Council became one of England's Covid-19 Beacon authorities. Working with District Councils, the County forged a strong "Team Devon" partnership that is proving to be highly effective. Aided by excellent collaboration with the NHS, Police, other agencies and neighbouring authorities, this partnership is helping to keep residents safe during the pandemic and providing support to those in need.

Team Devon is also working closely with the Heart of the South West Local Enterprise Partnership (LEP) and wider business community on recovery across the county and regional partners to create a Great South West clean energy powerhouse that will increase the regional economy by £45 billion and create 190,000 new jobs.

While the Government's position on a local government review shifted, the UK left the EU on 31st January 2020 and the authority's preparation work continued throughout the transition period before the new agreements came into force on 1st January 2021. The overall financial impact of leaving the EU on our local economy - alongside the impact of Covid-19 - is still largely unknown and supporting our local business community remains a priority for the authority.



This tremendous effort to fight coronavirus, support Devon's communities and keep the county operating has cost the authority significantly. At the outset of the pandemic, the Government provided local authorities in England with £500 million of grant funding to help economically vulnerable people to pay their Council Tax and the authority has provided funding of £1m towards a Covid-19 Hardship Fund, providing a vital safety net for those struggling financially. The increased number of people eligible for help with Council Tax, coupled with more firms being forced to go out of business and leaving properties empty, is contributing to a financial shortfall for authorities at a time when spending demands are increasing.

Moving forward, the Government published the Provisional Local Government Finance Settlement 2021/22 on 17 December confirming that, excluding Government assumptions about Council Tax nationally, the increase in Government funding for the authority is £3.7 millions or 2.2%. The Government has also announced Devon's share of national Covid funding for 2021/22 is £14.823 millions. In total, our spending in 2021/22 is due to rise by 6.6%, an overall increase of just under £35.7 millions from 2020/21.

We will continue to do all we can to support all those affected by the Covid-19 pandemic, and work closely with our colleagues in the NHS on the rollout of the vaccine as well as supporting local testing and contact tracing initiatives. We will take what we've learnt from our response so far to continue with our ongoing response and recovery work, in the knowledge that we will come out of this pandemic with new and innovative ways of working to ensure we continue on our journey as a learning organisation.

# Adult Care and Health

## How the 2021/22 Budget has been built up

	<b>2020/21 Adjusted Budget</b>	<b>Changes</b>	<b>2021/22 Outturn Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adult Care Operations and Health</b>	232,949	19,544	252,493
<b>Adult Commissioning and Health</b>	27,808	2,134	29,942
<b>Total</b>	<b>260,757</b>	<b>21,678</b>	<b>282,435</b>

	<b>Change £'000</b>
<b>Reasons for changes in Revenue Budget</b>	
<b>Technical and Service Changes</b>	
Inflation and National Living Wage	4,013
Adult Services demographic and demand pressures	21,972
Autism Joint Service Review	250
	<b>26,235</b>
<b>Savings Strategies</b>	
Supporting people with disabilities to live more independently and to reduce their dependence over time	(4,356)
Management and Support reductions	(50)
Share of Cross-Council savings in running costs	(71)
Mental Health Strategy Action Plan	(80)
	<b>(4,557)</b>
<b>Total</b>	<b>21,678</b>

## Analysis of Total Expenditure 2021/22

	<b>Gross Expenditure</b>	<b>Grant and Contribution Income</b>	<b>External Income</b>	<b>Internal Income</b>	<b>Net Expenditure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adult Care Operations and Health</b>	326,842	(21,661)	(52,688)	0	252,493
<b>Adult Commissioning and Health</b>	33,136	(2,602)	(592)	0	29,942
<b>Total</b>	<b>359,978</b>	<b>(24,263)</b>	<b>(53,280)</b>	<b>0</b>	<b>282,435</b>

## Adult Care Operations and Health

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
<b>Disability Services</b>					
2,119	Day Opportunities	2,171	(1)	<b>2,170</b>	51
19,321	Direct Payments	22,745	(3,024)	<b>19,721</b>	400
37,969	Enabling/Other	42,313	(298)	<b>42,015</b>	4,046
2,237	Nursing Care	2,578	(285)	<b>2,293</b>	56
8,381	Personal Care	13,075	(3,998)	<b>9,077</b>	696
32,875	Residential Care	38,406	(3,536)	<b>34,870</b>	1,995
102,902		121,288	(11,142)	<b>110,146</b>	7,244
8,621	<b>Improved Better Care Fund</b>	8,621	0	<b>8,621</b>	0
<b>In House Services</b>					
4,258	Day Opportunities and Reaching For Independence	4,257	(17)	<b>4,240</b>	(18)
4,115	Reablement	5,008	(899)	<b>4,109</b>	(6)
3,721	Residential Care	3,705	0	<b>3,705</b>	(16)
12,094		12,970	(916)	<b>12,054</b>	(40)
<b>Older People</b>					
999	Day Opportunities	1,115	(14)	<b>1,101</b>	102
5,820	Direct Payments	9,569	(2,539)	<b>7,030</b>	1,210
3,150	Enabling/Other	4,030	(624)	<b>3,406</b>	256
16,560	Nursing Care	25,805	(6,602)	<b>19,203</b>	2,643
12,538	Personal Care	32,086	(14,960)	<b>17,126</b>	4,588
44,226	Residential Care	81,275	(34,091)	<b>47,184</b>	2,958
83,293		153,880	(58,830)	<b>95,050</b>	11,757
25,322	<b>OP&amp;D Care Management</b>	29,366	(3,461)	<b>25,905</b>	583
717	<b>Workforce Development</b>	717	0	<b>717</b>	0
<b>232,949</b>		<b>326,842</b>	<b>(74,349)</b>	<b>252,493</b>	<b>19,544</b>

### Analysis of changes:

#### Technical and Service Changes

Demographic and other growth in demand	19,699
Inflation and National Living Wage	3,743
Safeguarding capacity	500
	<b>23,942</b>

#### Savings Strategies

Supporting people with disabilities to live more independently and to reduce their dependence over time	(4,356)
Share of Cross-Council savings in running costs	(42)
	<b>(4,398)</b>

<b>Total</b>	<b>19,544</b>
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## Service Commentary

Adult Care Operations and Health is the operational social care service which offers advice, information and signposting as well as assessment, support planning and reviews for older people and working age adults with learning disability, autism, physical disabilities with eligible social care needs. It also arranges care, largely from the independent sector, for either short-term interventions or long-term care on a personalised basis to help people live the lives they want to lead. It undertakes statutory safeguarding responsibilities for vulnerable adults. The staff undertaking these functions – including professionally qualified social workers and occupational therapists – are co-located and co-managed with community based NHS staff.

Additionally, this service provides adult social care services which we continue to deliver directly, rather than commission from the independent sector. These include a number of different establishments throughout the county which provide services to Older People and people with Disabilities.

Included in the Operations budget is the continuance for a further year of £8.621 millions from the improved Better Care Fund which was announced in November 2020. The deployment of this is subject to joint agreement with NHS partners and is for the benefit of health and social care overall but used for the purposes of:

- meeting adult social care needs
- reducing pressures on the NHS – including reducing delayed transfers of care
- stabilising the social care provider market

The budget also includes £35.546 millions of Better Care Fund funding which contributes directly to the provision of social care services. In addition there is a direct contribution to specific projects of £2.935 millions and other income from health of £1.959 millions.

The sufficiency of the personal care workforce has been a long-standing challenge that looks set to only increase. The impact on the recruitment and retention of the workforce and the financial stability of independent social care providers as a result of Covid 19, and the UK exiting the European Union on 1st January 2021 is yet to be fully understood.

What we do know is that more people in Devon need our support to live their lives the way they want, and that support is increasingly more intense, complex and expensive for us to buy. This is especially the case for adults of a working age with a disability and autism.

We are also seeing a rise in the number of children with Education Health and Care Plans, particularly those with higher needs, and this is the group that transition into adult services with the greatest likelihood of needing our on-going services and support.

These issues continue to be the biggest challenges for Adult Care Operations and Health as we ensure an ability to deliver a responsive and effective service.

## Service Statistics and Other Information

		<b>Number of people budgeted to receive service Average through Year</b>		
		<b>2020/21</b>	<b>Change</b>	<b>2021/22</b>
Reablement (across all client groups)	Service Users/Agreements	3,150	0	3,150
These are new people expected to go through the reablement process				
<b>Disability Services (incl. Autistic Spectrum)</b>				
Day Opportunities	Service Users/Agreements	251	14	265
Direct Payments	Service Users/Agreements	1,502	(33)	1,469
Enabling	Service Users/Agreements	1,613	112	1,725
Nursing Care (including Respite)	Service Users/Agreements	48	1	49
Personal Care	Service Users/Agreements	865	46	911
Residential Care (including Respite)	Service Users/Agreements	628	(20)	608
<b>Older People and Disability - In house</b>				
Day Opportunities	Service Users/Agreements	100	(40)	60
Residential Care (including Respite)	Service Users/Agreements	45	2	47
Reaching for Independence	Service Users/Agreements	940	0	940
<b>Older People</b>				
Day Opportunities	Service Users/Agreements	285	5	290
Direct Payments	Service Users/Agreements	645	12	657
Enabling	Service Users/Agreements	361	37	398
Nursing Care (including Respite)	Service Users/Agreements	557	9	566
Personal Care	Service Users/Agreements	2,483	42	2,525
Residential Care (including Respite)	Service Users/Agreements	2,017	37	2,054

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## Adult Commissioning and Health

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
<b>Adult Commissioning and Health</b>					
5,207	Centrally Managed Contracts	5,896	(548)	<b>5,348</b>	141
1,288	Policy, Performance and Involvement	1,324	0	<b>1,324</b>	36
3,569	Strategic Commissioning	3,972	(320)	<b>3,652</b>	83
1,327	Transformation	1,362	(20)	<b>1,342</b>	15
11,391		12,554	(888)	<b>11,666</b>	275
<b>Mental Health</b>					
3,806	Care Management	4,412	(412)	<b>4,000</b>	194
554	Day Opportunities	697	(170)	<b>527</b>	(27)
644	Direct Payments	845	(33)	<b>812</b>	168
5,586	Enabling/Other	7,321	(1,006)	<b>6,315</b>	729
28	Nursing Care	145	0	<b>145</b>	117
181	Personal Care	346	(140)	<b>206</b>	25
5,618	Residential Care	6,816	(545)	<b>6,271</b>	653
16,417		20,582	(2,306)	<b>18,276</b>	1,859
<b>27,808</b>		<b>33,136</b>	<b>(3,194)</b>	<b>29,942</b>	<b>2,134</b>

### Analysis of changes:

£'000

#### Technical and Service Changes

Demographic and other growth in demand	1,773
Inflation and National Living Wage	270
Autism joint service review	250
	<b>2,293</b>

#### Savings Strategies

Management and support reductions	(50)
Share of Cross-Council savings in running costs	(29)
Mental Health Strategy Action Plan	(80)
	<b>(159)</b>

### Total

**2,134**



## Service Commentary

Local authorities have a statutory requirement to meet the needs of people eligible for care, to support them and their carers, and to fund care for those people with needs who meet financial eligibility criteria. The adult commissioning and health team work with NHS colleagues to assess the strategic health and social care needs of the Devon population, and ensure there are solutions to meet those needs through integrated commissioning and joined up services.

Commissioners work with the independent sector, helping to shape the local market to encourage quality, choice and sufficiency of provision. Local authorities have a responsibility to ensure care is maintained where a provider fails financially and services cease – for everyone, including self-funders, to ensure people’s needs continue to be met. This is undertaken by working with the Care Quality Commission to assure and improve quality along with managing contractual provider relationships to ensure their delivery, and consultation with people including carers and families.

The commissioning function is also responsible for commissioning arrangements for support to carers, for the care management of people with mental health needs (working with the Devon Partnership Trust), and for the coordination of activity and governance of the statutory Safeguarding Adults Board as well as for the oversight of centrally managed contracts including homelessness support and service user representation.

The team are also responsible for commissioning intelligence, statutory returns and surveys, internal performance management, and involvement in sector-led improvement; for commissioning and operational policy development and strategic planning; and engaging the users of our services and their carers.

The key challenges for Adult Commissioning and Health will be to secure market sufficiency, in particular care homes and personal care. The sufficiency of the personal care workforce continues to be a challenge, and one which impacts on the wider health and care system. These challenges are exacerbated by the impact of Covid-19 on the care sector: the pandemic is having negative economic consequences for care home and day care markets following the impact of voids or inability to trade, with the impact on other markets yet to unfold.

## Service Statistics and Other Information

		Number of people budgeted to receive service Average through Year		
		2020/21	Change	2021/22
<b>Mental Health Services</b>				
Day Opportunities	Service Users/Agreements	22	(1)	21
Direct Payments	Service Users/Agreements	109	26	135
Enabling	Service Users/Agreements	603	26	629
Nursing Care (including Respite)	Service Users/Agreements	1	3	4
Personal Care	Service Users/Agreements	30	3	33
Residential Care (including Respite)	Service Users/Agreements	171	6	177

# Children's Services

## How the 2021/22 Budget has been built up

	<b>2020/21 Adjusted Budget</b>	<b>Changes</b>	<b>2021/22 Outturn Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Children's Social Care</b>	101,451	6,392	107,843
<b>Education and Learning - General Fund</b>	45,418	5,006	50,424
<b>Education and Learning - School Funding</b>	0	0	0
<b>Total</b>	<b>146,869</b>	<b>11,398</b>	<b>158,267</b>

<b>Reasons for changes in Revenue Budget</b>	<b>Change £' 000</b>
<b>Technical and Service Changes</b>	
Inflation and National Living Wage	1,502
Demographic and demand pressures	12,285
	<u>13,787</u>
<b>Savings Strategies</b>	
Children's Social Care	
Share of Cross-Council savings in running costs	(1,390)
Realignment of resources for disabled children	(654)
Education and Learning	
Share of Cross-Council savings in running costs	(45)
Route reviews of Home to School transport	(300)
	<u>(2,389)</u>
<b>Total</b>	<b>11,398</b>

## Analysis of Total Expenditure 2021/22

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
<b>Children's Social Care</b>	129,085	(7,074)	(869)	(13,299)	107,843
<b>Education and Learning - General Fund</b>	52,890	(1,024)	(657)	(785)	50,424
<b>Education and Learning - School Funding</b>	630,220	(629,159)	(65)	(996)	0
<b>Total</b>	<b>812,195</b>	<b>(637,257)</b>	<b>(1,591)</b>	<b>(15,080)</b>	<b>158,267</b>

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

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
<b>Children's Social Care</b>					
Atkinson	4,171	(421)	(2,725)	(1,025)	0
<b>Total</b>	<b>4,171</b>	<b>(421)</b>	<b>(2,725)</b>	<b>(1,025)</b>	<b>0</b>
<b>Grand total</b>	<b>816,366</b>	<b>(637,678)</b>	<b>(4,316)</b>	<b>(16,105)</b>	<b>158,267</b>

## Children's Social Care

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
<b>Corporate Parenting Service</b>					
1,807	Adopt South West	1,807	0	<b>1,807</b>	0
852	Adoption Allowances and Fees	813	0	<b>813</b>	(39)
295	Child Arrangements and Private Kinship	280	0	<b>280</b>	(15)
1,158	Contracts	1,193	0	<b>1,193</b>	35
3,060	Corporate Parenting Teams	3,565	0	<b>3,565</b>	505
4,127	Fostering Team	4,221	0	<b>4,221</b>	94
3,278	Special Guardianship Orders	3,332	0	<b>3,332</b>	54
1,081	Supervised Contact Service	1,070	0	<b>1,070</b>	(11)
15,658		16,281	0	<b>16,281</b>	623
<b>Disabled Children's Services</b>					
8,778	Children In Need Short-Break Services	9,474	(839)	<b>8,635</b>	(143)
2,221	Contracts	2,360	(23)	<b>2,337</b>	116
3,307	Social Work Area Teams	3,602	(154)	<b>3,448</b>	141
14,306		15,436	(1,016)	<b>14,420</b>	114
<b>Early Help (Access)</b>					
907	Emergency Duty Team	1,057	(154)	<b>903</b>	(4)
1,015	Multi Agency Safeguarding Hub	1,014	0	<b>1,014</b>	(1)
537	REACH	533	0	<b>533</b>	(4)
2,459		2,604	(154)	<b>2,450</b>	(9)
<b>Early Help (Provision)</b>					
1,799	Early Help Co-Ordination	4,363	(2,786)	<b>1,577</b>	(222)
704	Youth Offending - Statutory and Prevention	1,671	(970)	<b>701</b>	(3)
2,503		6,034	(3,756)	<b>2,278</b>	(225)
<b>Looked After Children and Care Leaver (Placements)</b>					
4,473	Disabled Children's Placements	5,449	(869)	<b>4,580</b>	107
7,899	Independent Fostering	8,341	0	<b>8,341</b>	442
1,616	Independent Post 18 Placements	2,157	(14)	<b>2,143</b>	527
14,727	Independent Residential Care	20,836	(2,029)	<b>18,807</b>	4,080
5,238	Independent Supported Accommodation	5,587	(41)	<b>5,546</b>	308
9,888	Internal Fostering	10,591	0	<b>10,591</b>	703
693	Internal Post 18 Placements	735	(310)	<b>425</b>	(268)
627	Secure Accommodation	679	(26)	<b>653</b>	26
477	Unaccompanied Asylum Seeking Children	1,819	(1,417)	<b>402</b>	(75)
45,638		56,194	(4,706)	<b>51,488</b>	5,850
1,000	<b>Public Health Nursing</b>	10,935	(10,756)	<b>179</b>	(821)
1,434	<b>Quality Assurance Reviewing Safeguarding</b>	1,727	0	<b>1,727</b>	293
13,610	<b>Social Work Teams</b>	13,616	0	<b>13,616</b>	6
4,843	<b>Strategic Management and Legal Costs</b>	6,258	(854)	<b>5,404</b>	561
<b>101,451</b>		<b>129,085</b>	<b>(21,242)</b>	<b>107,843</b>	<b>6,392</b>

<b>Analysis of changes:</b>	<b>£'000</b>
<b>Technical and Service Changes</b>	
Inflation and National Living Wage	881
Demographic and other growth in demand:	
Placement demand and other growth pressures	5,432
Short breaks for disabled children demand pressures	534
Investment in social work staff - improvement and demand response	1,589
	<u>8,436</u>
<b>Savings Strategies</b>	
Share of Cross-Council savings in running costs	(952)
Realignment of resources for disabled children	(654)
Cross Service - other cost savings and efficiencies	(438)
	<u>(2,044)</u>
<b>Total</b>	<b><u>6,392</u></b>

## Service Commentary

### **Children's Social Care**

This service brings together the statutory duties of the Council in relation to children in need, child protection and looked after children. It includes a range of services targeted to support families and thus help to avoid the need for children to come into care.

It also provides short breaks and respite care services for disabled children and their families as well as Youth Offending Services.

The budget for 2021/22 includes significant investment in the Corporate Parenting Service and other front-line teams to increase capacity in response to increased demand and the recent Ofsted inspection. The budget also recognises the rising costs associated with greater complexity of need, particularly residential provision. There is a strong focus on developing intensive support services, particularly for adolescents, to prevent care and improve outcomes with families at home.

### **0-19 Public Health Nursing Service**

This service contributes to the improvement in health and wellbeing that support all children and young people, to keep families safe, and to reduce health related risks across their life through the delivery of the Department of Health Healthy Child Programme.

The budget for 2021/22 reflects increased front line capacity to meet demand; more efficient ways of working are planned through better use of IT and accommodation.

## Service Statistics

<b>Children's Social Care</b>		<b>Number of people budgeted to receive service</b>		
		<b>Average through Year</b>		
	<b>Unit of Measurement</b>	<b>2020/21</b>	<b>Change</b>	<b>2021/22</b>
<b>Looked After Children</b>				
External Residential	Service Users	90	17	107
Internal Fostering Placements	Service Users	396	54	450
External Fostering Placements	Service Users	164	9	173
Foster to Adopt	Service Users	6	3	9
External Supported Lodgings/Housing	Service Users	50	(9)	41
Internal Residential Special School	Service Users	4	1	5
Medical Establishment	Service Users	1	0	1
Placed For Adoption	Service Users	23	0	23
Placed with Parents	Service Users	18	9	27
Other Placements	Service Users	5	0	5
Secure Welfare	Service Users	2	0	2
Remand / Custody	Service Users	1	0	1
Unaccompanied Asylum Seeking Children	Service Users	34	(11)	23
<b>Total Looked After Children</b>		<b>794</b>	<b>73</b>	<b>867</b>
		<b>2020/21</b>	<b>Change</b>	<b>2021/22</b>
<b>Other Children's Services</b>				
Staying Put/Care Leavers	Service Users	107	13	120
Adoption Allowances	Service Users	87	(7)	80
Special Guardianship Order Allowances	Service Users	390	15	405
Residence/Child Arrangement Order Allowances	Service Users	38	(2)	36
Shortbreak Services and Direct Payments for Disabled Children	Service Users	1,592	62	1,654

## Education and Learning (General Fund)

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2021/22 Outturn Budget £'000	2021/22 Net Changes £'000
<b>Infrastructure</b>					
677	Admissions, Data and Strategic Management	983	(242)	<b>741</b>	64
45	Legal Disbursements	45	0	<b>45</b>	0
1,201	Teachers Pension - Historic Enhancements	1,201	0	<b>1,201</b>	0
1,923		2,229	(242)	<b>1,987</b>	64
<b>School Improvement Inclusion and Safeguard</b>					
2,265	Closing The Gap	2,184	(19)	<b>2,165</b>	(100)
3,315	Inclusion Inc. SEN	4,761	(601)	<b>4,160</b>	845
1,215	Quality Service and Provision	2,189	(974)	<b>1,215</b>	0
707	Safeguarding Every Learner	807	0	<b>807</b>	100
7,502		9,941	(1,594)	<b>8,347</b>	845
<b>School Transport</b>					
0	Home to College	81	(81)	<b>0</b>	0
13,478	Home to School	14,009	(131)	<b>13,878</b>	400
15,330	Personalised Transport	19,204	(85)	<b>19,119</b>	3,789
28,808		33,294	(297)	<b>32,997</b>	4,189
510	<b>Vulnerable Groups and Virtual School</b>	677	(174)	<b>503</b>	(7)
6,675	<b>Children's Centres and Early Years Services</b>	6,749	(159)	<b>6,590</b>	(85)
<b>45,418</b>		<b>52,890</b>	<b>(2,466)</b>	<b>50,424</b>	<b>5,006</b>

### Analysis of changes:

£'000

#### Technical and Service Changes

Inflation and National Living Wage	621
Demographic and other growth in demand:	
Demographic and other growth in demand - Transport	3,873
Special Educational Needs and Disabilities increased staffing	857
	<u>4,730</u>

#### Savings Strategies

Share of Cross-Council savings in running costs	(45)
Route reviews of Home to School transport	(300)
	<u>(345)</u>

<b>Total</b>	<b>5,006</b>
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## Service Commentary

This service budget represents the Council's responsibilities for education and learning other than those funded by the Dedicated Schools Grant and Post 16 funding which are shown separately. It includes infrastructure and support to ensure the delivery of more than 200 statutory duties in education and learning and to deliver a range of specialist support for inclusion services, admissions, home to school transport as well as education support for children with special needs and vulnerable groups of children.

Devon operates a very cost-effective school transport service that, by having an integrated approach with social care and health has kept spend at a rate below inflation; Devon is one of a few Local Authorities to achieve this. However, the regulatory and operational pressures remain and together with external market pressures caused by Covid-19, this is putting pressure on bus and coach operators.

The cost of Personalised School Transport continues to rise due to a continued increase in the number of children requiring complex transport arrangements. This has also led to increased journey times for many students in order to access their nearest appropriate provision.

## Service Statistics

<b>Transport</b>	<b>Unit of Measurement</b>	<b>2020/21</b>	<b>Change</b>	<b>2021/22</b>
School/College Transport	Pupil Numbers p.a.	12,321	312	12,633
Personalised Transport	Pupil Numbers p.a.	1,864	243	2,107

## Education and Learning (School Funding)

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2021/22 <b>Outturn Budget £'000</b>	2021/22 Net Changes £'000
<b>Schools</b>					
249,684	Primary Schools	265,541	0	<b>265,541</b>	15,857
2,825	Pupil Growth	2,714	0	<b>2,714</b>	(111)
192,321	Secondary Schools	204,879	0	<b>204,879</b>	12,558
444,830		473,134	0	<b>473,134</b>	28,304
<b>De-Delegated Schools Budget</b>					
112	Facilitation and Representation	120	(8)	<b>112</b>	0
527	Licences and Subscriptions	631	0	<b>631</b>	104
885	Maternity	885	0	<b>885</b>	0
98	School Intervention Fund	98	0	<b>98</b>	0
837	Schools and DSG Contingency	870	0	<b>870</b>	33
1,055	Targeted Specialist Services	1,055	0	<b>1,055</b>	0
3,514		3,659	(8)	<b>3,651</b>	137
32,585	<b>Academy Grants</b>	19,437	0	<b>19,437</b>	(13,148)
<b>Central Provision Within Schools Budget</b>					
476	Admissions	550	(74)	<b>476</b>	0
1,651	Other DSG Services	1,738	(87)	<b>1,651</b>	0
292	Phase Associations	292	0	<b>292</b>	0
855	Support Services	940	(85)	<b>855</b>	0
873	Termination of Employment Costs	873	0	<b>873</b>	0
4,147		4,393	(246)	<b>4,147</b>	0
<b>High Needs Budget</b>					
6,502	Alternative Provision	6,505	(30)	<b>6,475</b>	(27)
1,367	Children In Care and Inclusion	1,367	0	<b>1,367</b>	0
1,500	Closing The Gap	1,500	0	<b>1,500</b>	0
292	Hospital Education Services	318	0	<b>318</b>	26
334	Inclusion	334	0	<b>334</b>	0
3,316	Mainstream SEN - Further Education	5,914	0	<b>5,914</b>	2,598
33,958	Maintained and Academy Special Schools	37,166	(296)	<b>36,870</b>	2,912
1,164	Nursery Plus	1,164	0	<b>1,164</b>	0
36,486	Other Special School Fees	44,620	(438)	<b>44,182</b>	7,696
835	Recoupment	2,427	(722)	<b>1,705</b>	870
144	Safeguarding Every Learner	144	0	<b>144</b>	0
12,969	SEN Mainstream	19,209	0	<b>19,209</b>	6,240
871	SEN Services	932	0	<b>932</b>	61
1,601	Support Centre Funding	2,160	0	<b>2,160</b>	559
101,339		123,760	(1,486)	<b>122,274</b>	20,935
39,119	<b>Early Years Budget</b>	39,738	(113)	<b>39,625</b>	506
(23,485)	<b>Unfunded HNB Deficit</b>	(33,901)	0	<b>(33,901)</b>	(10,416)
<b>Schools Funding</b>					
(539,966)	Dedicated Schools Grant (DSG)	0	(589,094)	<b>(589,094)</b>	(49,128)
(36,665)	Other School Grants	0	(13,862)	<b>(13,862)</b>	22,803
(1,152)	Post 16 Funding	0	(1,145)	<b>(1,145)</b>	7
(24,266)	Pupil Premium	0	(24,266)	<b>(24,266)</b>	0
(602,049)		0	(628,367)	<b>(628,367)</b>	(26,318)
<b>0</b>		<b>630,220</b>	<b>(630,220)</b>	<b>0</b>	<b>0</b>

## Service Commentary

Services funded by the Dedicated Schools Grant include high needs funding, Post 16 Funding, Early years funding Pupil Premium and other school grants. Most funding in the Dedicated schools grant is delegated directly to schools or early years settings.

It should be noted that the staffing data does not include the 8,910 staff employed by Devon County Council working in Maintained schools. Funding for these staff is delegated to and managed by the individual schools, in the same way as Academies.

Within the DSG the significant cost pressure continues to relate to the High Needs service. This is largely due to continued increases in the number of children with an Education Health and Care plan. Whilst Devon supports a higher than average number of children in our mainstream settings, the cost of educating pupils with complex educational and physical needs can be significant and volatile.

The deliverability of a balanced budget over the short to medium term is to a large extent reliant on continuing to successfully support children in mainstream schools whilst managing the demand and increasing the capacity in our mainstream special schools; reducing the costs through better value for money in the independent sector; reducing the number of Alternative Provision placements needed and working with other sectors to provide Outreach services.

We have been successful in securing 300 additional places through a capital investment and a special free school bid over the next 5 years, increasing the mainstream special school capacity by 20% and should further reduce demand on the independent sector.

The opening of new schools is now dependent on the Free school programme, (or free school presumption if funded by the local authority) and the authority is looking at the potential of further new school from 2025.

## Service Statistics

### Number of local authority maintained schools and academies

	Number of organisations	Number of Schools
<b>Local Authority Maintained Schools</b>		<b>180</b>
Federations	30	81
Management Partnerships	11	37
% of schools actively collaborating		66%
<b>Free Schools</b>		<b>11</b>
<b>Academies</b>		<b>180</b>
Number of schools in multi-academy trusts/collaborations		179
% of academies in multi academy trusts / collaborations		94%

### Total all schools and academies

**371**

Number of pupils in academy and LA maintained schools	Unit of Measurement	Oct-2019	Change	Oct-2020
Nursery Schools (Universal Entitlement 15 hours)	Pupil Numbers PTE	137	4	141
Nurseries within Primary Schools (Universal Entitlement 15 hours)	Pupil Numbers PTE	2,159	58	2,217
		<b>2,296</b>	<b>62</b>	<b>2,358</b>
Primary	Numbers on Roll	31,765	(981)	30,784
Secondary	Numbers on Roll	6,180	(837)	5,343
Post 16	Numbers on Roll	275	7	282
		<b>38,220</b>	<b>(1,811)</b>	<b>36,409</b>
<b>Number of pupils in academy schools</b>				
Primary	Numbers on Roll	23,153	354	23,507
Secondary	Numbers on Roll	29,234	1,134	30,368
		<b>52,387</b>	<b>1,488</b>	<b>53,875</b>
<b>Number of pupils in Free schools</b>				
Primary	Numbers on Roll	756	196	952
Secondary	Numbers on Roll	321	116	437
		<b>1,077</b>	<b>312</b>	<b>1,389</b>
<b>Total number of pupils in LA maintained schools, academies and free schools</b>				
Nursery Schools	Pupil Numbers PTE	2,296	62	2,358
Primary	Numbers on Roll	55,674	(431)	55,243
Secondary	Numbers on Roll	35,735	413	36,148
Post 16 (maintained only)	Numbers on Roll	275	7	282
		<b>93,980</b>	<b>51</b>	<b>94,031</b>
<b>Percentage of pupils in academy schools</b>				
Primary	Numbers on Roll	42.9%	1.4%	44.3%
Secondary	Numbers on Roll	82.7%	2.5%	85.2%
<b>Early Years Education Provision</b>		<b>2020/21</b>	<b>Change</b>	<b>2021/22</b>
Early Years Independent Provision (Universal entitlement 15 hours)	Pupil Numbers PTE	7,329	198	7,527
Early Years Entitlement Take up	Percentage of eligible children	96.8%	0.3%	97.1%
3 and 4 Year old additional 15 hours for all sectors	Pupil Numbers PTE	3,633	272	3,905
Disadvantaged two year olds	Pupil Numbers PTE	1,503	(130)	1,373
<b>Young People with Additional Needs</b>		<b>2020/21</b>	<b>Change</b>	<b>2021/22</b>
Pupils with Education Health Care Plans in Mainstream provision (pre 16)	Number of young people	2,696	686	3,382
Educated Other Than At School	Number of young people	117	33	150
Maintained and Academy Special Schools (pre 16 and post 16)	Number of budgeted Places	1,381	104	1,485
Independent Special Schools (pre 16 and post 16)	Number of budgeted Places	720	237	957
Further Education	Number of Budgeted Places	574	138	712
Inter-Authority recoupment	Net number of Exported Pupils	102	(1)	101
Import / export adjustments for local authorities	Net number of Exported Pupils	418	31	449
Alternative Provision	Number of Planned Places	280	(10)	270

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# Communities, Public Health, Environment and Prosperity

## How the 2021/22 Budget has been built

	2020/21 Adjusted Budget	Changes	2021/22 Outturn Budget
	£'000	£'000	£'000
<b>Communities and Other Services</b>	12,320	212	12,532
<b>Economy, Enterprise and Skills</b>	4,944	(72)	4,872
<b>Planning, Transportation and Environment</b>	22,528	(59)	22,469
<b>Public Health</b>	0	0	0
<b>Total</b>	<b>39,792</b>	<b>81</b>	<b>39,873</b>

### Reasons for changes in Revenue Budget

£' 000

#### Technical and Service Changes

Inflation and National Living Wage	378
Smarter Devon project	120
Funding for bus services previously paid under S106	211
Cessation of external funding for project officer	22
Enterprise zone project contribution	8
DCC Carbon reduction plan	150
Devon climate emergency	150
	<hr/> 1,039

#### Savings Strategies

Post 16 transitions contract	(50)
Realignment of service priorities	(46)
Reduced demand on commissioning programme	(50)
Share of Cross-Council savings in running costs	(54)
Concessionary travel volume reduction	(758)
	<hr/> (958)

### Total

**81**

## Analysis of Total Expenditure for 2021/22

	<b>Gross Expenditure</b>	<b>Grant and Contribution Income</b>	<b>External Income</b>	<b>Internal Income</b>	<b>Net Expenditure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Communities and Other Services</b>	13,989	(119)	(448)	(890)	12,532
<b>Economy, Enterprise and Skills</b>	7,802	(80)	(2,446)	(404)	4,872
<b>Planning, Transportation and Environment</b>	25,656	(1,213)	(1,323)	(651)	22,469
<b>Public Health</b>	29,536	(29,458)	(18)	(60)	0
<b>Total</b>	<b>76,983</b>	<b>(30,870)</b>	<b>(4,235)</b>	<b>(2,005)</b>	<b>39,873</b>

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

	<b>Gross Expenditure</b>	<b>Grant and Contribution Income</b>	<b>External Income</b>	<b>Internal Income</b>	<b>Net Expenditure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Communities and Other Services</b>					
Active Devon	1,625	(1,572)	(6)	(47)	0
Syrian Refugees	265	(265)	0	0	0
Youth Projects	54	(53)	0	(1)	0
<b>Economy, Enterprise and Skills</b>					
Developing Entrepreneurship In Schools	66	(56)	0	(10)	0
EU - Digital Utilisation Growth	165	(165)	0	0	0
EU - North Devon Enterprise Centre	82	(82)	0	0	0
Growth Hub	464	0	(464)	0	0
Learn Devon	3,975	(3,809)	(108)	(58)	0
Local Digital Skills Partnership Catalyst	54	0	0	(54)	0
<b>Planning, Transportation and Environment</b>					
AONB Blackdown Hills	233	(214)	0	(19)	0
AONB North Devon	193	(179)	0	(14)	0
Devon Maritime Forum	23	(5)	(8)	(10)	0
Exe Estuary Partnership	33	(24)	0	(9)	0
Low Carbon Energy and Transport (DELETTI)	26	(16)	0	(10)	0
NHS Patient Transport Advice Service	3,435	0	(3,404)	(31)	0
Other Countryside Projects	798	(721)	0	(77)	0
South West Coast Path Team	92	(92)	0	0	0
Sustainable Mobility Plans (INNOVASUMP)	3	(3)	0	0	0
Transport Co-Ordination Service	2,974	(1,146)	(1,810)	(18)	0
<b>Total</b>	<b>14,560</b>	<b>(8,402)</b>	<b>(5,800)</b>	<b>(358)</b>	<b>0</b>
<b>Grand total</b>	<b>91,543</b>	<b>(39,272)</b>	<b>(10,035)</b>	<b>(2,363)</b>	<b>39,873</b>

## Communities and Other Services

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
<b>Commissioning Services For Communities</b>					
801	Heritage Centre and Devon Records Office	813	(10)	<b>803</b>	2
7,007	Library and Information Service	7,486	(359)	<b>7,127</b>	120
1,810	Youth Services	1,882	(52)	<b>1,830</b>	20
9,618		10,181	(421)	<b>9,760</b>	142
<b>Planning and Insight</b>					
0	Community Safety and Violence Prevention	800	(800)	<b>0</b>	0
265	Emergency Planning	308	(43)	<b>265</b>	0
0	Research, Intelligence and Performance	120	0	<b>120</b>	120
265		1,228	(843)	<b>385</b>	120
<b>Safer and Stronger Communities</b>					
1,022	Commissioning / Grants	972	0	<b>972</b>	(50)
815	Community	1,008	(193)	<b>815</b>	0
600	Locality	600	0	<b>600</b>	0
2,437		2,580	(193)	<b>2,387</b>	(50)
<b>12,320</b>		<b>13,989</b>	<b>(1,457)</b>	<b>12,532</b>	<b>212</b>

### Analysis of Changes:

£'000

#### Technical and Service changes

Inflation and National Living wage

142

Research, Intelligence and performance - Smarter Devon project

120

262

#### Savings Strategies

Reduced demand on commissioning programme

(50)

(50)

**Total**

**212**



## Service Commentary

The Communities portfolio leads a range of commissioning and collaboration to develop services and support, helping people and organisations in communities to be better connected, resilient and safe.

This includes:

Commissioning of Devon's youth services, support around domestic and sexual violence, library and heritage services;

- Community safety and co-ordination of related work and partnerships; and statutory co-ordination to prevent extremism and radicalisation;
- Community development across the County and its links to the Council's priorities; and

Work to support a range of communities including the Armed Forces Covenant partnership, the Syrian families resettlement programme, gypsies and travellers and through Active Devon, accessing and increasing physical activity across the County.

Additionally during 2020 the Communities team led a number of key responses to the Covid-19 response in Devon including support and food to the 36,000 clinically extremely vulnerable, allocation of the Winter Grant to families in financial hardship and around £500,000 of funds in small grants to organisations at the front line of community led Covid-19 responses (food/transport/PPE etc). It is anticipated that these work themes will continue in to 2021/22 in addition to the core work.

## Service Statistics and Other Information

Service/ Activity	Unit of Measurement	2020/21 Estimate	Change	2021/22 Estimate
<b>Libraries</b>				
Static Libraries	No.	50	0	50
Mobile Libraries	No.	4	0	4
PCs available with public access	No.	325	(2)	323
Stock issues	No.	2,200,000	0	2,200,000
Membership	No.	125,000	(15,000)	110,000
<b>Youth Service</b>				
Organisations supported	No.	90	0	90
Young people registered	No.	4,150	0	4,150
<b>Heritage Service</b>				
Searchroom visits	No.	5,223	0	5,223
Volunteer hours	No.	8,046	0	8,046
Accessions and new deposits	No.	345	0	345

## Economy, Enterprise and Skills

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
<b>Business Support and Innovation</b>					
342	Business Growth Support	510	(168)	<b>342</b>	0
1,896	Trading Standards	3,649	(1,773)	<b>1,876</b>	(20)
2,238		4,159	(1,941)	<b>2,218</b>	(20)
<b>Economic Infrastructure and Development</b>					
948	Economic Development	1,278	(258)	<b>1,020</b>	72
(11)	Industrial Estates	117	(132)	<b>(15)</b>	(4)
937		1,395	(390)	<b>1,005</b>	68
<b>Employment and Skills</b>					
169	Labour Market Development	698	(599)	<b>99</b>	(70)
1,600	Post 16 Provision	1,550	0	<b>1,550</b>	(50)
1,769		2,248	(599)	<b>1,649</b>	(120)
<b>4,944</b>		<b>7,802</b>	<b>(2,930)</b>	<b>4,872</b>	<b>(72)</b>

### Analysis of changes:

£'000

#### Technical and Service changes

Cessation of external funding for project officer

22

Enterprise Zone project contribution

8

30

#### Savings Strategies

Realignment of service priorities

(46)

Share of Cross-Council savings in running costs

(6)

Efficiencies - Post 16 transitions contract

(50)

(102)

### Total

**(72)**

## Service Commentary

This service supports delivering productive, inclusive and sustainable growth across the Devon economy and leads on responding and recovering from economic shocks working with a range of public and private partners. It leads on delivering regulatory services through a joint Devon, Somerset and Torbay Trading Standards Service, delivers a range of programmes aimed at improving skills attainment amongst adults and young people and delivers a range of infrastructure programmes including workspace and broadband. It provides a strategic overview of the Devon economy and collaborates with a wide range of partners including the Heart of the South West Local Enterprise Partnership. The key priorities for the service are:

- Leading response and recovery to economic shocks working with public and private sector,
- Delivering careers, advice and guidance for young people and adults, securing investment in skills provision, and promoting apprenticeships, internships and work placements,
- Stimulating innovation and business support including encouraging new business start ups,
- Protecting consumers, in particular the most vulnerable, and communities by ensuring a safe, fair, responsible, sustainable and competitive trading environment,
- Promoting Devon as a business location to secure inward investment,
- Working with partners to develop plans for local places including regeneration, urban renewal, utilising joint assets and securing investment
- Developing growth sectors including clean energy, agri-tech, digital, food and tourism,
- Leading on an economic evidence base and analysis to support growth strategies, funding bids and influencing national and local policies impacting on growth and skills,
- Developing activities to retain talent and local economic benefits.

## Service Statistics and Other Information

Service/ Activity	Unit of Measurement	2020/21 Estimate	Change	2021/22 Estimate
<b>Trading Standards (Shared Service)</b>				
Business premises on Trading Standards database	No.	76,508	292	76,800
Programmed interventions at high priority premises	Percentage	100	0	100
Complaints and service requests	No.	14,484	1,916	16,400
<b>Learn Devon</b>				
Learn Devon - Enrolments	No.	7,500	(2,000)	5,500

## Planning, Transportation and Environment

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2021/22 Outturn Budget £'000	2021/22 Net Changes £'000
<b>Environment Service</b>					
518	Environment Policy	792	(144)	<b>648</b>	130
819	Flood Risk and Surface Water Management	822	(3)	<b>819</b>	0
433	Projects and Partnerships	648	(45)	<b>603</b>	170
1,770		2,262	(192)	<b>2,070</b>	300
<b>Planning and Transportation</b>					
488	Development Management	1,389	(914)	<b>475</b>	(13)
2,679	Planning and Transportation	2,892	(205)	<b>2,687</b>	8
3,167		4,281	(1,119)	<b>3,162</b>	(5)
<b>Public and Community Transport</b>					
2,220	Fleet Services	2,355	(135)	<b>2,220</b>	0
9,463	National Concessionary Travel Scheme	8,635	(20)	<b>8,615</b>	(848)
4,367	Public Transport Support	6,036	(1,135)	<b>4,901</b>	534
1,541	Transport Co-Ordination Service	2,087	(586)	<b>1,501</b>	(40)
17,591		19,113	(1,876)	<b>17,237</b>	(354)
<b>22,528</b>		<b>25,656</b>	<b>(3,187)</b>	<b>22,469</b>	<b>(59)</b>

### Analysis of changes:

£'000

#### Technical and Service changes

Inflation and National Living wage	236
Funding for bus services previously paid under S106	211
DCC Carbon reduction plan	150
Devon climate emergency	150
	<u>747</u>

#### Savings Strategies

Share of Cross-Council savings in running costs	(48)
Concessionary travel volume reduction	(758)
	<u>(806)</u>

<b>Total</b>	<b>(59)</b>
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## Service Commentary

The Planning, Transportation and Environment service includes strategic infrastructure planning and statutory responses including development of the Education and Transport Plans and other strategic documents, such as the Waste and Minerals plans.

Additionally, services include development and delivery of large infrastructure projects including planning applications, consultations, overview of planning applications and delivery of projects to enhance the ecology, landscape, marine and historic environment of Devon, and progressing the climate change agenda. The responsibility for planning schools' infrastructure, sustainable travel and road safety resides in this team along with the flood and coastal risk management functions. The Transport Co-ordination team work closely with the Public Transport operators to provide a range of services across the County. The range of services involved include subsidised bus services, concessionary fares, community transport, fleet management and services to education, adults and the NHS. The reduction in the number of contracts reflects the way services are packaged within the tender and contract framework and does not reflect any reduction in the total number of services DCC financially supports. Many contracts cover more than one individual local bus service

## Service Statistics and Other Information

Service/ Activity	Unit of Measurement	2020/21	Change	2021/22
		Estimate		Estimate
<b>Planning, Transportation &amp; Environment</b>				
County Matter applications	No.	40	0	40
County Council development applications	No.	30	0	30
Sustainable drainage consultations for major development	No.	500	0	500
Land drainage consents	No.	75	15	90
<b>Public Transport</b>				
Local bus services contracts	No.	125	(5)	120
Ring and Ride community transport schemes	No. of schemes	16	(1)	15
Community buses	No.	9	(1)	8
Fare car supported taxi schemes	No. of schemes	7	1	8

## Public Health

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2021/22 Outturn Budget £'000	2021/22 Net Changes £'000
<b>Public Health</b>					
2,188	Children 5-19 Public Health Programmes	2,185	0	<b>2,185</b>	(3)
969	Community Safety, Violence Prevention and Social Exclusion	860	0	<b>860</b>	(109)
60	Health At Work	59	0	<b>59</b>	(1)
119	Health Protection	223	0	<b>223</b>	104
8,230	Mandated 0-5 Children's Services	8,228	0	<b>8,228</b>	(2)
81	National Child Measurement Programme	80	0	<b>80</b>	(1)
460	NHS Health Check Programme	459	0	<b>459</b>	(1)
524	Obesity	713	(191)	<b>522</b>	(2)
569	Other Public Health	589	(18)	<b>571</b>	2
182	Physical Activity	180	0	<b>180</b>	(2)
299	Public Health Advice to NHS Commissioners	296	0	<b>296</b>	(3)
(29,267)	Public Health Income	0	(29,267)	<b>(29,267)</b>	0
739	Public Mental Health	797	(60)	<b>737</b>	(2)
7,054	Sexual Health	7,016	0	<b>7,016</b>	(38)
1,161	Smoking and Tobacco	1,159	0	<b>1,159</b>	(2)
5,471	Substance Misuse	5,490	0	<b>5,490</b>	19
1,161	Support Services	1,202	0	<b>1,202</b>	41
<b>0</b>		<b>29,536</b>	<b>(29,536)</b>	<b>0</b>	<b>0</b>

### Analysis of changes:

£'000

#### Technical and Service Changes

Community Safety - Reduced staffing costs due to realigned duties	(104)
Health protection - Increased staffing costs due to realigned duties	104
	<u>0</u>

#### Savings Strategies

Sexual Health - Net change in various contract spend	(38)
Substance misuse - Increased activity	19
Support Service - Increased pension and support costs and reduced contributions	41
Various demand led, contract and allocations changes	(22)
	<u>0</u>

### Total

**0**

## Service Commentary

Public Health is predominantly funded by a ring-fenced grant from the Department of Health and Social Care.

The Covid-19 pandemic has challenged Public Health operationally with a large number of the public health team being devoted to responding to the pandemic. Public health commissioned services have continued during the year but with many services having to adapt their service delivery model. The pandemic has provided the opportunity to learn and explore how the commissioned services can adapt and develop to meet the needs of the residents, including understanding the opportunities and impact associated with an increased reliance on digital and telephone services.

The initial challenge for 2021/22 is for public health to continue to lead the ongoing response to the pandemic, however there is also a critical role for public health in assessing the impact of Covid-19 on the Devon population, with a clear understanding that the pandemic has impacted disproportionately on the most vulnerable individuals and communities in Devon. Public health will work with Government, local health and care commissioners and partners to ensure the additional health needs are identified and are reflected in service planning and delivery, but this may require significant work to realign services and contracts.

The 2020/21 statistics below for non-opiate and alcohol have been revised to reflect the contractual reporting groups. The reduction for 2021/22 reflects the impact of the pandemic as there are fewer referrals from primary care and other stakeholders and fewer people seeking help for a variety of reasons. Additionally, a continuation of existing trends would mean that opiate addiction will consume the largest proportion of the specialist provider's time.

The statistics for the Genito-urinary medicine patients and contraception services has seen a significant reduction in 2020/21 due to the impact of Covid-19 so the 2020/21 figures have been rebased. There are plans for additional clinics and more digital referrals during the second half of the year which will see an increase.

## Service Statistics and Other Information

Service/ Activity	Unit of Measurement	2020/21	Change	2021/22
		Estimate		Estimate
Opiate clients in treatment	Individuals	1,290	(32)	1,258
Non-opiate only clients in treatment	Individuals	145	(12)	133
Alcohol only clients in treatment	Individuals	700	(124)	576
Alcohol & non-opiate clients in treatment	Individuals	265	(53)	212
Genito-urinary medicine patients treated	Individuals	29,033	1,161	30,194
Contraception services accessed	Individuals	30,057	1,202	31,259

# Corporate Services

## How the 2021/22 Budget has been built up

	<b>2020/21 Adjusted Budget</b>	<b>Changes</b>	<b>2021/22 Outturn Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Chief Executive, HR, Legal and Communications</b>	8,051	870	8,921
<b>Cross Council Savings Strategies</b>	(250)	250	0
<b>Digital Transformation and Business Support</b>	16,875	1,845	18,720
<b>Organisational Development</b>	1,193	(8)	1,185
<b>Treasurer's Services</b>	11,697	(136)	11,561
<b>Total</b>	<b>37,566</b>	<b>2,821</b>	<b>40,387</b>

### Reasons for changes in Revenue Budget

**£'000**

#### Technical and Service Changes

Inflation and National Living Wage	302
2021-2024 ICT Roadmap	2,240
Additional staffing resources	839
Removing unachievable savings plans	250
Other demographic, contract and service investment	805
	<hr/> 4,436

#### Savings Strategies

Additional income generation	(1,049)
Accommodation Review	(278)
Share of Cross-Council savings in running costs	(188)
Reduction in unfunded pension commitments	(100)
	<hr/> (1,615)

<b>Total</b>	<b>2,821</b>
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## Analysis of Total Expenditure 2021/22

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive, HR, Legal and Communications</b>	26,966	0	(6,418)	(11,627)	8,921
<b>Digital Transformation and Business Support</b>	37,047	(8,905)	(4,970)	(4,452)	18,720
<b>Organisational Development</b>	1,392	0	(7)	(200)	1,185
<b>Treasurer's Services</b>	22,567	0	(8,595)	(2,411)	11,561
<b>Total</b>	<b>87,972</b>	<b>(8,905)</b>	<b>(19,990)</b>	<b>(18,690)</b>	<b>40,387</b>

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

	Gross Expenditure	Grant and Contribution	External Income	Internal Income	Net Expenditure
<b>Digital Transformation and Business Support</b>					
SCOMIS	9,716	0	(2,642)	(7,074)	0
<b>Treasurer's Services</b>					
Devon Audit Partnership	1,808	0	(1,808)	0	0
<b>Total</b>	<b>11,524</b>	<b>0</b>	<b>(4,450)</b>	<b>(7,074)</b>	<b>0</b>
<b>Grand total</b>	<b>99,496</b>	<b>(8,905)</b>	<b>(24,440)</b>	<b>(25,764)</b>	<b>40,387</b>

## Chief Executive, Human Resources, Legal and Communications

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
1,542	<b>Coroners Service</b>	1,556	0	<b>1,556</b>	14
	<b>Human Resources</b>				
113	Employee Services	13,470	(13,016)	<b>454</b>	341
167	Management and Strategy	323	(156)	<b>167</b>	0
1,028	Performance	1,015	(11)	<b>1,004</b>	(24)
1,119	Personnel Services Operations	2,132	(1,000)	<b>1,132</b>	13
2,427		16,940	(14,183)	<b>2,757</b>	330
1,548	<b>Legal Services</b>	3,252	(1,121)	<b>2,131</b>	583
1,147	<b>Media, Marketing and Communications</b>	1,438	(291)	<b>1,147</b>	0
	<b>Other Services</b>				
238	Corporate Management	271	(70)	<b>201</b>	(37)
1,885	Cost of Democracy	1,984	(99)	<b>1,885</b>	0
132	Local Authority Subscriptions	132	0	<b>132</b>	0
2,255		2,387	(169)	<b>2,218</b>	(37)
(868)	<b>Registration Service</b>	1,393	(2,281)	<b>(888)</b>	(20)
<b>8,051</b>		<b>26,966</b>	<b>(18,045)</b>	<b>8,921</b>	<b>870</b>

### Analysis of changes:

£'000

#### Technical and Service Changes

Inflation and National Living Wage	14
Children's Safeguarding Legal Team - additional staff resource	381
Litigation Legal Team - additional staff resource	59
Other demographic, contract and service investment	453
	<u>907</u>

#### Savings Strategies

Share of Cross-Council savings in running costs	(37)
	<u>(37)</u>

**Total**

**870**

## Service Commentary

Chief Executive, Legal Services & Communications provides advice, information and support to staff and Members. In addition, it 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, financial pressures on the Coroners Service and a growing demand to develop an effective digital public information offer, to support greater self-service and help key service areas to reduce demand and deliver budget reduction targets. Additionally, the likelihood of ongoing Covid-19 restrictions will heighten pressure on the Registration, Legal and Communications Services; whilst recovery from the pandemic will also require them to meet the changing needs and shape of the Council.

The Human Resources Service assists the Council to recruit, retain and develop staff with the right skills and experience to achieve the strategic purposes of the Council. The service supports the authority by identifying any external developments that will impact on the workforce, including employment related legislative changes.

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

A new Human Resource Management System (HRMS) has been implemented. However, due to the pandemic starting in the same timeframe the focus had to be on delivery of a remote payroll service, so it hasn't been possible to conclude some of the later phases of the project. These phases are now underway and are scheduled for conclusion through the 2020/21 financial year. Following this the Council should experience the benefits of the new digital platform to support a number of supplementary activities, one being recruitment which will further remove inefficient paper-based processes.

## Service Statistics and Other Information

### CHIEF EXECUTIVE, HR, LEGAL AND COMMUNICATIONS

	Unit of Measurement	2018/19 actual	Change	2019/20 * actual
<b>Coroners Service</b>				
Caseload	No.	2,597	(173)	2,424
Total inquests opened	No.	358	34	392
Natural deaths reported with a Post Mortem	No.	665	(74)	591
<b>Registration Service</b>				
Certificates issued	No.	66,678	(14,150)	52,528

\* Latest figures available

	Unit of Measurement	2020/21 estimates	Change	2021/22 estimates
<b>Human Resources</b>				
Apprentices employed	No.	200	(50)	150
Payslips p.a	No.	220,000	(5,000)	215,000
DBS checks processed p.a	No.	21,000	(4,000)	17,000
Answered calls to HR Direct p.a	No.	9,000	3,000	12,000
Answered calls to Payroll p.a	No.	20,000	(3,000)	17,000
Answered calls to Recruitment p.a	No.	15,000	0	15,000

## Cross Council Savings Strategies

2020/21 Adjusted Budget £'000	Gross Expenditure £'000	Gross Income £'000	2021/22 <b>Outturn Budget £'000</b>	2021/22 Net Changes £'000
(250) <b>Cross Council Savings Strategies</b>	0	0	<b>0</b>	250
<b>(250)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>

**Analysis of changes:** **£'000**

### Technical and Service Changes

Removing unachievable savings plans	250
	<u>250</u>

**Total** **250**

## Service Commentary

This budget had previously comprised of £250,000 in respect of savings that whilst led by Corporate Services (Procurement) were to be delivered across the Council.

In recognition of the potential for disruption to be caused to front-line services by renegotiating prices mid-way through contracts, the decision was taken to remove this saving plan.

## Digital Transformation & Business Support

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2021/22 Outturn Budget £'000	2021/22 Net Changes £'000
<b>Business Infrastructure</b>					
5,344	Business Services and Support	7,610	(2,086)	<b>5,524</b>	180
586	Customer Relations	758	(156)	<b>602</b>	16
2,535	Facilities Management	4,330	(1,970)	<b>2,360</b>	(175)
(6,347)	Private Finance Initiatives	2,404	(9,034)	<b>(6,630)</b>	(283)
2,118		15,102	(13,246)	<b>1,856</b>	(262)
<b>Estates</b>					
1,539	Building Maintenance	1,557	(13)	<b>1,544</b>	5
1,165	Corporate Estates	1,516	(341)	<b>1,175</b>	10
(464)	Farms	700	(1,164)	<b>(464)</b>	0
2,240		3,773	(1,518)	<b>2,255</b>	15
<b>ICT</b>					
1,503	Customer Service Centre	1,516	(13)	<b>1,503</b>	0
9,952	ICT	14,541	(2,108)	<b>12,433</b>	2,481
11,455		16,057	(2,121)	<b>13,936</b>	2,481
1,062	<b>Procurement</b>	2,115	(1,442)	<b>673</b>	(389)
<b>16,875</b>		<b>37,047</b>	<b>(18,327)</b>	<b>18,720</b>	<b>1,845</b>

### Analysis of changes:

£'000

#### Technical and Service Changes

Inflation and National Living Wage	191
2021-2024 ICT Roadmap	2,240
Reduction of staff turnover	225
Reinstating support for HRMS	120
Other demographic, contract and service investment	6
	<u>2,782</u>

#### Savings Strategies

SCF - additional income generation (one-off)	(389)
PFI - income realignment (one-off)	(160)
Accommodation Review	(278)
Share of Cross-Council savings in running costs	(110)
	<u>(937)</u>

### Total

**1,845**

## Service Commentary

The Digital Transformation and Business Support Service leads and drives the digital transformation agenda. As such a primary focus of the service is to develop a series of digital solutions that will enable citizens and staff to do business with the Council in a modern digital way that primarily meets their needs.

The services are critical for the smooth running of the County Council, enabling all of us to work more efficiently; is fundamental to ensuring that the County Council's key resources are prioritised to meet organisational demand and ensuring that the County Council's statutory and legislative responsibilities are both supported and discharged.

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, Information Governance, Digital Transformation and Cyber Security.

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. The growth in demand from Childrens Services and Adults Social Care is having a direct impact across a range of services such as business support, ICT, Procurement and property. The potential for further insourcing of services would only increase these pressures. Responding to the Covid-19 emergency has significantly increased those pressures and is likely to do so well into 2021/22.

The service must be developed and evolved to ensure they meet the changing shape of the Council and to reflect the lessons learnt through the Covid 19 pandemic whilst ensuring the Council has a robust and secure foundation on which to operate.

## Service Statistics and Other Information

### Service/Activity

#### DIGITAL TRANSFORMATION AND BUSINESS SUPPORT

	Unit of Measurement	2020/21 estimates	Change	2021/22 estimates
<b>Property</b>				
DCC owned operational properties (including schools)	No.	461	(9)	452
The estate valuation based on depreciated replacement costs or market value, (excluding Church Schools)	£m	579	73	652
<b>County Farms Estate</b>				
No of Farms	No.	65	0	65
Total acreage	Acres	9,555	9	9,564
<b>IT Infrastructure</b>				
Managed Desktops	No.	5,576	771	6,347
Networked Sites	No.	187	32	219
User accounts (DCC IT systems)	No.	5,673	(118)	5,555

## Organisational Development

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
1,193	<b>Organisational Development</b>	1,392	(207)	<b>1,185</b>	(8)
<b>1,193</b>		<b>1,392</b>	<b>(207)</b>	<b>1,185</b>	<b>(8)</b>

### Analysis of changes:

**£'000**

#### Savings Strategies

Share of Cross-Council savings in running costs

(8)

(8)

### Total

**(8)**



## Service Commentary

The Organisational Change and Policy Teams report to the Chief Executive. They work across the whole organisation, and with partners, to help ensure that the needs of people in Devon, particularly the young, old and vulnerable, can be met. In 2021/22, the two teams will focus on the Council's priorities, and particularly its responses to & recovery from Covid-19.

More specifically, the purpose of the Organisational Change Team is to unlock the potential in individuals, teams and the organisation in order to increase the effectiveness of Devon County Council to meet its purpose now and into the future. The team will also support leaders to reimagine and redesign our organisation to enable long term transformation; and to provide organisation-wide direction, leadership and co-ordination of recovery from Covid19. We will do this by providing high support and high challenge to leaders, individuals and teams around the value of working to common principles and behaviours, and around organisational decision making and learning practices.

## Treasurer's Services

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
<b>Other Services</b>					
149	Bank Charges	101	0	<b>101</b>	(48)
85	External Audit	102	0	<b>102</b>	17
4,622	Unfunded Pensions	7,565	(3,001)	<b>4,564</b>	(58)
4,856		7,768	(3,001)	<b>4,767</b>	(89)
<b>Treasurer's Services</b>					
3,066	Accountancy Services	4,255	(1,168)	<b>3,087</b>	21
594	Corporate Management and Commissioning	1,539	(831)	<b>708</b>	114
1,682	Financial Systems, Processes and Compliance	7,078	(5,643)	<b>1,435</b>	(247)
1,499	Strategic Financial Planning	1,927	(363)	<b>1,564</b>	65
6,841		14,799	(8,005)	<b>6,794</b>	(47)
<b>11,697</b>		<b>22,567</b>	<b>(11,006)</b>	<b>11,561</b>	<b>(136)</b>

### Analysis of changes:

£'000

#### Technical and Service Changes

Inflation and National Living Wage	97
Enhanced risk management service from DAP	150
Charging for Care - additional staffing resource	250
	<u>497</u>

#### Savings Strategies

Charging for Care - additional income generation	(500)
Reduction in unfunded pension commitments	(100)
Share of Cross-Council savings in running costs	(33)
	<u>(633)</u>

### Total

**(136)**

## Service Commentary

The Treasurer provides financial advice and support to Members, Leadership Group and to Chief Officers and Heads of service in respect all service areas. This includes support and advice for a range of finance functions; Financial Strategy, Accountancy services, Investments & Treasury Management, Revenue & Payments, Compliance, Court of Protection and Charging for Care.

The Treasurer is also responsible for oversight of a range of other services; commissioning of External Audit, commissioning investment management through the Brunel Partnership, oversight of Devon Audit Partnership (including risk management and fraud prevention), management of Peninsula Pensions Partnership, and commissioning external banking & cash handling arrangements.

In terms of pressures, the most significant of these is managing continuing uncertainty at a time when there are increasing demands for financial support and advice from front-line services, not least in respect of unprecedented external factors (e.g. Covid-19, Brexit, legislative & regulatory changes, etc).

Treasurer's Services continue to work in a smarter way by utilising technology and automated processes to improve efficiency with cost effective solutions, and to use data and emerging digital technologies to develop smarter applications.

## Service Statistics and Other Information

### TREASURER'S SERVICES

	<b>Unit of Measurement</b>	<b>2020/21 estimates</b>	<b>Change</b>	<b>2021/22 estimates</b>
Debtors raised p.a.	No.	100,000	(10,000)	90,000
Invoices paid p.a.	No.	390,000	10,000	400,000
Proportion paid using BACS	Percentage	96.7	3.2	99.9

# Highways, Infrastructure Development and Waste

## How the 2021/22 Budget has been built up

	2020/21 Adjusted Budget	Changes	2021/22 Outturn Budget
	£'000	£'000	£'000
<b>Highways and Traffic Management</b>	28,701	(62)	28,639
<b>Infrastructure Development and Waste</b>	29,126	(245)	28,881
<b>Total</b>	<b>57,827</b>	<b>(307)</b>	<b>57,520</b>

	Change £' 000
<b>Reasons for changes in Revenue Budget</b>	
<b>Technical and Service Changes</b>	
Inflation and National Living Wage	1,304
Change in service funding for cyclic maintenance	500
	<u>1,804</u>
<b>Savings Strategies</b>	
Review of Waste disposal budgets	(700)
Energy savings from Street Lighting LED lamp conversions	(700)
Emergency guarding for Structures works charged to capital	(400)
Review of winter operations budgets	(300)
Share of Cross-Council savings in running costs	(11)
	<u>(2,111)</u>
<b>Total</b>	<b>(307)</b>

## Analysis of Total Expenditure for 2021/22

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
<b>Highways and Traffic Management</b>	31,434	(118)	(1,377)	(1,300)	28,639
<b>Infrastructure Development and Waste</b>	33,815	0	(4,172)	(762)	28,881
<b>Total</b>	<b>65,249</b>	<b>(118)</b>	<b>(5,549)</b>	<b>(2,062)</b>	<b>57,520</b>

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

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
<b>Highways and Traffic Management</b>					
Highways Permit Scheme	642	0	(642)	0	0
On Street Parking	7,491	(376)	(7,115)	0	0
<b>Infrastructure Development and Waste</b>					
<b>Total</b>	<b>8,133</b>	<b>(376)</b>	<b>(7,757)</b>	<b>0</b>	<b>0</b>
<b>Grand total</b>	<b>73,382</b>	<b>(494)</b>	<b>(13,306)</b>	<b>(2,062)</b>	<b>57,520</b>

## Highways and Traffic Management

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
<b>Highway Maintenance</b>					
3,655	Cyclic Maintenance	4,282	0	<b>4,282</b>	627
4,477	Highway Lighting	3,986	0	<b>3,986</b>	(491)
612	Maintenance of Public Rights of Way	669	(36)	<b>633</b>	21
34	Other Highway Services	167	(133)	<b>34</b>	0
528	Retaining Walls and Bridges	546	0	<b>546</b>	18
3,070	Routine Maintenance	3,177	0	<b>3,177</b>	107
6,618	Safety Reaction	6,450	0	<b>6,450</b>	(168)
3,885	Winter and Emergencies	3,720	0	<b>3,720</b>	(165)
22,879		22,997	(169)	<b>22,828</b>	(51)
<b>Highway Network Management</b>					
5,818	Highway Network Management	8,222	(2,415)	<b>5,807</b>	(11)
4	Management and Support	215	(211)	<b>4</b>	0
5,822		8,437	(2,626)	<b>5,811</b>	(11)
<b>28,701</b>		<b>31,434</b>	<b>(2,795)</b>	<b>28,639</b>	<b>(62)</b>

### Analysis of Changes:

£'000

#### Technical and Service changes

Inflation and National Living Wage

849

Change in service funding for cyclic maintenance

500

1,349

#### Savings Strategies

Energy savings from Street Lighting LED lamp conversions

(700)

Emergency guarding for Structures works charged to capital

(400)

Review of winter operations budgets

(300)

Share of Cross-Council savings in running costs

(11)

(1,411)

**Total**

**(62)**

## Service Commentary

The purpose of the Highways and Traffic Management services is to maintain, improve and operate the existing local highway and public rights of way networks. The service is driving efficiency in the way it works, through Doing What Matters, managing demand and enabling community self-help. The service prioritises safety and meeting the travel needs of businesses, communities and individuals.

To cope with reducing budgets, the service adopts asset management principles to identify priority needs and to focus the available funding on reducing whole life maintenance costs, for example by delivering preventative maintenance rather than repairing roads on a worst first basis. The main road network is being maintained in a good condition, however, parts of the minor road network are not holding up so well and some minor roads will continue to deteriorate. Such roads will be kept safe by repairing defects in accordance with adopted policy.

The service works in a collaborative way with its contractors, communities and individuals. This should enable Devon to maximise Government capital funding. Service discipline on spending enables the service to respond to in-year changes and pressures due, for example, to extreme weather events.

## Service Statistics and Other Information

<b>Service/ Activity</b>	<b>Unit of Measurement</b>	<b>2020/21 Estimate</b>	<b>Change</b>	<b>2021/22 Estimate</b>
Size of Network	Km	12,966	12	12,978
Bridges	No.	3,340	(23)	3,317
Structural retaining walls (>1.35m height)	No.	1,688	61	1,749
Structural retaining walls (>1.35m height)	Km	125	1	126
Street lights total	No.	79,744	500	80,244
Street lights to have been converted to part night lighting	No.	51,109	2,777	53,886
Rights of way	Km	5,011	1	5,012
Length of road salted	Km	2,664	0	2,664
Illuminated road markings and signs	No.	10,174	520	10,694
Gullies emptied	No.	161,000	4,000	165,000
Total grass area cut	m <sup>2</sup>	7.3 million	0.3 million	7.6 million
Surface dressed	Km	0	443	443
Resurfacing / reconstruction	Km	126	(25)	101

## Infrastructure Development and Waste Management

2020/21 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2021/22 Outturn Budget £'000</b>	2021/22 Net Changes £'000
<b>Engineering, Design and Built Environments Team</b>					
196	Compliance Surveys - School Buildings	196	0	<b>196</b>	0
(315)	Engineering and Design Group	447	(762)	<b>(315)</b>	0
83	Schools Estates Work	83	0	<b>83</b>	0
(36)		726	(762)	<b>(36)</b>	0
<b>Waste Disposal and Recycling</b>					
15,617	Disposal of Statutory Waste	18,928	(3,903)	<b>15,025</b>	(592)
1,412	Landfill Tax on Disposal	1,440	0	<b>1,440</b>	28
323	Other Site Related Costs	325	(2)	<b>323</b>	0
6,170	Recycling Centres	6,389	0	<b>6,389</b>	219
4,653	Recycling Credits	4,753	0	<b>4,753</b>	100
846	Waste Management	846	0	<b>846</b>	0
141	Waste Minimisation Activities	408	(267)	<b>141</b>	0
29,162		33,089	(4,172)	<b>28,917</b>	(245)
<b>29,126</b>		<b>33,815</b>	<b>(4,934)</b>	<b>28,881</b>	<b>(245)</b>
<b>Analysis of changes:</b>					<b>£'000</b>
<b>Technical and Service changes</b>					
Inflation and National Living Wage					455
					455
<b>Savings Strategies</b>					
Review of Waste disposal budgets					(700)
					(700)
<b>Total</b>					<b>(245)</b>



## Service Commentary

The purpose of Infrastructure Development is to deliver the County Council's Capital Programme. The Service provides technical engineering consultancy services. The Group is the authority's intelligent client for the procurement of construction contracts and is focussed on driving efficiency and providing a flexible and responsive service to meet the needs of the council.

The Waste Management service is responsible for the disposal of local authority collected waste. The service supports and enables waste prevention activity, manages waste contracts for recycling, treatment and disposal, provides new waste infrastructure and manages redundant landfill sites. The service works with Waste Collection authorities to join up waste collection and waste disposal where possible. Less than 5% of Devon's residual household waste is now disposed of at landfill sites.

Waste tonnage is extremely volatile and sensitive to both economic and demographic factors and needs to be closely monitored as growth in this area could have a significant impact on the budget.

## Service Statistics and Other Information

<b>Service/ Activity</b>	<b>Unit of Measurement</b>	<b>2020/21 Estimate</b>	<b>Change</b>	<b>2021/22 Estimate</b>
Municipal waste disposal to landfill	Tonnes	12,250	0	12,250
Municipal waste recycled (excl. soil & rubble)	Tonnes	216,000	0	216,000
Trade Waste - rechargeable income	Tonnes	14,000	0	14,000
Exeter Energy from Waste	Tonnes	60,000	0	60,000
Plymouth Energy from Waste	Tonnes	54,979	0	54,979
Recycling, reusing and composting	Percentage	55.0	0	55.0
Recycling centres provided	No.	19	0	19
Landfill sites after care	No.	55	3	58

# Fees and Charges

## Introduction

Income budgets include the impact of increases in some fees and charges. Most of these are small increases that in line with previous practice will be approved by the appropriate Cabinet Member.

There are no new fees or charges proposed for the 2021/22 revenue budgets. It is proposed that changes to existing charges are set by cabinet member delegation, as in previous years.

Significant changes or new charges within Adult Services will be subject to formal consultation and are not included within this report.

# Medium Term Financial Strategy 2021/22 – 2024/25

## Introduction

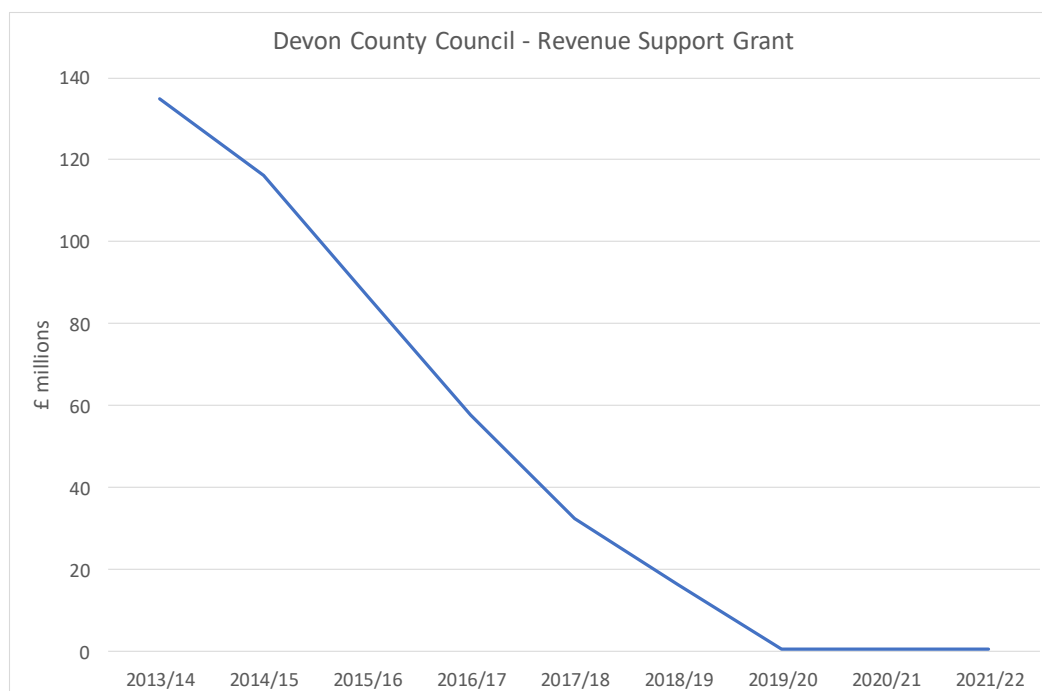
This year's Medium Term Financial Strategy is one of the most challenging the authority has faced. It is set against a backdrop of huge uncertainty and risk both locally and nationally. The MTFS seeks to recognise what this might mean for the authority and tries to ensure it is as resilient and flexible as it can be to help and support the people of Devon through, what could be, a very challenging few years. The MTFS also tries to ensure the authority is able to take advantage of opportunities to work differently.

The MTFS this year starts by looking back at the impact of austerity since 2010, it then moves to next year before turning attention to the medium and longer term.

## Looking Back - Since 2010

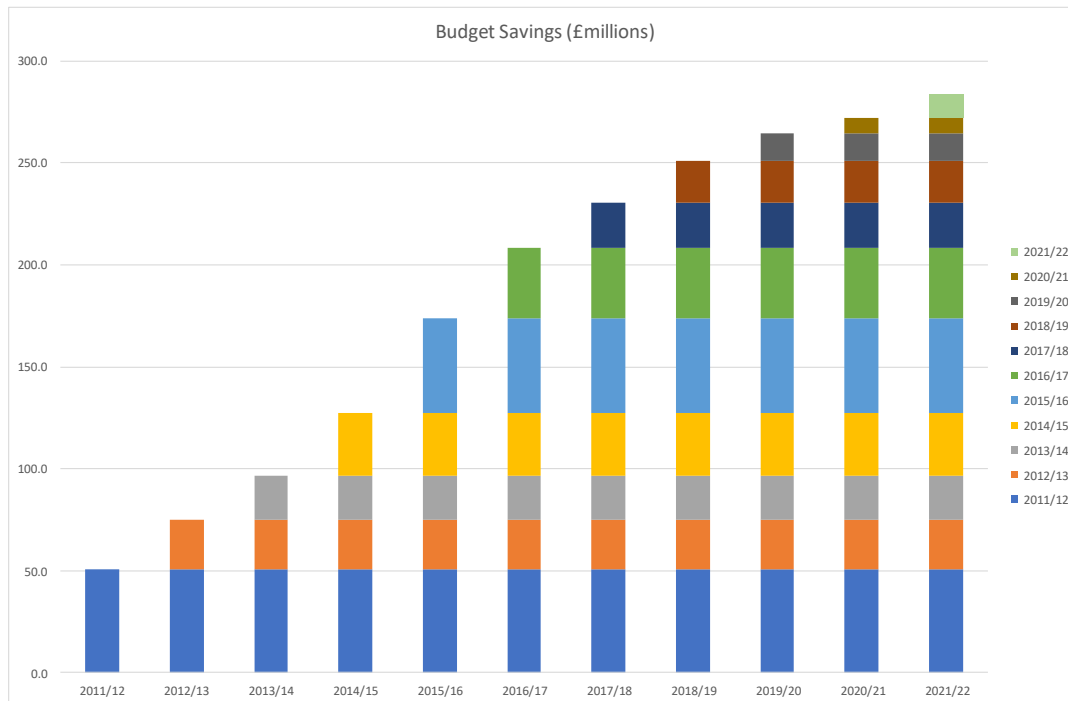
Before looking at the future it is helpful to set the scene by looking back at what has changed since 2010 when the financial landscape fundamentally changed for Local Government. In the eleven years up to and including 2021/22 the authority's core funding from Government has reduced in cash terms by just over £180 millions or 72% in real terms.

The main source of Government Funding used to be Revenue Support Grant, RSG. The graph below shows the decline in RSG over time. At its peak in 2013/14 RSG for the authority was £134.8 millions; by 2019/20 it had reduced to just over half a million. There was concern at one point that RSG would reduce to less than zero which would have resulted in the authority effectively paying Government - this, fortunately has not happened and RSG remains at just above half a million.

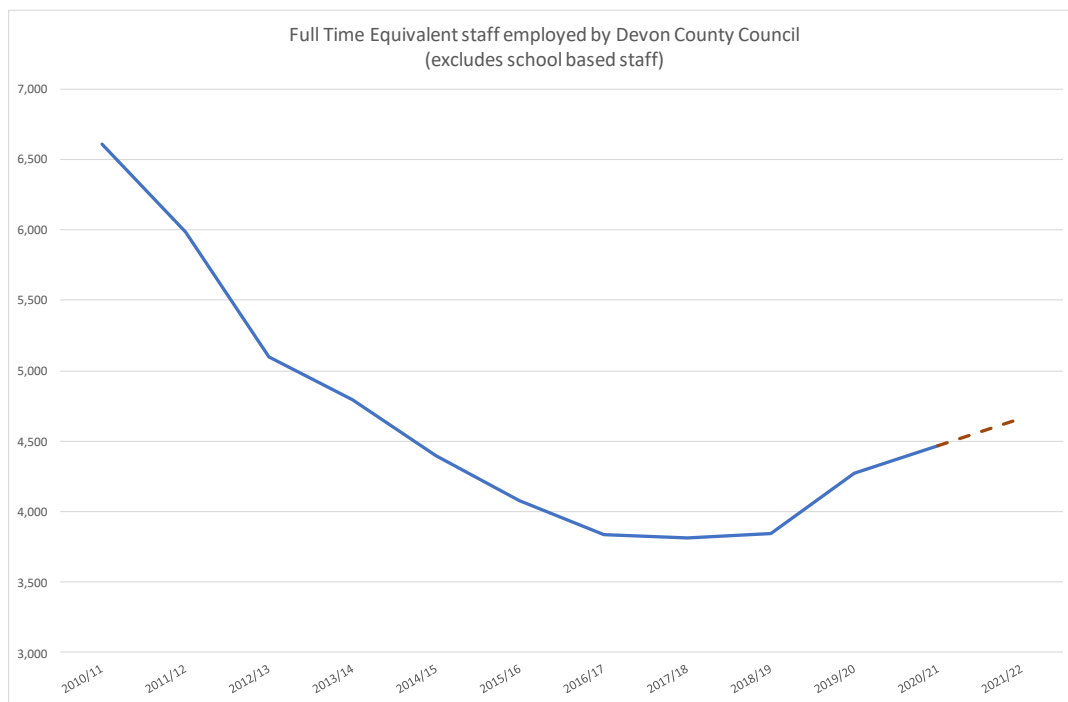


This level of reduction in our funding coupled with demand pressures and price increases has resulted in ongoing savings and income initiatives of just over £284 millions being required.

The graph below shows the year on year savings that have been required. The graph shows that whilst savings are still required the level has reduced in recent years.



The impact of the Government's austerity programme has been wider than this; the authority's five year Capital Programme in 2010/11 was £770 millions, in recent years it is around £500 millions. There has also been a significant change in the number of staff the authority employs. The next graph shows in 2010/11 the authority employed over 6,600 full time equivalent staff, excluding school based staff. By 2017/18 this had reduced to 3,800. Since that time there has been an increase each year with 2021/22 being just below 4,700 full time equivalent staff.



## Where we are now - 2021/22

2021/22 was expected to be the start of a new multi-year spending review, a new multi-year settlement, the implementation of the Fairer Funding Review, Business Rates Retention and the Business Rates Reset. Unfortunately, due to the Pandemic none of these have happened.

### Core Funding

The authority's core funding consists of:

- Revenue Support Grant (RSG) – a general grant from Central Government;
- Business Rates Retention Scheme Local Element – 9% of the Business Rates paid by businesses in Devon; and
- Business Rates Retention Scheme Top-Up – 50% of the Business Rates paid by businesses in Devon, along with a Tariff is passed by the District Councils to Central Government. Central Government redistribute these sums to authorities based on a Government assessment of need.

Back in 2016 Central Government announced its intention to move to multi-year settlements for Local Government and later that year set a four-year funding package that expired in 2019/20. Unfortunately, since that time circumstances have led to a return to single year settlements – although appreciating the challenges faced by the Government last year with the national political uncertainty and this year the pandemic and exit from the EU, this nonetheless is very disappointing. Single year settlements do not allow authorities to plan effectively for the medium term. Central Government has given no indication of its funding intentions past 2021/22.

Due to the uncertainty around the level of future funding the MTFs is based on assumptions. The MTFs assumes that Core Funding will increase by inflation year on year over the term of the plan. The economic impact of both leaving the EU and the Pandemic might mean that this is overly optimistic, but it is impossible to know at this stage. All of the assumptions within the MTFs will need to be reviewed in the coming months and years.

### Fairer Funding Review

Government made a commitment in 2016 to review local government funding and to create a system which reflects modern needs. Its fairer funding review was to seek to:

- Set new funding baselines for local authorities in England;
- Replace the current methodology which is considered out-of-date and complex;
- Design a new 'relative needs assessment' methodology by considering factors that drive the costs of service delivery and how to put these together analytically into new funding formulas; and
- Consider how to make a fair adjustment for 'relative resources' (e.g. council tax), and how to transition to new allocations quickly.

A national technical steering group and several sub-groups were established to provide information and expert advice to support the Local Government Association and the

Ministry of Housing, Communities and Local Government (MHCLG) in advising Ministers on the setting up and implementation of the new system.

Central Government issued a consultation paper in December 2017 on relative needs and issued another consultation in December 2018 on a number of outstanding issues that needed to be settled.

However, since this time the Review has stalled and is not expected to recommence until 2022 at the earliest.

Due to uncertainty and lack of information the Medium Term Financial Strategy can take no account of the Review and assumes therefore that the current funding system continues throughout the term of the MTFS.

## **Business Rate Retention Reform**

Sometime ago the government stated its intention for there to be a reset of current Business Rates and a move to 75% local retention. As part of this process, the government has been reviewing the components of the business rates system, both individually and in aggregate, and the role the system can play in continuing to provide an incentive for local authorities to grow the business rates in their area while minimising complexity.

As with the Fairer Funding Review this work has stalled and is not now expected to recommence until 2022 at the earliest.

The Medium Term Financial Strategy can do nothing but assume the current 50% Business Rate Retention Scheme continues throughout the term of the MTFS.

## **Council Tax**

There has been in place for some years legislation that prevents Local Authorities from increasing Council Tax by more than a specified limit without seeking approval from residents via a referendum. The limit is set by Central Government annually, for 2021/22 it has been set at 2%. The MTFS assumes that the referendum limit will remain at 2%.

The other important factor in relation to Council Tax is the growth in the Council Tax Base. In 2021/22 rather than increase, the Tax Base reduced by 0.85%. This was due to the economic impact of the pandemic and the increase in the level of Council Tax Support required by taxpayers across Devon. The MTFS assumes an annual increase of 1% in the base. At current council tax levels a change in council tax base of 0.5% equates to just over £2 millions of council tax income. As part of the financial settlement Government has announced a grant of £6.4 millions for the authority to compensate for the reduction in the Council Tax Base; the MTFS does not assume this funding will be ongoing.

Council Tax raising powers give the authority a measure of independence and resilience in the face of Government funding reductions. Council Tax has, over recent years, become an increasingly important source of funding and now makes up around 80% of the funding of the authority's Net Revenue Budget.

## Adult Social Care Precept

The Local Government Settlement for 2021/22 has given powers for Local Authorities with Adult Social Care responsibilities to raise Council Tax above the referendum limit by up to 3%. The income generated by this is ring-fenced specifically for Adult Social Care.

There is no information on whether this power will be extended beyond 2021/22 and the MTFS therefore assumes that there won't be any further Adult Social Care precept increases in future years.

## Other Grant Income

The authority receives a number of general government grants, the most significant of which are the Improved Better Care Fund Grant and the Social Care Support Grant. Full details are included within Key Table 4.

The MTFS assumes these grants will continue through the term of the strategy and that they will remain at 2021/22 levels.

## Covid-19 Grant Funding

During 2020/21 Central government released a number of grants and funding streams to support Local Authorities in responding to the pandemic.

The Local Government Finance Settlement 2021/22 confirmed that further funding totalling £2.2 billions would be available to support local government, alongside support from local tax income and the spreading of deficits.

The support announced included £1.55 billions of unringfenced grant to support the immediate and long-term impacts of the pandemic. The authority's share of this grant is £14.8 millions.

A national allocation of £670 millions was also confirmed to support local authorities impacted by reduced levels of council tax collection as a result of households being financially hard-hit by the pandemic. Devon County Council is expecting to receive £6.3 millions of this allocation.

Confirmation was also provided for the extension of the Sales Fees and Charges income support scheme until at least June 2021.

The funding received in 2020/21 and that confirmed for 2021/22 to support Local Authorities respond to the Pandemic has been significant. Whether it proves to be adequate to cover all direct costs incurred and the longer term impact of the pandemic on service provision and income collection without further support made available remains to be seen.

## Reserves & Balances

The level of Reserves and Balances the authority holds is important context for Medium Term Planning; the General Fund Balance and Reserves are held to help the authority manage risk and uncertainty. The Schools Balances are held by the authority on behalf of Devon Maintained Schools and the authority has no access to them.

The budget deficit on the DSG SEND High Needs Block is a major concern for the authority and more information is set out on page 104 to 105. On 29 November 2020, new statutory regulations came into force, whereby a local authority must not charge any

deficit in respect of its schools' budget to its revenue account. Instead any such deficit (DSG High Needs) should be charged to a separate account, in effect removing it from general fund and earmarked reserves. Further detail is provided later in this section, Dedicated Schools Grant & SEND High Needs Block.

The following table shows the projected Reserves and Balances up to 31 March 2025.

	<b>31 March 2021 £000</b>	<b>31 March 2022 £000</b>	<b>31 March 2023 £000</b>	<b>31 March 2024 £000</b>	<b>31 March 2025 £000</b>
<b>General Fund</b>					
Working Balance	14,790	14,790	14,790	14,790	14,790
Earmarked Reserves	136,053	114,494	112,547	114,985	117,485
	<b>150,843</b>	<b>129,284</b>	<b>127,337</b>	<b>129,775</b>	<b>132,275</b>

The detail make-up of these reserves is within the Reserves and Balances section on pages 114 to 121

## Financial Resilience

CIPFA launched its updated Financial Resilience Index in December 2019. It is a comparative analytical tool available to chief financial officers to promote better financial management and help provide an early warning system for stakeholders. The Index uses measures based on published information which provides a common understanding within an authority of its financial position on a range of measures associated with financial risk at a time where there are increasing numbers of long-term and complex financial challenges besetting local government.

Financial resilience describes the ability of local authorities to remain viable, stable, and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment. There are several factors that drive the ability of the authority to withstand financial pressures. It would be helpful for these to be considered as part of any financial resilience assessment. CIPFA has developed nine key Indicators of Financial Stress that focus on Reserves, Borrowing (debt), Social Care and Funding.

At the time of writing the 2020 Index which updates comparative performances for the 2019/20 outturn had not been published by CIPFA. However, 'Using Performance Information Effectively' is one of the six guiding principles of good financial management embedded in the CIPFA Financial Management Code that we will fully adopt in 2021/22. To these ends we have provisionally retrieved relevant information from Government statistical collections and produced equivalent assessments to inform the budget setting and MTFS planning processes.

Devon is one of the 26 upper tier County Councils in its comparator group. The Index is designed to rank authorities by comparing them with one another and at its simplest level a ranking of 1 is top and 26 is bottom however, for some of the Key Indicators, authorities can be ranked the same as others, for instance the Reserves sustainability where all authorities whose reserves are increasing are ranked as '1'

The table below sets out the results for Devon and shows the authority's ranking within the 26 County Council.



Indicators of Financial Stress				
26 county councils 31 March 2020				
Rank 1 = lowest risk 26 = highest risk	Rank	Devon	Lowest Risk in Range	Highest Risk in Range
<b>Reserves sustainability</b> – how quickly are usable reserves being used up - the ratio between current level of reserves and the average change in reserves in each of the past three years. A score of 100 indicates that reserves have not reduced in the past three years	1	100.00	100.00	7.11
<b>Level of reserves</b> – the ratio of current level of reserves to the council's net revenue expenditure. Larger councils would be expected to have larger reserves than smaller councils for the same risk.	15	31.56%	55.73%	13.32%
<b>Changes in reserves</b> – the average percentage change in reserves over the past three years	7	72.93%	241.95%	-9.67%
<b>Interest payable</b> as a percentage of net revenue expenditure	22	4.88%	1.82%	7.44%
<b>Gross external debt</b> - including PFI & PPP contracts	19	£622 m	£239 m	£1,693 m
<b>Social care</b> ratio –total spending on adults and children's social care as a proportion of net revenue expenditure	13	72.29%	60.79%	84.13%
<b>Fees and charges</b> to service expenditure ratio – total fees and charges as a proportion of net revenue expenditure	4	10.61%	13.24%	5.18%
<b>Council tax</b> requirement / Net revenue expenditure – council tax income as a proportion of net revenue expenditure	10	75.30%	86.88%	65.33%
<b>Business Rates</b> growth above baseline – growth is the Authority's share of actual rates in excess of the baseline funding level. This growth is divided by the baseline funding level.	N/A	Data not available	Data not available	Data not available

Devon continues to compare well with the other County Councils with the only areas of concern being Interest payable as a percentage of net revenue expenditure and Gross External Debt respectively. The authority has higher historic levels of debt than the average county council but since 2008/09 the authority has not taken out any new borrowing. The relatively high interest payments reflect both the level of debt and the time when the borrowing was taken out, when interest rates were higher than they are at present.

In conclusion, CIPFA's Financial Resilience Indices indicates that the authority is not at imminent risk of financial failure. Devon demonstrates sustainable financial resilience with further improvement since last year to the level of reserves. It is recognised that strong financial management practices will be required to contain spending pressures on social care, for both children and adults, to ensure the sustainability of Devon's finances into the medium term. It is also noted the importance of careful management of accumulated debt and its capital financing implications.

## Risk Management

Effective Risk Management is essential. The authority faces huge uncertainty and therefore risk in relation to both its funding and demand for services. The longer-term impact of the Pandemic both nationally and locally in terms of national debt, the economic impact and demand for services will become clearer in the coming months

and years but could be significant. Risk Management is an essential tool in supporting effective and informed decision making.

Prior to the pandemic, the authority set out its [Risk Management Strategy for 2020-2025](#). This document recognises that the authority has made positive strides in Risk Management over recent years and acknowledges three key areas of challenge that would permeate across the authority's services, these being Financial Pressure/Resilience, Public Health and Climate Change.

The authority's Risk Management Strategy goes hand in hand with its Risk Management Policy, which sets out the details of the framework for Risk Management including [Systems](#) and Scoring Mechanisms as well as Reporting Expectations. Combined, these elements provide the foundations on which Risk within the authority are managed.

Risk Management Activity is supported by staff from [Devon Audit Partnership](#), working via regular interaction with Risk Owners, Accountable Officers and Service Area Risk Champions, who from part of the Corporate Risk Management Group. Risk Management activity is inclusive, proactive and always evolving in response to changing challenges and opportunities that are encountered each day.

As would be expected a number of new risks were formulated in response to the pandemic and EU transition, showing both the proactive (EU Transition) and reactive (Covid 19) aspects of Risk Management within the authority.

Early 2021 sees the authority with around 10 - 20 more risks recorded in the main Risk Register compared to the level that would be expected (based on figures from the preceding 24 months). This is a clear reflection of the increased awareness of the challenges that are presenting themselves and their potential impacts.



Close working between all areas of the authority will help to ensure that, as a multi-layered and multi-disciplined organisation, we are fully aware of the risks we face and able to mitigate and manage their impact to protect both the authority and the people of Devon.

## Beyond 2021/22

### Overview

The effects of the Covid-19 pandemic will dominate the authority's financial strategy for at least the next three years. Few people have been unaffected in some way by the virus which has seen tragic loss of life and hardship. Many have lost their jobs and livelihoods, while others face a much more precarious future. Key sectors of Devon's economy have been severely impacted. Children and young people's education and opportunities have been severely disrupted. Questions about fairness and inter-generational equity have come to the fore.

The wider impacts of Covid-19 on wellbeing, physical and mental health, the economy, society and our environment have been profound. The virus has compounded existing challenges and caused new problems. Health and income inequalities have been exacerbated with more people becoming vulnerable or at risk of harm. Family stability and resilience has declined, with more children and young people at risk and in need of care. There is likely to be sustained pressure on children's social care and education services over coming years. The authority's ability to respond to the most acute of those pressure will depend on recruiting and retaining a sufficient number of social care workers.

There will also continue to be increased needs for social care services for adults over the next three years, with similar risks in relation to workforce, coupled with the uncertainties created by UK immigration policy. The overall intensity and complexity of people's needs is increasing with, on average, more support needed per person. The steps that the authority took during 2020/21 to support the adult social care market will have cost implications over coming years.

The backdrop for this Medium-Term Financial Strategy is therefore the crucial need to focus resources on the young, the old and the vulnerable and ensure a sustainable long-term future. It will be for the new authority, after the 6 May 2021 election, to agree the broader strategy which will be needed to tackle those issues, and the priorities for next three years.

### Opportunities for Team Devon to create a sustainable future

The response to Covid-19 has led to the establishment of various Team Devon partnerships of local authorities, health and other public services providers, business groupings, education and skills providers, voluntary and community organisations and a wide range of existing networks. Those partnership arrangements will continue to be central to addressing Devon's future challenges. They will be the preferred and most effective route for responding to the climate change emergency; the county's changing demography; the stark gaps in wealth, opportunity, social mobility and wider inequality. The collaboration and joint working between parish/town, district and county councils will be vital in ensuring that best value is achieved for council taxpayers' money. There will be continued investment in the infrastructure which supports networks of community and voluntary organisations alongside direct funding of activity through the Doing What Matters, Crowdfund Devon and the Making the Connection funds.

The authority is a stakeholder in the [Carbon Plan](#) and the three year Team Devon [COVID-19 Economy and Business Recovery Prospectus](#) which provide the basis to create a fairer, more resilient and prosperous Devon. There is tremendous potential to build on Devon's strengths and capitalise on opportunities in sectors such as tourism

and hospitality, agriculture and food, and art and culture. The authority will work with partners to invest, in business, places, people and opportunities.

The authority is part of the Devon Integrated Care System which will improve health and wellbeing outcomes and the sustainability of the health and care system. The Integrated Care System's vision is that there are equal chances for everyone in Devon to lead long, happy and healthy lives.

At a county, regional and sub-regional levels, the authority will play its part in development, investment and inclusive growth across the Heart of the South West and across the Great South West.

### **Changing and transforming Devon County Council**

The next three years are likely to present the authority with extraordinary financial pressures coupled with uncertainties and unpredictability about Government policy. In order for it to be in the strongest and best possible position to cope, it will have to be a flexible, resilient and learning organisation. There are opportunities to embed the new ways of working that were adopted during the pandemic. There is also scope for financial savings and increased efficiency through shared use of buildings; rationalising property; and continued investment in, and transformation of, ICT.

Data is as vital a resource to the authority as money: it enables measures of success to be defined and evidence collected to demonstrate the outcomes and results of its work. All decision-making will be underpinned by good quality information and intelligence.

The authority's ICT network now supports the concurrent remote working of more than 4,000 staff and partners. The authority's Digital and Technology Strategy will set out the direction of travel over the next three years. It will enable less reliance on Devon County authority buildings to deliver and support services and maximise the use of investment in digital productivity tools to enable collaboration. People will be able to interact with the authority in the way that suits them best, e.g. online, email, assisted digital webchat. More online payment and automated notifications will modernise the customer experience.

### **Public Health**

Devon saw some of the earliest cases of Coronavirus in February 2020. Since then, case rates together with deaths have lagged behind national averages.

Longer-term impacts of the pandemic will also be felt across the wider health and care sector: delayed appointments, late diagnosis of other conditions, and long Covid are expected to impact on service provision over the short to medium term.

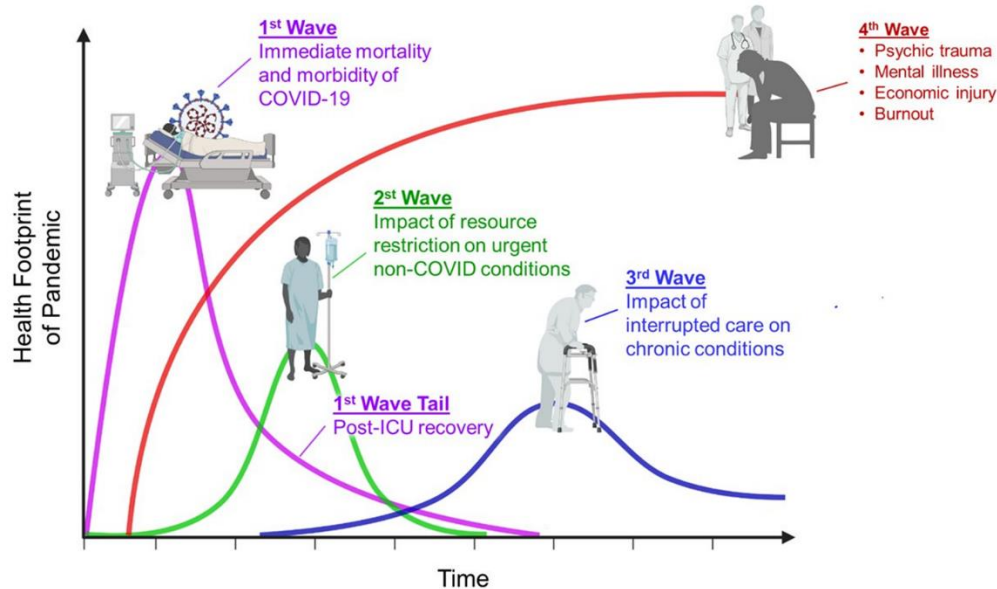
The impact on the populations Mental Health from increased anxiety and depression, the impact of loneliness and isolation on carers and other potentially vulnerable groups most severely affected is still to be fully understood.

Across Devon, service providers are reporting increases in demand for mental health, domestic violence and Drug and Alcohol support services. Periods of economic recession also correlate with higher prevalence of common mental health disorders, particularly anxiety and depression; of substance disorders, particularly alcohol misuse; and of suicidal behaviour and will have a longer-term effect on the general population.

Increased concerns over the safety of children, young people and vulnerable adults continue, spikes in safeguarding referrals are anticipated as social restrictions ease.

The pandemic has contributed to rising anti-social behaviour and community tensions. The police also report an increase in hate-related crime.

Health and care impact of Covid-19 will be in the short, medium and long term and can be described as 'waves' of health and care impact. The initial impact on individual health and urgent need for health and care services has a knock-on impact on the management and early identification of other conditions.



The longer-term impacts on individual and population health relating to mental illness and the impact of economic downturn and social impacts on health should not be underestimated.

## Adults Care & Health

The ongoing Covid pandemic has placed immense pressure on the whole health and social care sector. The authority has taken steps to support the social care market during 2020/21, some of which will have a long-lasting effect (and cost implication) into 2021/22 and beyond. Unknown risks remain around the future cost in respect of pandemic responses, which may be needed to balance the ongoing viability and sustainability of the independent care sector and fulfil our statutory duties. It cannot be guaranteed that these pressures will be offset by further government funding, and future costs arising from the pandemic will be a key financial consideration over the coming years.

Devon has an above average elderly population when compared nationally, which is forecast to continue increasing steadily for many years and therefore is likely to risk additional pressure on services over the medium and long term.

The unit cost for packages of care and placements is generally continuing to increase but can be volatile and is dependent on market conditions. Workforce recruitment and retention (both for social workers and in the independent provider markets) continues to be a risk because a shortage of care workers drives up unit costs of care packages. Uncertainty of future UK immigration policy and the impact of Covid 19 are risks which may exacerbate problems with the labour supply and ultimately unit prices for care.



The acuity (intensity of support required) and complexity (number of conditions impacting on individuals) is increasing with our ageing population, but we are also seeing increasing complexity in care needs of younger adults. This means that the support needed for each individual is (on average) greater year on year, even during 'normal' times. The ongoing impact of the Covid pandemic could distort the balance even further.

Analysis shows a link between the number of Education and Health Care Plans and the number of young people who will transition to Adult Care and Health services in the future. In 2021/22 we expect around 190 young people to require ongoing support as adults, but the increasing number of EHCPs may directly impact on Adult Care and Health services in the years ahead.

EHCPs can be a proxy for the increasing number of people with a disability surviving into adulthood. Furthermore, in recent years there has been a trend of increasing volumes of very high cost children's care packages and therefore there is a risk that demand and cost from transitions into adult services increases significantly, becoming a budget pressure over the medium term.

## The Better Care Fund

Partners across the wider Devon health and care community are united in a single ambition and shared purpose to create a clinically, socially and financially sustainable health and care system that will improve health and well-being across the population of Devon. Our joint commitment is to transform care to deliver the best possible outcomes for our local population; shifting our model of care so that more people are cared for in out of hospital settings – through prevention, more proactive care and new models of care delivery.

The Government established the Better Care Fund (BCF) in 2014 in order to encourage more integrated commissioning. The BCF requires that every Clinical Commissioning Group (CCG) hold a pooled budget with a local authority and agree a joint plan to commission services which are more joined up and person centred. This was underpinned by the mandates issued to NHS England from 2015-16 onwards.

The BCF is the outcome of the mandatory policy to facilitate integration and brings together health and social care funding. There was a major injection of funding in 2017 and this has become known as the Improved Better Care Fund or iBCF.

There are specific conditions around how we use the money and the metrics against which we will be measured, with a focus on investing in out of hospital services and reducing the numbers of delayed transfers of care. There are also conditions about how local authorities and clinical commissioning groups work together in agreeing proposals for how we use the money. This includes mandatory contributions governed by a S75 agreement between the partner organisations; the BCF is based on LA footprint, reporting to the Health and Wellbeing Board, so the CCG will also have S75s with Plymouth and Torbay.

There are national conditions that govern the operation of the BCF. They are as follows:

- The plan must be jointly agreed between the authority and the CCGs;
- The CCG financial contribution to social care must be agreed. In Devon this is currently £15.3 millions;

- There must be agreement to invest in NHS commissioned out of hospital services; and
- There must be a plan to manage transfers of care across the health and care system.

The detailed BCF planning guidance and policy framework for 2021/22 have yet to be published, therefore the tables below set out the 2020/21 BCF resourcing and the application of that:

Resourcing	Revenue		Revenue	Capital	Overall
	Carry-forward	20-21 sources	Total		Total
Contributions	£'000	£'000	£'000	£'000	£'000
Devon County Council	1,740	32,425	34,165	8,245	42,410
NHS Devon CCG		58,091	58,091	-	58,091
<b>Total</b>	<b>1,740</b>	<b>90,516</b>	<b>92,256</b>	<b>8,245</b>	<b>100,501</b>

Application	Revenue		Revenue	Capital	Overall
	Carry-forward	20-21 sources	Total		Total
Capital pool	-	-	-	8,245	8,245
Improved BCF pool	1,009	28,271	29,280	-	29,280
Revenue Pools	731	62,245	62,976	-	62,976
	<b>1,740</b>	<b>90,516</b>	<b>92,256</b>	<b>8,245</b>	<b>100,501</b>

The table below sets out the value of the iBCF grant elements:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & future years
	£m	£m	£m	£m	£m	£m
Original Improved Better Care Fund	0.2	10.2	19.7	19.7	19.7	19.7
Additional Improved Better Care Fund	15.2	10.2	5.0	8.6	8.6	8.6
Winter Pressures	0.0	0.0	3.6	0.0	0.0	0.0
	<b>15.4</b>	<b>20.4</b>	<b>28.3</b>	<b>28.3</b>	<b>28.3</b>	<b>28.3</b>

No announcement has yet been made on the level of grant the authority can expect beyond 2021/22; the MTFs assumes the grant ongoing at £28 millions, but this is far from certain.

The table below sets out the planned spend of the 2020/21 BCF resource:

	Budget
Scheme type	£'000
Assistive Technologies and Equipment	7,775

Care Act Implementation Related Duties	172
Carers Services	3,886
DFG Related Schemes	8,245
Enablers for Integration	669
HICM for Managing Transfer of Care	3,366
Home Care or Domiciliary Care	15,587
Integrated Care Planning and Navigation	2,276
Intermediate Care Services	9,707
Other	1,142
Personalised Budgeting and Commissioning	7,495
Personalised Care at Home	22,929
Prevention / Early Intervention	2,432
Residential Placements	14,821
	100,501

As we move towards integrated care systems (ICS), we will increasingly see integration of health and care services, including the further pooling of budgets across health and care and a focus on local care partnerships addressing local priorities.

We don't yet know if this will mean an increase to the Better Care Fund to facilitate that, or whether we will have the freedom to agree alternative local agreements to cover wider-ranging priorities beyond those set out in the BCF guidance. This would also allow us to fund services across the ICS footprint, rather than only within LA boundaries.

## Children's Services

### Children's Social Care

The Ofsted inadequate judgement (published in March 2020) has led to increased scrutiny by external partners such as Ofsted and the DfE, including the appointment of a Commissioner to evaluate Devon's capacity to improve its children's services.

Devon has an above average rate of children in care when measured against our comparator group, leading to higher costs and greater demand pressures. The authority has provided additional, ongoing investment for improvement activity and whilst this results in increased levels of demand initially, over the longer term it leads to better outcomes and value for money. Authorities judged "Good" or "Outstanding" often demonstrate lower costs. This investment in improvement, along with the Edge of Care strategy, should result in Devon coming more into line with our comparator group, in terms of managing both demand and costs over the medium term.

The prolonged effects of COVID restrictions and pressures on families, including education disruption, poor mental health, decline in family stability and resilience are likely to result in increasing levels of need and demand for services. Furthermore, the economic fallout of the pandemic response nationally may lead to increased levels of poverty and deprivation – there is a recognised correlation between deprivation and a higher prevalence of families needing advice, support and care. Increased rates of unemployment and homelessness are more likely to impact adversely on care leavers.



There is a risk that all these factors combined lead to sustained pressure and cost implications for our social care and education services for several years to come.

Whilst placement markets have presented good business continuity during the pandemic and continue to, there is a risk that the long-lasting economic situation impacts ongoing viability over the medium and even longer term. This will have financial implications as well as jeopardising our ability to fulfil our statutory obligations.

Investment in strategies and measures to reduce the number of adolescents entering care are already under way as well as strengthened multi-agency partnership working which has resulted in greater collaboration and innovation, for example in early help. These are expected to steadily reduce or at least contain the number of children in care over the next three to four years.

Locally there has been an increase in demand for Early Help triage as a result of families experiencing increased pressures such as domestic violence and mental health difficulties. To help manage rising demand closer alignment of the Public Health Nursing Service within the early help arena, including Children's Centres, will continue to strengthen the universal offer of support for families across Devon. The development and implementation of the Best Start in Life project will build an integrated approach in service delivery and is an opportunity to reduce reliance on statutory intervention, but it will take several years to realise tangible results and may be difficult to measure in financial terms.

One of the biggest risks facing the service in the short and medium term is the ability to recruit and retain enough social workers. Exacerbating the pressures brought about by the ongoing pandemic is a shortage of qualified social workers. The authority has recognised this and invested significantly in resources for front line teams. It is hoped that improved remuneration, greater opportunities for learning, development and career progression will begin to stabilise the workforce over the next three to four years, but there are no guarantees this will be sufficient to close the gap.

### **Dedicated Schools Grant & SEND High Needs Block Schools Funding**

In August 2017, the government finalised the introduction of the National Funding Formula (NFF) for schools. Devon is grateful for the increases to the overall national funding rates that have seen a further increase in 2021/22 of £17 millions within the Schools Block, however Devon remains a low funded authority.

The local authority will continue to determine the final allocation for school funding in 2021/22 through a local formula and as a result of the increased funding allocation this continues to fund schools at the National Funding Formula rate. The authority, with the support of schools and MPs, continues to state our concerns that although this is a step in the right direction there still needs to be further reviews around the allocation of funds through deprivation factors and minimum funding levels.

The Early Years national funding formula is allocated to local authorities for the existing 15-hour entitlement for all 3- and 4-year olds and the additional 15 hours for 3- and 4-year old children of eligible working parents. The funding rates for both entitlements have seen a rise of 6p per hour, whilst the 2-year-old funding has seen an additional 8p per hour. There also remains a risk that funding in future years continues to be informed by census and falls behind actual numbers of children attending these settings.

## Special Educational Needs & Disabilities (SEND)

During 2020/21 it has remained very difficult to contain the costs of SEND within the funding received from Government. For 2021/22, the High Needs Block (HNB) has seen additional funding from the Secretary of State of £10.5 millions. However, this is insufficient to meet current demand and costs resulting in a projected deficit for 2021/22 of £27.9 millions.

Department for Education procedures will require the authority to submit to them a management plan; the plan will set out the authority's strategy to reduce the deficit within the DSG in future years.

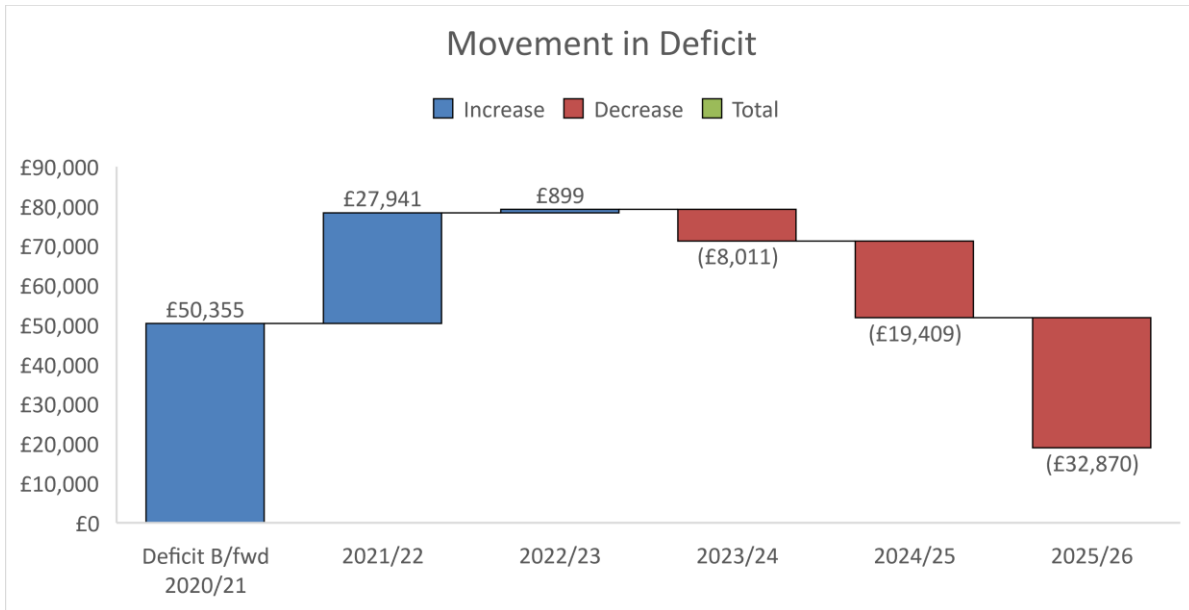
### Management Plan

The current DSG Deficit is forecasting to have an overspend of £50.4 millions by the end of 2020/21 and when the projected deficit of £27.9. millions for 2021/22 is added to this the cumulative deficit is over £78 millions. This deficit could have a considerable impact on future education budgets within the DSG as well as impacting on the financial sustainability of the authority and urgent action is still required to reduce the demand on Education, Health and Care Plans (EHCPs) and Independent placements.

In order to bring the DSG and in particular the HNB within the funding envelope action needs to be taken to improve parent's and young people's lived experience of SEN support in Devon. This is to be achieved by designing and implementing an integrated service that works together, and with families, to ensure young people receive the right support at the right time. By meeting the child's needs earlier and more effectively the authority should see a reduction in the demand for EHCPs.

For 2021/22 management actions being considered to reduce expenditure by £8.7 millions include the reduction of Independent sector core costs; reduction in the demand for EHCPs by supporting children better within the mainstream settings; commencing outreach initiatives and SEN support and the review of joint funded placement costs.

For the medium term plan the Service will extend the SEN projects that commenced in 2021/22 along with the continued reduction in the demand for EHCPs through to 2025/26. In addition to the extra places within the mainstream special schools already identified there are a further 3 special schools being considered to reduce the demand on independent placements. The first is expected to take placements in September 2023 and the others in September 2024 providing around 280 places when fully opened. There is also the intention to create 80 places with support centres across the county to allow more localised access to support and allow access for more complex needs within the special school settings.



There are a number of risks associated with this plan; by building skills and confidence in the system at an earlier stage there is an assumed impact in terms of outcomes as well as reduced numbers of EHCPS. Due to the current demands being placed on schools and parents this is a challenging time to commence such an ambitious plan. Funding beyond 2022/23 has not been confirmed and may vary from the assumptions made. The forecast assumes no new growth beyond 2021/22. The forecast assumes the DFE will carry out another round of presumption and that the new special schools will come online as currently planned, disruption to this will impact the forecast recovery plan. The ongoing impact of the pandemic remains uncertain and could be a factor in the success of delivering the recovery plan

## The Devon Economy

Devon has been hit hard by the Covid19 Pandemic, with significant impacts on our businesses, communities, workforce and overall economy, despite our lower number of Covid cases per head than many other parts of the UK. Our dependence on sectors such as tourism, retail and hospitality has meant we have been disproportionately affected. Prior to the pandemic, the economy already had its weaknesses such as low productivity, inequalities across areas, low wages and poor connectivity. These issues have been further exacerbated.

At the time of writing (Jan 2021) our forecasts show our economy is expected to shrink by 14% and data shows that unemployment stands at 5%. Once furlough ends, we expect this to double. Tourism has reduced by 36%, retail by 15% and manufacturing by 14%.

The impacts are not the same for all parts of Devon – places with dependence on hospitality, such as our coastal communities have been hard hit. Our older workforce and younger people have suffered through redundancies and loss of apprenticeship positions. The lockdown, response and recovery timescales remain uncertain and although our forecasts are looking towards the end of 2023 for recovery to pre-pandemic levels, this will remain deeper and need longer in some parts of the County.

The EU exit in December 2020 and negotiations of a Trade Agreement has increased certainty for businesses. However, there are ongoing issues with customers and cost increases for businesses and we won't know the overall impacts for a number of years.

To address these impacts on the economy, working with Team Devon partners across business, public sector and training providers a recovery prospectus was launched in July 2020 (<https://www.devon.gov.uk/coronavirus-advice-in-devon/document/team-devon-covid-19-economy-and-business-recovery-prospectus/>) and we have been bringing forward implementation activities to create the conditions for a more resilient, inclusive and sustainable economy.

The authority has subsequently earmarked £6 millions investment for the economic recovery, to pump prime the activities highlighted in the prospectus under the 4 themes of Business, People, Place and Opportunities, working with partners and bringing in further investment to stimulate growth, look after the vulnerable, generate a brighter future for our young people and take forward new opportunities.

There are significant new opportunities such as for “green jobs” from new low carbon technologies, capital investment and ways of working. Investment in digital technology, broadband and mobile connectivity will also generate new and more productive jobs across sectors and investment in training will upskill our workforce to respond to the changing world of work and role of our town centres and opportunities of the post-pandemic economy in sectors such as health and care, digital and manufacturing. Supporting new business start-up opportunities and developing entrepreneurship are also an opportunity. This investment by DCC and partners will improve our economy's resilience to future shocks.

Our recovery focus will be:

- Business - Enabling businesses to emerge stronger, more diverse and more resilient, in particular, seeking to reinforce our hardest hit sectors, such as Tourism and Retail, whilst still maximising the impact of new growth opportunities such as in the digital and environmental technology sectors and business adaptation.
- Place - ensuring that no place or community is left behind, whether our rural and coastal communities which provide the backbone of our visitor and agricultural economy, or our core city and market towns which underpin our manufacturing, health and digital expertise;
- People - Ensuring that our young people, our wider workforce and our residents are to access good quality work and learning, improving their prosperity and well-being and that of the wider economy;
- Opportunities - Ensuring that the County maximises the impact of emerging opportunities to drive a green and inclusive recovery and set a renewed economic direction for the future, whether for our people, communities, business or whole economy

In addition to the recovery funding above, the service also has funding to carry out the ongoing support for Devon's people, communities and businesses through our programme of service delivery and infrastructure investments, including Trading Standard and Learn Devon.

The Trading Standards, Business Support & Innovation service area continues to integrate general business support with regulatory support, using the Growth Hub as a

portal for business enquiries. However, the joint Trading Standards Service faces further specific budget reductions despite having to deal with a range of new enforcement and business advice responsibilities as a result of the Covid-19 pandemic and EU-transit.

Trading Standards, Business Support & Innovation has a key role to play in protecting the vulnerable in our communities. Vulnerable consumers; through direct intervention in Scams and Doorstep Crime and its proactive work on food safety, product safety and age restricted products which is often designed with a focus on the disadvantaged and those most at risk. Vulnerable businesses; through its work in maintaining a level playing field and the wide-ranging advice and support it can offer to start-ups and small and medium enterprises.

The Employment and Skills Group, which includes Devon's Adult Learning Service Learn Devon, has also been an area of significant increased demand over the past year. With responsibility for our approach to Post educational transition and NEETS, Careers Advice within schools, the authority's ongoing activity around employment and redundancy response and adult education activity move widely, the group has faced new pressures around supporting young people and adults alike in accessing work, entering and staying in learning, and moving from education to further education and employment. With Covid-19 impacting every aspect of the economy and education environment, tight budgets and programme resources have been stretched, whilst new Government initiatives have required existing staffing resources to adapt quickly to deliver a broader range of services and activity.

All of our services and offers to business and the community are being reshaped to adapt to and reflect the outcome of the pandemic and the Devon carbon plan, from rewriting our 10 year Strategy for Growth to plan to 2030, to adapting some of our capital investments, for example increasing the number of work hubs being developed in the county, developing to low carbon standards and bringing forward digital connectivity improvements.

We will continue to explore income generation opportunities for the service to maximise our impact. This will include new externally funded projects, collaborative working and delivering services using knowledge and expertise within the Service for other third-party organisations. We will continue to put bids in for government funding to supplement our investments, for example through the expected UK Shared Prosperity Fund and the Levelling Up Fund announced in November.

Our aim is to make the Devon economy more resilient and adaptable to economic and other shocks. This will not be easy to achieve going forward but the focus of investment is to Build Back Better and to focus on addressing major factors in the future growth of our economy such as digital infrastructure, health and our response to climate change.

## **Working Differently and the ICT Roadmap**

The authority continues to lead and drive a digital transformation agenda. Building on the successes of previous investment in technology a new combined Digital and Technology Strategy is being launched in April 2021, setting out a direction of travel over the next 3 years.

Since March 2020 at the emergence of the Covid-19 Pandemic, the investment in technology and digital infrastructure has enabled a seamless transition from a predominately office-based organisation to a largely home based one for both authority officers and elected members.

This has meant that we have maximised the use of Microsoft Office 365 to collaborate remotely and conduct the business of the authority, ensuring that our statutory responsibilities are discharged by:

- Enabling Council committee meetings to take place virtually via Microsoft Teams to ensure that the democratic decision making, and scrutiny process can continue;
- Enabling those staff supporting the most vulnerable in our communities to have effective and efficient technology; and
- Continuing to recruit, support and engage staff digitally to ensure that services to the communities of Devon continue to be delivered. Our CEO has been able to run remote live events for all staff that have a strong focus on wellbeing.

As a result, the ICT infrastructure investment is now more resilient, and network capacity increased to now support more than 4000 concurrent remote staff and partners.

As we move towards easing of Covid-19 restrictions, as part of the authority's Recovery planning, our investment in digital is providing a strong foundation to develop a flexible and agile workforce with less reliance on Devon County Council (DCC) buildings to deliver and support DCC services, maximising the use of investment in digital productivity tools to collaborate. These foundations will enable the organisation to work more effectively in a post Covid-19 world and continue to fast track digital skills, promoting the creation of flexible, collaborative work space and work styles to support the seamless delivery of services to the communities of Devon. The increase in remote working has also enabled staff to contribute more to community life themselves.

The digital platform development has enabled rapid creation of digital tools to support the Covid -19 response in Children's Services and Public Health such as the School Attendance digital service which is an app recording attendance of vulnerable and key worker children across Devon. This is now used by a significant number of schools and early years providers in Devon and was designed and delivered in 12 days.

We are developing a consistent approach to the digital experience that allows the people of Devon to interact with the authority at a time and in a way that suits them best, e.g. online, email, assisted digital webchat. This includes working with the Blue Badge service to replace paper-based forms and evidence gathering with digital processes that mean applications can be completed in minutes, and introducing online payment and automated notifications that modernise the customer experience for people getting married or having a civil partnership in Devon.

We are also driving fast-paced Discovery work to establish user needs by engaging with the public to build, test, listen and improve digital solutions. For example, working with the booking for Covid-19 Lateral Flow Testing identified crucial unmet user needs that reshaped the approach within Public Health.

Enabling staff and elected members to make best use of the new tools and digital services has been crucial in the success of the digitisation of the authority to date. As part of this through an 'adoption and change' approach bespoke training and awareness sessions, advice, guidance, and peer support are provided.

We will keep on ensuring accurate data and mapping information is available across the Authority to allow the authority to make informed decisions and we will protect that data as this is a key priority for the authority and features as a high priority for investment. Data protection, and cyber security training for both Members and staff about their responsibilities is critical to ensuring we protect that asset.



The authority is committed to support and enable digital awareness within the community of Devon and we are finding ways of doing so safely in times of Covid-19. We are working with our partners including in health to help people become more digitally confident and competent, bridging the digital divide. We will continue to develop digital skills for all staff and elected Members.

## Developing the Organisation

The response to the first wave of Covid-19 created a unique environment where staff and partners genuinely came together for a common purpose; organisation and team silos were broken down; new ways of working were found that may have been discounted in 'normal times'; and a wealth of untapped capacity and capability was discovered and utilised.

This presented an opportunity for the organisation to understand, learn and experiment a little more in relation to what is possible, not just in relation to how we plan and respond to emergencies such as Covid-19 but also how the organisation operates on a day to day basis now and into the future.

Building on the findings of our organisational change approach 'Doing What Matters', key elements and learning were integrated, embedded and iterated into the way in which we are responding to, and recovering from, Covid-19. We are taking the opportunity to reflect, reimagine and redesign the way the organisation works by supporting the organisation to:

- Understand and focus on what matters;
- Further increase the discipline and rigour around clear, robust and dynamic decision making and recording;
- Enable financial resilience and medium - longer term financial planning by integrating our organisational transformation approach with our medium-term financial strategy;
- Enable and embed sustainable learning practices based on evidence of what works, what doesn't and why;
- Evaluate and understand the impact of what we do on the people of Devon; and
- Embed core principles and behaviours in and across everything we do.

All of which will further strengthen the organisation's commitment to becoming a flexible, resilient and learning organisation.

By continuing to share organisational learning across the authority, we are growing our capacity and capability, strengthening relationships with colleagues, partners and communities and helping create a Devon where everyone can live their life well. We are working with many partners across Devon leading the Recovery Co-ordinating Group. The RCG currently has 3 sub-groups on Data, Intelligence and Impact Assessment; VCSE; and Economy.

The 7 key themes coming out of the intelligence review which the authority has identified to further explore are:

- Community wellbeing
- Community safety
- Economy

- Urban and rural issues
- Housing and homelessness
- Transport, environment and climate change
- Health

With a cross cutting theme of Equality running through all. The intention is that by focussing in on the 7 themes and Equality, that an action plan for Recovery can be developed with partners during the spring/summer. It is recognised by all partners that the Recovery work will be continuing over several years.

## The Importance of Working in Partnership

The authority's ongoing response to the pandemic into 2021/22 will continue to demonstrate the need and strength of local partnerships across Devon.

Opportunities in engagement and response through Team Devon (a partnership of Devon's councils, public sector and voluntary and community sector) will continue to share approaches, information and insight in relation to Covid-19. This has helped to develop local health responses such as outbreak management, vaccination, local testing and enhanced tracing; alongside wider critical work, such as the establishment of a local welfare fund, shared arrangements to support vulnerable people and to help businesses recover and respond. Aligned to this has been the establishment of a Health Protection Board and ongoing close working with the Local Resilience Forum, again across multiple sectors. The authority will continue to utilise funding allocations to enhance these partnership arrangements and pool funding and resources where appropriate, in response.

Partnership arrangements are a default across the authority particularly in tackling key strategic challenges such as climate change; safeguarding of vulnerable people; economic development; community safety and waste management.

Devon's response from across the voluntary, community and social enterprise (VCSE) sector was remarkable in 2020/21. Partnerships, learning and leadership from the VCSE sector and the authority will continue to develop, not only as local responses to the pandemic but beyond into a range of delivery across the county; whilst exploring shared opportunities to meet future challenges and opportunities in Devon. The authority will continue to invest in both learning and related key network, infrastructure and partnership opportunities; alongside the direct funding of activity (such as the Doing What Matters, Crowdfund Devon and the Making the Connection funds) in 2021/22. The authority continues to see strong partnerships as the preferred and most effective route to tackling the key and emerging strategic issues facing Devon including climate change, our demographic challenge, alongside stark gaps in wealth, opportunity, social mobility and wider inequality. The authority will continue support, and where helpful, lead collaboration on key issues and opportunities for Devon. This will include the leadership of Devon's Recovery Co-ordinating Group, a partnership of key public, business and VCSE organisations to help to steer local economic, social and cultural recovery into 2021/22 and beyond.

## Conclusion

This year it has been more difficult than ever before to look forward four years and construct the Medium Term Financial Strategy. It is not possible to know when the



pandemic will end or the impact that it will have on the national and local economy. It is not possible to know the nature and timing of the recovery and the extent to which Devon will bounce back. There is much talk of a “new normal” but this currently lacks shape or definition. For these reasons it is difficult to estimate the financial requirements of our services in future years and the quantum of the income streams available to the Council to fund those services.

All that we can do is to work with the limited information that we have to make decisions that will bolster our financial resilience and give the Council the financial flexibility that it needs to try to deal with uncertainty.

# County Fund Balance and Earmarked Reserves 2021/22

## Introduction

The authority maintains a working balance (County Fund Balance) and earmarked reserves to cushion the impact of unexpected events and emergencies. Earmarked reserves are used to meet known or predicted future expenditure.

The level of reserves and balances the authority holds is important context for Medium Term Planning; they are held to help the authority manage risk and uncertainty.

On 29 November 2020, new statutory regulations came into force, whereby a local authority must not charge any deficit in respect of its schools' budget to its revenue account. Instead any such deficit should be charged to a separate account, in effect removing it from general fund and earmarked reserves. These regulations are in force for the three years 2020/21, 2021/22 and 2022/23 and do not set out what will happen after March 2023.

Schools balances belong to schools and the authority has no access to them.

The authority holds two remaining types of Reserves and Balances, which it can access:

- Working Balance (County Fund) - effectively the emergency back-stop;
- Earmarked Reserves - made up of:
  - Statutory Reserves – these are regulated by statute and can only be spent on specified items and include Public Health and On Street Parking;
  - Contingency Reserves – to cover weather emergencies, budget risks and business rate pooling risks; and
  - Service Development and Transformation – to cover the cost of invest to save schemes and transforming our services including redundancy costs.

Table 1 summarises the authority's projected revenue reserves and balances

**Table 1 - Summary of Reserves and Balances**

	<b>31 March 2021 £000</b>	<b>31 March 2022 £000</b>	<b>31 March 2023 £000</b>	<b>31 March 2024 £000</b>	<b>31 March 2025 £000</b>
<b>General Fund</b>					
Working Balance	14,790	14,790	14,790	14,790	14,790
Earmarked Reserves	136,053	114,494	112,547	114,985	117,485
	<b>150,843</b>	<b>129,284</b>	<b>127,337</b>	<b>129,775</b>	<b>132,275</b>

The following pages 114 to 121 describe the authority's County Fund balance and earmarked reserves.

## County Fund Balance

The authority has in place a risk management strategy and a system of internal control. Of particular importance in this context is the authority's budget monitoring policy. It

ensures that regular budget monitoring is carried out and requires approval of the Cabinet for the carry-forward of any under-spending. Furthermore, the authority has a good record in terms of identifying budget pressures and taking appropriate remedial action. These existing systems, controls and procedures provide a firm foundation from which the need for reserves and balances can be calculated with a reasonable level of confidence.

The Working Balance (County Fund) risk analysis has been reviewed and minor adjustments made. Balances as at 31 March 2021 are forecast at just under £14.8 millions which achieves the minimum target for balances established by the risk assessment exercise, so no additional contribution to general balances is proposed for 2021/22. The appropriate level of reserves will need to be re-considered at the end of the current financial year in light of the outturn. A detailed schedule of risks and their quantification is included in Table 2.

**Table 2 – Risk assessment - level of County Fund Balance**

<b>Risk Assessment and Mitigation Plans</b>					
<b>Area of Risk</b>	<b>Potential Level of Risk</b>				<b>Mitigation</b>
	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	
<b><u>Adult Care and Health</u></b>					
Adult Care Operations and Health	6,537	6,864	7,191	7,191	
Adult Commissioning and Health	663	696	729	729	
<b><u>Children's Services</u></b>					
Children's Social Care	3,743	3,873	4,002	4,131	
Education and Learning - General Fund	1,587	1,587	1,640	1,692	
<b><u>Community, Public Health, Environment and Prosperity</u></b>					
Communities and Other Services	140	140	140	140	All budgets are subject to control and risk management arrangements. It is unlikely that all budgets would overspend at the same time.
Economy, Enterprise and Skills	78	78	78	78	
Planning Transportation & Environment	257	257	257	257	
Public Health	295	295	295	295	
<b><u>Corporate Services</u></b>					
Chief Exec, HR, Legal and Communications	270	270	270	270	
Digital Transformation and Business Support	370	370	370	370	
Organisational Development	14	14	14	14	
Treasurer's Services	226	226	226	226	
<b><u>Highways, Infrastructure Development and Waste</u></b>					
Infrastructure Development & Waste Management	314	314	314	314	
Highways and Traffic Management	338	338	338	338	
<b>Total</b>	<b>14,832</b>	<b>15,322</b>	<b>15,864</b>	<b>16,045</b>	

The major risks affecting the authority have been outlined on pages 150 to 166. Judgements have been made about the likelihood of overspending and this has been

converted into a financial measure. The results are shown in Table 2. Although historically, there has been overspending in individual services, the authority has been able to deliver underspends on its overall net budget. Consequently, the current level of balances is sufficient to contain the risk of any potential service overspends until at least the following year's budget setting. However, to further mitigate this risk and before a call on balances is considered, earmarked reserves will be utilised.

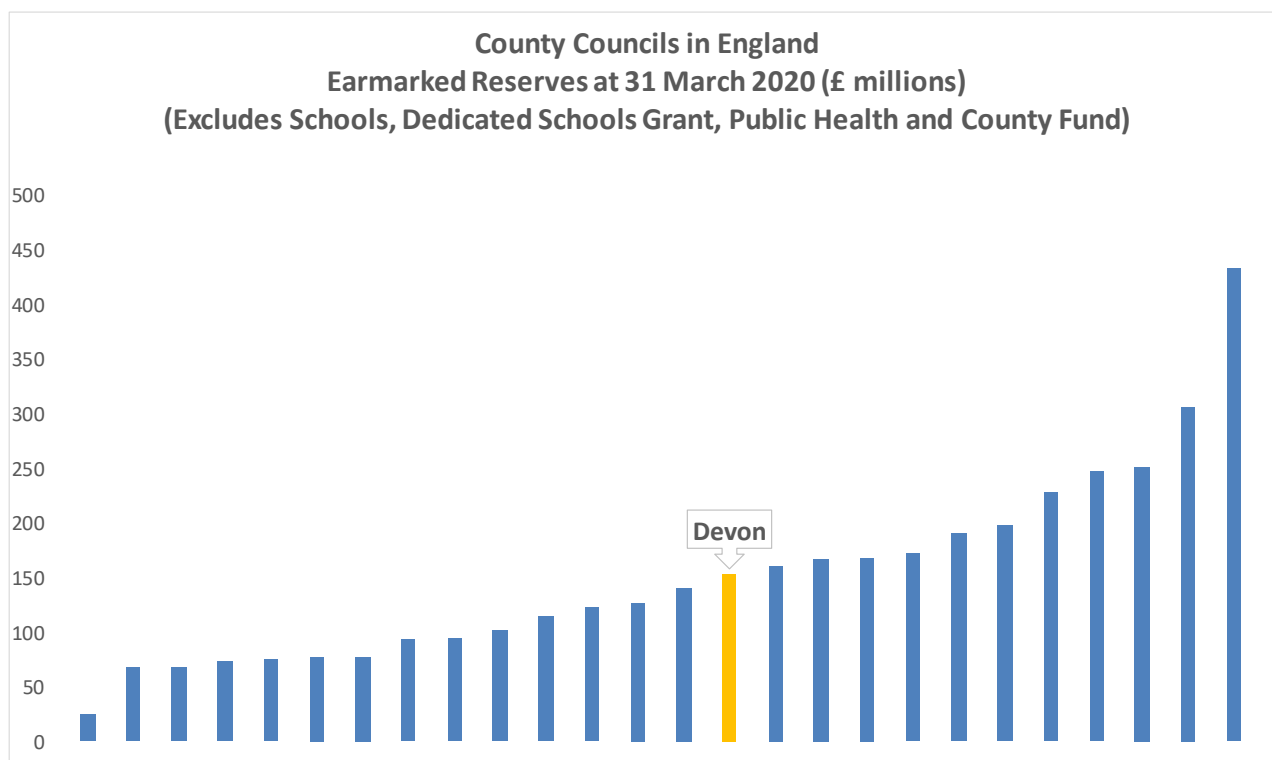
There is a risk that collection rates for both council tax and business rates may fall short of the targets set. These budgets are notified by the billing authorities at the start of the year. However, because these potential shortfalls are managed through collection funds and are taken into account as part of budget setting for the succeeding financial year, they have not been considered in the risk assessment which relates to 'in year' variations.

## Earmarked Reserves

Table 3 on page 11 provides a description of each earmarked reserve and its projected balance at the end of each financial year until March 2025.

The level of earmarked reserves held by the authority is now around average compared with other County Councils. At 31 March 2020 Devon's earmarked reserves were 15th lowest out of 26 County Councils (16th lowest out of 27 County Councils at 31 March 2019). This represents a steady improvement since 2016 when Devon was 7th lowest.

The following chart shows the earmarked reserves (including budget carry forwards) for the twenty-six county councils in England.



In 2021/22 £21.6 millions of earmarked reserves will be used to support expenditure:

- A new reserve will be created for the Covid-19 business rate relief grant that the Government will pay over to the authority in 2021/22 relating to 2020/21. In 2020/21 the Government awarded extensive relief for retail, nurseries and local newspapers, reducing business rate bills. The grant to be received in 2021/22 will compensate local authorities for significantly reduced business rate income. The expected grant of £11.738 millions to Devon will be received and applied in 2021/22 to offset the deficit of £12.369 millions as shown in Key Table 1 on page 9.
- £3 millions from the Business Rates Risk Management Reserve for Economic Recovery (and a further £2.3 millions in 2022/23)
- £3.2 millions of one-off gains from the business rates pilot in 2018/19 to fund save to invest initiatives in Children's Services consisting of:
  - £2 millions for Edge of Care (and a further £2 millions in 2022/23)
  - £566,000 for staffing for Special Educational Needs
  - £519,000 for the recruitment of Social Workers
  - £133,000 for Devon Inclusion Project;
- £2.3 millions from the Service Transformation reserve to support restructuring and transformation costs, including
  - £818,000 for Public Health Nursing (deferred from 2020/21);
  - £500,000 for Digital Transformation;
  - £487,000 for Corporate Services Transformation (phase 2 of the new HR Management System);
  - £260,000 contingency for restructuring and redundancy costs;
  - £158,000 for Organisational Development; and
  - £106,000 for Children's and Families management support.
- £540,000 of receipts from on-street parking reserve will be used to support expenditure in Highways;
- £500,000 from the ring-fenced Public Health reserve;
- £115,000 from the Climate Emergency fund; and
- £87,000 from other reserves.

The authority's total earmarked reserves at 31 March 2021 are forecast to be higher than the estimate made 12 months ago. Consequently, there will be no budgeted contribution to earmarked reserves in 2021/22.

## Statutory Reserves

### On street parking

The on-street parking reserve is ringfenced to fund transportation improvements and initiatives. At 31 March 2018 the reserve was £5.4 millions. In 2018/19 and 2019/20 £2.9 millions of the reserve was used to fund expenditure and a further £1.5 millions is forecast to be used in 2020/21. The 2021/22 budget plans to use £540,000 leaving the forecast balance at 31 March 2022 of £402,000.

After 2021/22 the Highways service has plans to ensure the continued financial sustainability of the reserve by reviewing the initiatives which it currently funds.

### **Public Health Reserve**

Following underspends and deferral of expenditure the Public Health Reserve is forecast to be £5.9 millions at 31 March 2021. The 2021/22 budget anticipates that £500,000 of the Public Health reserve will be used in 2021/22 and each of the following years in the MTFS. However, this is dependent on the level of the Public Health Grant which is not known at this time.

## **Contingency Reserves**

### **Budget Management Reserve**

The Budget Management Reserve is held to meet the risk of future budget pressures and the risks around future funding from Government as outlined in the Medium Term Financial Strategy. At the end of 2019/20 the Budget Management Reserve was increased to just over £60 millions, as set out in the Outturn Report to Cabinet in July 2020. The 2020/21 budget approved a further increase of £4.5 millions. There is no proposed change to this reserve in 2021/22.

### **Business Rates Risk Management Reserve**

In 2013/14 the Government introduced the Business Rates Retention Scheme and the authority joined Plymouth, Torbay and the eight district councils of Devon to form a business rates "pool" to share the gains of growth within Devon (as well as pool the risks from any downturn).

Over the seven years to 31 March 2020, pooling gain and one off gain from being a pilot of 100% rates retention in 2018/19 have amounted to £26.6 millions. The authority has set aside £11.5 million from the one-off gain from the business rates pilot for invest to save initiative for Children's Services.

At 31 March 2020 there was a remaining balance of just over £15.1 millions in the Business Rates Risk Management Reserve to cover:

- potential future losses from the Devon Business Rates Pool
- funding uncertainties arising from the national reset of Business Rates, originally expected in April 2020 but now deferred until April 2022 or later.

In October 2020, Cabinet received a report from the Head of Economy Enterprise and Skills on the Devon Recovery Programme, requiring funding of £5.5 millions of revenue and £500,000 of capital. This funding mainly covers 2021/22 and 2022/23 with initial costs in 2020/21 being funded from outturn.

### **Emergency**

The Emergency Reserve is established to manage exceptional unforeseen costs, uncertainties and emergencies

The extreme weather in 2012 illustrates why allowing for this is necessary. The cost of the clear up after the flooding, repair and reinstatement works was £13.6 millions. Of this total amount £3.1 millions was met by Government through the Bellwin Scheme. A net revenue cost of £10.5 millions had therefore to be covered by the authority.

If an event of that magnitude occurred again and the full cost had to be met outside of the revenue budget, after addressing the one-off costs of service reduction, it would be highly unlikely that it could be contained by conventional means. It is therefore essential that an earmarked Emergency Reserve is provided as a general contingency long stop.

## **Service Development and Transformation Reserves**

### **Business Rates Pilot Reserve**

In 2018/19 the authority, in partnership with the other Devon local authorities, became a Business Rates Pilot. This allowed a budget of £11.6 millions to be established to support invest to save projects with Children's Services over several years.

£95,000 and £503,000 was spent in 2018/19 and 2019/20 respectively and a further £992,000 is forecast to be spent in 2020/21. This leaves a balance of just over £10 millions available from 31 March 2021. The projected balance, over the next four years, taking into account the initiatives agreed to date for this reserve is set out in Table 3.

### **Climate Change Emergency**

In May 2019, Cabinet approved the creation of a Climate Change Emergency Reserve of £250,000 from Outturn 2018/19. This reserve covers the revenue costs associated with the management of projects and research relating to Climate Change. Capital costs of schemes to deal with Climate Change are in addition to this reserve and are detailed in the Capital Programme. The projected use of the reserve over the next year is set out in Table 3.

From 2021/22 the revenue budget of Planning, Transportation and Environment has been increased by £150,000 for the carbon reduction plan and another £150,000 for the Devon climate emergency to include the ongoing revenue costs in baseline budgets.

### **Service Transformation**

The Service Transformation Reserve funds the costs of restructuring and transformation. In 2021/22 the planned use of this reserve is £2.3 millions as outlined in Table 3 and the planned expenditure is classified in the following categories:

- £818,000 for Public Health Nursing (this relates mainly to expenditure originally planned in 2020/21 but deferred until 2021/22);
- £500,000 for Digital Transformation (expenditure deferred and brought forward from 2020/21 budget);
- £487,000 for Phase 2 of the HR management system;
- £260,000 contingency for restructuring and redundancy costs;
- £158,000 for organisational development; and
- £106,000 for Children's and Families management support.

The Service Transformation Reserve is usually maintained through a contribution from the revenue budget. Much of the planned use of the Service Transformation Reserve in 2021/22 relates to projects deferred from 2020/21. Consequently, there is no planned contribution to this reserve in 2021/22. The Medium Term Financial Strategy assumes an annual level of contribution to the Service Transformation Reserve of £5 millions from 2022/23 through to 2024/25.

## Conclusion

There is a significant level of uncertainty around the authority's sources of funding after 2021/22, including a new Comprehensive Spending Review (how much Government funding will be available to local government), the fairer funding review (how that Government funding will be shared between different types of authority) and changes to the share of business rates retained locally. There is also the uncertainty of the impact of leaving the EU will have on the wider economy and public sector funding.

In addition, the authority needs to have sufficient reserves and balances to offset the cash spent on the significant projected deficit on the High Needs block for DSG.

For these reasons the authority's earmarked reserves are forecast to remain above £100 millions. This level of reserves is broadly in line with other county councils.

The following Table 3 below shows the anticipated level of earmarked reserves in future years.



**Table 3 – Earmarked Reserves**

<b>Purpose &amp; Description of Reserve</b>	<b>Estimated balance as at</b>				
	<b>31 March 2021 £'000</b>	<b>31 March 2022 £'000</b>	<b>31 March 2023 £'000</b>	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
<b>Special Purpose Reserves</b>					
<b>Affordable Housing</b> To promote joint schemes with District Council and other partners to improve public services.	182	122	62		
<b>On Street Parking</b> To fund transportation improvements and initiatives	942	402	402	402	402
<b>Public Health</b> Ringfenced for Public Health expenditure	5,898	5,398	4,898	4,398	3,898
<b>Subtotal: Special Purpose Reserves</b>	<b>7,022</b>	<b>5,922</b>	<b>5,362</b>	<b>4,800</b>	<b>4,300</b>
<b>Contingency Reserves</b>					
<b>Budget Management</b> To fund future budget pressures	64,447	64,420	64,420	64,420	64,420
<b>Business Rate Risk Management</b> To fund potential future losses on the Devon Business Rates Pool	15,188	12,156	9,899	9,899	9,899
<b>COVID-19 Business Rate Relief</b> Government COVID funding for business rate relief relating to 2020/21 but to be received and applied in 2021/22	11,738				
<b>Emergency</b> To manage exceptional unforeseen costs, uncertainties and emergencies	18,089	18,089	18,089	18,089	18,089
<b>Subtotal: Contingency Reserves</b>	<b>109,462</b>	<b>94,665</b>	<b>92,408</b>	<b>92,408</b>	<b>92,408</b>
<b>Service Development and Transformation Reserves</b>					
<b>Business Rates Pilot</b> To fund invest to save initiatives within Children's services	10,010	6,792	4,681	4,681	4,681
<b>Climate Change Emergency</b> To fund management costs of initiatives in response to Climate Change	115				
<b>Service Transformation</b> To manage costs of remodelling services	9,444	7,115	10,096	13,096	16,096
<b>Subtotal: Development and Transformation</b>	<b>19,569</b>	<b>13,907</b>	<b>14,777</b>	<b>17,777</b>	<b>20,777</b>
<b>Total Earmarked Revenue Reserves</b>	<b>136,053</b>	<b>114,494</b>	<b>112,547</b>	<b>114,985</b>	<b>117,485</b>

Approval to use all Reserves is by Cabinet with management and control by the County Treasurer.

# Treasury Management Strategy 2021/22 – 2024/25 and Prudential Indicators 2021/22 - 2025/26

## Introduction

In February 2018, following the publication of a revised Code of Practice for Treasury Management by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Council 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 2021/22.

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. The strategy for 2021/22 is broadly consistent with that adopted for 2020/21.

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 Treasury Management Strategy should be read in conjunction with the Capital Strategy.

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 2021/22 – 2025/26, and the Capital Strategy.

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.

## Treasury Management and Investment Strategy Overview

The Treasury Management and Investment Strategy sets out the 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.

## External Borrowing

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 are limited to those that are financed from sources other than external borrowing. To meet the need for capital expenditure, the highest priority schemes across the Authority are funded from corporate capital receipts and internal borrowing over the capital programme timescale.

The capital programme for 2021/22 requires borrowing of £12 million, which will be internal borrowing. This is offset by the MRP figure of £12 million which will leave the Council with total internal borrowing of £94 million, i.e. the Council has borrowed £94 million from its cash balances, in addition to the external debt of £507.85 million, to fund the capital programme. However, this is forecast to reduce in future years. The ability to internally borrow from the Council's cash has enabled the Council to fund its capital programme in recent years without taking out further external debt and incurring additional interest costs and other capital financing costs.

The potential impact of COVID 19 makes it very difficult to predict what the financial requirements of the Council will be over the next few years and the resources that will be available to it to meet those requirements. Funding will need to be flexible. It is difficult to know if the Council's own cash resources and the capital receipts that it can generate will be sufficient to provide the required level of flexibility.

Given the current economic climate and low interest rates, there may be an opportunity in the next few years to externally borrow or to restructure existing debt to ensure that cash resources are sufficient to support the future objectives of the Capital Programme. The Medium Term Financial Strategy (MTFS) continues to assume that, over the three year period, no new long-term borrowing will be required, but this will be kept under review. If key priorities cannot be delivered due to a reduced availability of external funding, the Authority's cash resources, or capital receipts, then external borrowing may be required. This will need to be balanced against the ability to support additional capital financing costs from within the revenue budget.

## Target Rates for Investment

For the 2021/22 financial year it has been assumed that the average interest rate earned on lending to banks and building societies will be 0.30% p.a. The target rate has been set based on the forecast that the Bank of England's base rate is likely to remain at 0.10% for the foreseeable future. It also takes into account the higher rates on some current deposits that extend into 2021/22.

The yield from investment in the CCLA Property Fund is assumed to be 3.80%. This assumes potential reductions in yield as a result of the pandemic. Further analysis will be required to identify short-dated bond funds and multi-asset income funds that would meet the Council's requirements, should this option be taken up. The targeted yield from those funds would be 2.00% for short dated bond funds and 3.50% for multi-asset income funds. Currently these are not factored into the budget for investment income. Any decision to invest in such funds would be subject to agreement by the Cabinet Member for Resource Management and a competitive process to identify suitable funds.

## 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 i.e. over the life of the asset.

All supported capital expenditure and unsupported borrowing up to 1st April 2008 will be charged over the life of the assets, calculated using the 'asset life: annuity' method. This approach was adopted by the authority in 2018/19 and delivered significant revenue savings. MRP is calculated by dividing the existing debt over the estimated life of the asset, but reflects the fact that an asset's deterioration is slower in the early years of its life and accelerates towards the latter years. In order to calculate MRP under the annuity method, an appropriate annuity rate needs to be selected. The percentage chosen corresponds with the Bank of England Monetary Policy Committee's inflation target rate of 2.1%. MRP will increase by this percentage each year

Any unsupported (internal) borrowing post 1 April 2008 (including Vehicle and Equipment Loans Pool, Capitalisation Direction and charges to other public sector bodies) will be charged over the life of the asset, on a straight line basis. The annuity method will not be applied to projects financed from internal borrowing, as this source of financing is applied to a wider range of projects with differing lives. Therefore, the 'asset life: equal instalment' method is a more appropriate method of calculating MRP.

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, for example when forward funding S106 contributions.

Capital financing costs are also affected by PFI/PPP contracts and finance leases coming 'on Balance Sheet'. The MRP policy for PFI/PPP contracts will remain unchanged, with MRP being charged over the period of benefit of the capital investment i.e. over the life of the asset.

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**

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
<b>Total Capital programme</b>	<b>147,355</b>	<b>129,962</b>	<b>91,704</b>	<b>65,417</b>	<b>64,361</b>
Funded by:					
<b>Gross borrowing</b>	12,354	10,030	3,309	1,604	1,548
<b>Other capital resources</b>	135,001	119,932	88,395	63,813	62,813
<b>Total capital programme funding</b>	<b>147,355</b>	<b>129,962</b>	<b>91,704</b>	<b>65,417</b>	<b>64,361</b>
<b>Total capital expenditure</b>	<b>147,355</b>	<b>129,962</b>	<b>91,704</b>	<b>65,417</b>	<b>64,361</b>

## 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 2021/22 and the following four years are shown in table 2 below.

**Table 2 – Capital Financing Requirement**

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Underlying borrowing requirement	602,208	598,769	587,984	575,162	562,046
Other long-term liabilities	118,485	112,918	106,854	100,569	94,950
<b>Capital financing requirement</b>	<b>720,693</b>	<b>711,687</b>	<b>694,838</b>	<b>675,731</b>	<b>656,996</b>

### 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 2021/22 – 2025/26.

**Table 3 – Authorised Limits**

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Authorised limits for borrowing	647,708	644,269	633,484	620,662	607,546
Authorised limit for other long-term liabilities	118,485	112,918	106,854	100,569	94,950
<b>Authorised limit for external debt</b>	<b>766,193</b>	<b>757,187</b>	<b>740,338</b>	<b>721,231</b>	<b>702,496</b>

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 2021/22 and following years.

**Table 4 - Operational Limits**

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Operational limits for borrowing	622,708	619,269	608,484	595,662	582,546
Operational limit for other long-term liabilities	118,485	112,918	106,854	100,569	94,950
<b>Operational limit for external debt</b>	<b>741,193</b>	<b>732,187</b>	<b>715,338</b>	<b>696,231</b>	<b>677,496</b>

The forecast opening balance for External Borrowing at 1 April 2021 is £507.85 million and remains unchanged at 31 March 2022.

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.

**Table 5 – Underlying Borrowing Requirement to Gross Debt**

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Capital financing requirement	720,693	711,687	694,839	675,731	656,996
Gross borrowing and other long-term liabilities	626,335	620,768	614,704	608,419	602,801
<b>Under/ (over) borrowing</b>	<b>94,358</b>	<b>90,919</b>	<b>80,135</b>	<b>67,312</b>	<b>54,195</b>

The debt management strategy and borrowing limits for the period 2021/22 to 2025/26 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 2021/22 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**

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Minimum revenue provision	12,996	13,469	14,094	14,427	14,664
Interest payable	26,017	26,017	26,017	26,017	26,017
Recharges and other adjustments	(463)	(683)	(980)	(1,157)	(1,265)
Interest receivable	(800)	(800)	(800)	(800)	(800)
Capital financing cost (excluding other long-term liabilities)	37,750	38,003	38,331	38,487	38,616
Capital financing costs of other long-term liabilities	14,636	14,689	14,428	13,262	12,427
Capital financing costs including other long-term liabilities	52,386	52,692	52,759	51,749	51,043
Estimated net revenue stream	<b>545,505</b>	<b>598,498</b>	<b>585,729</b>	<b>600,588</b>	<b>600,588</b>
<b>Ratio of financing costs (excluding other long term liabilities) to net revenue stream</b>	<b>6.92%</b>	<b>6.35%</b>	<b>6.54%</b>	<b>6.41%</b>	<b>6.43%</b>
Ratio of financing costs (including other long-term liabilities) to net revenue stream	9.60%	8.80%	9.01%	8.62%	8.50%

## 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 2021/22 and beyond are set out in Table 7.



## Table 7 – 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 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 8 shows the County Council's fixed and variable rate debt as at 31 March 2020 and 31 December 2020 (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 8 – Analysis of Long Term Debt

	Actual 31.03.20 £'m	Interest Rate %	Current 31.12.20 £'m	Interest Rate %
<b>Fixed Rate Debt</b>				
PWLB	436.35	4.99	436.35	4.99
Money Market	71.50	5.83	71.50	5.83
<b>Variable Debt</b>				
PWLB	0.00		0.00	
Money Market	0.00		0.00	
<b>Total External Borrowing</b>	<b>507.85</b>	<b>5.11</b>	<b>507.85</b>	<b>5.11</b>

## Schedule of Investments

The following schedule shows the County Council's fixed and variable rate investments as at 31 March 2020 and as at 31 December 2020 (current).

### Table 9 – Schedule of Investments

		Actual 31.03.20 £'m	Interest Rate %	Current 31.12.20 £'m	Interest Rate %
<b>Bank, Building Society and MMF Deposits</b>	Maturing in:				
<b>Fixed Rates</b>					
Term Deposits	< 365 days	72.50	1.00	60.00	1.09
	365 days & >	20.00	1.40	18.00	1.13
Callable Deposits					
<b>Variable Rate</b>					
Call Accounts		45.00	0.65	7.71	0.06
Notice Accounts		45.00	0.90	85.00	0.24
Money Market Funds (MMFs)		23.01	0.48	0.00	
<b>Property Fund</b>		10.00	4.28	10.00	4.04
<b>All Investments</b>		<b>215.51</b>	<b>1.04</b>	<b>180.71</b>	<b>0.82</b>

The Council's cash balance available for investment varies during the year, with peaks when Government grants and Council Tax precepts are received, which then taper down as expenditure is incurred. The cash balance as at 31st December 2020 is lower than at the start of the year. This is consistent with current expectations that the cash balance will be lower at year end, as a result of the pressure on revenue budgets from the COVID pandemic, the impact of the growing deficit on the provision for Special Educational Needs (SEND) and the decision to pay three years' pension deficit contributions in advance. The cash balance may fall further by 31st March 2021.

The recent investment performance of the County Council's cash has been affected by the coronavirus pandemic which led the Bank of England to reduce its base rate firstly to 0.25% and then to 0.1% during March 2020.

Term deposits carried forward into 2020/21 that were made at the rates prevailing before the pandemic hit the economy have provided some mitigation against the rate cuts, as have forward deals totalling £20 million at rates above 1% that were made with local

authorities that were seeking to bolster their cash balances in March 2020. However, as these deposits mature, the rates achievable on new deposits will be significantly lower.

The returns on the County Council's cash investments are therefore forecast to remain at 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, Link Asset Services, who forecast future rates several years forward. Similar information is received from a number of other sources.

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5th November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the following forecast table, no increase in Bank Rate is expected in the foreseeable future as economic recovery is expected to be only gradual and, therefore, prolonged.

Gilt yields had already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in Gilt yields and, therefore, PWLB rates have been at remarkably low rates during 2020/21, and as shown in the following table there is expected to be little upward movement in PWLB rates over the next two years. It will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

**Table 10 – Base Rate Forecasts and PWLB Rates**

	Dec (act) 2020	March 2021	June 2021	Sep 2021	Dec 2021	March 2022	June 2022	Sep 2022	Dec 2022
<b>Base Rate Forecasts</b>									
Link Asset Services	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Capital Economics	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%

	Dec (act) 2020	March 2021	June 2021	Sep 2021	Dec 2021	March 2022	June 2022	Sep 2022	Dec 2022
<b>PWLB Rates</b>									
Link Asset Services forecast									
<b>10 Year</b>	1.21%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.30%	1.30%
<b>25 Year</b>	1.75%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%
<b>50 Year</b>	1.56%	1.30%	1.40%	1.40%	1.40%	1.40%	1.50%	1.50%	1.50%

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 2021/22 – 2024/25**

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

The capital programme for 2021/22 requires borrowing of £12 million, which will be internal borrowing. This is offset by the MRP figure of £12 million which will leave the Council with total internal borrowing of £94 million, i.e. the Council has borrowed £94 million from its cash balances, in addition to the external debt of £507.85 million, to fund the capital programme. However, this is forecast to reduce in future years. The ability to internally borrow from the Council’s cash has enabled the Council to fund its capital programme in recent years without taking out further external debt and incurring additional interest costs and other capital financing costs.

While cash balances remain relatively high, the Council can continue to internally borrow to meet capital commitments and maintain a measured level of future capital investment. However, this may become more challenging if there continues to be growing pressure on both the Council’s capital programme and revenue budget, and other calls on cash balances such as the deficit on Special Educational Needs.

No opportunities have arisen during this financial year to repay external debt without incurring substantial premium penalties, which would negate any benefit of repaying the debt. The PWLB sets premature repayment rates and, where the interest rate payable on a current loan is higher than the repayment rate, the PWLB policy imposes premium penalties for early repayment. With current low rates of interest these penalties would be of a significant cost. Therefore, it will only make financial sense to repay debt early if the PWLB changes its current policy, or if interest rates rise significantly and cancel out the repayment premiums. This is unlikely to happen in the short to medium term.

The earliest date on which any of the Council's external debt matures is 31 March 2027, when the Council is due to repay a PWLB loan of £33.8 million, with a further £5.8 million to be repaid later in 2027. While this may still seem a long time away, the Council has begun to consider plans for the repayment of these loans. Given that the Council's capital programme has borrowed from its internal cash resources, there will need to be careful management of future capital requirements to ensure that cash resources are available so that these loans can be repaid, otherwise there might be a future need to take out new external borrowing to re-finance the debt.

Given the current economic climate and low interest rates, there may be an opportunity in the next few years to externally borrow or to restructure existing debt to ensure that cash resources are sufficient to support the future objectives of the Capital Programme. The Medium Term Financial Strategy (MTFS) continues to assume that, over the three year period, no new long-term borrowing will be required, but this will be kept under review. If key priorities cannot be delivered due to a reduced availability of external funding, the Authority's cash resources, or capital receipts, then external borrowing may be required. This will need to be balanced against the ability to support additional capital financing costs from within the revenue budget.

Active treasury management and the maintenance of levels of liquidity aim to ensure that no short term borrowing is required to fund cashflow. Cash positions are monitored daily and modelled over the financial year to ensure that anticipated liquidity levels are forecast accurately. Given current low interest rates, if short-term borrowing is required to aid cashflow, this will be targeted at an average rate of 0.1%.

## **Investment Strategy 2021/22 – 2024/25**

The County Council continues to adopt a very prudent approach to its investments. The majority of investments will be "Specified Investments" as defined by the Ministry of Housing, Communities and Local Government (MHCLG), For such investments, only a small number of selected UK banks and building societies, money market funds and overseas banks in highly rated countries are being used, subject to strict criteria and the prudent management of deposits with them. The lending policy is kept under constant review with reference to strict criteria for inclusion in the counterparty list. In addition, non-specified investments are included in the strategy, including the potential to invest in property funds, short-dated bond funds and multi-asset income funds.

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.**

In 2020/21 the Council made a pre-payment of deficit contributions into the Pension Fund of £32 million, which represented the total deficit contributions set for the Council for the next three years. In return for making an advance payment of three years' deficit contributions the Pension Fund provided a 4.5% discount on the payment required, resulting in a saving of £0.5 million in each of 2020/21, 2021/22 and 2022/23.

This reduced the balance available for investment via the Treasury Management Strategy in 2020/21, but this will be partly restored in 2021/22, as no payment will be required to meet the budgeted deficit contributions for the year. The saving achieved represents a slightly higher return than the Council could achieve by investing more in the CCLA Property Fund or in a multi-asset income fund for arguably less overall risk.

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 puts 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.

Under the Markets in Financial Instruments (MiFID II) directive, local authorities are now classed as retail clients by the Financial Conduct Authority (FCA). This has implications for the range of investments that are available to local authorities. While bank and building society deposits are unaffected by the new regulations, some banks have determined that they will only take term deposits from professional clients, and a range of alternative forms of investments are only available to professional clients. However, if the local authority meets criteria set by the FCA, then it can apply to the financial institutions with which it wishes to invest to request that the institution concerned “opts up” the local authority to elective professional client status. The Council has made applications and been opted up to elective professional client status where required.

Those counterparties who have confirmed that they will treat the Council as a professional client under the MiFID II regulations are set out in Table 11 below.

**Table 11 – Counterparties that have “opted up” the Council to elective professional client status**

<b>Counterparty</b>	<b>Counterparty Type</b>
Standard Chartered	UK Bank
Commonwealth Bank of Australia	Overseas Bank
CCLA	Property Fund
Aberdeen Standard	Money Market Fund
Insight	Money Market Fund

In addition, brokers Tradition, Tullett Prebon and Imperial Treasury, and our treasury advisors, Link Asset Services, have opted up the Council to professional client status. The majority of bank and building society deposits are unaffected by the MiFID II regulations.

Subject to the MiFID II regulations, 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 range of different funds should be permitted within the Treasury Management Strategy.

The Investment Strategy will be split between “Specified Investments”, which meet criteria specified in guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG), and a range of longer term “Non-specified Investments”.

### **Specified Investments**

Specified Investments will be those that meet the criteria in the MHCLG Guidance, i.e. the investment:

- is sterling denominated;
- has a maximum maturity of 1 year;
- meets the “high credit quality” as determined by the Council or is made with the UK government or is made with a local authority in England, Wales, Scotland or Northern Ireland or a parish or community council; and
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

Specified Investments will include bank and building society 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. Overseas banks that meet the criteria are included from countries with an ‘AAA’ 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. They may be CNAV (Constant Net Asset Value), LVNAV (Low Volatility Net Asset Value) or VNAV (Variable Net Asset Value). Yields and prices will be monitored on a daily basis to ensure that there is minimal risk of loss of capital.

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 – Specified Investments Counterparty Approved List Criteria**

Counterparty Type	Fitch	Moody's	Standard & Poor's	Credit Limit
<b>UK Banks</b>				
not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
not below	A- & F1	A3 & P-1	A- & A-1	£30 million
<b>UK Building Societies</b>				
not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
not below	A- & F1	A3 & P-1	A- & A-1	£30 million
<b>Overseas Banks</b>				
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
<b>UK Public Bodies</b>				
<b>Central Government</b>				
– Debt Management Office				Unlimited
<b>Local Government</b>				
– 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
<b>Fire &amp; Police Authorities</b>				
				£5 million
<b>Money Market Funds</b>	AAA	Aaa	AAA	£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 (Link Asset Services) who will take into account a range of other metrics in arriving at their advice.

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

The Council will look to invest in specified investments for a range of durations up to one year to ensure sufficient liquidity for cashflow purposes. Our treasury advisors, Link Asset Services, provide advice on the recommended maximum length of deposit for each of the counterparties that the Council uses, and their recommendations will be taken into account when determining the length of time that any deposit is placed for.

### **Non-Specified Investments**

Non-specified investments are those that do not meet the criteria described above, but are intended to be a longer term investment, generating a higher yield, but with a slightly higher degree of risk.

**The limit on non-specified investments will be set at no more than 25% of the total treasury investments at any time or £40m whichever is the lower.**

The Council has previously decided that investment in a commercial property fund would be a prudent way to diversify risk and achieve a higher yield, as it would benefit from forecast growth in GDP. The CCLA Property Fund is therefore included as an approved counterparty, and an initial investment of £10 million was made in 2015.

In addition, short-dated bond funds and multi-asset income funds may be used. Short dated bond funds will invest in high quality short dated government or corporate bonds. Multi-asset income funds will invest in a wider range of investments designed to produce a higher income yield, but will have a higher level of risk. In both cases, funds will be targeted where the total return is likely to be higher than the income yield, to reduce the risk of capital loss should the investment need to be realised.

The Council will only use funds that are subject to a statutory override to IFRS9. Under the IFRS9 accounting standard unrealised gains and losses arising from funds previously measured as Available for Sale will now be classified as Fair Value through Profit and Loss and taken to the Comprehensive Income and Expenditure Account in the year they arise. As a result, any capital loss would impact on the yield gained from the investment.

However, Parliament has put in a statutory override for investments that fall under the following definitions:

- A money market fund;
- A collective investment scheme as defined in section 235 (1) of the Financial Services and Markets Act 2000;



- An investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961 (local authority schemes)

The regulation (override) makes it clear that the revenue account should not be charged in respect of that fair value gain or loss and instead that amount should be charged to an account established, charged and used solely for the purpose of recognising fair value gains and losses in accordance with this regulation. The statutory override applies from 1st April 2018 to 31st March 2023. This reduces the risk to the Council of capital losses impacting on investment income, as any capital loss would only impact on the Council at the point that the investment is realised, or after the statutory override ends in March 2023. However, the risk of loss of capital at those points needs to be recognised, and these investments should be seen as longer-term investments.

Non-specified investments can also include bank and building society deposits of over a year, in line with the criteria set out in the section on Specified Investments.

Table 13 below summarises the ‘Approved List’ criteria for non-specified investments.

**Table 13 – Non-Specified Investments Counterparty Approved List Criteria**

<b>Counterparty Type</b>	<b>Credit Limit</b>
CCLA Property Fund	£30 million
Short-dated bond funds	£20 million
Multi-asset income funds	£20 million
Bank and Building Society Deposits over 1 year (meeting credit rating criteria as per Specified Investments)	£30 million

Where a bank or building society is considered for an investment of over one year, the credit limit will be applied to the total investments with that institution, including specified and non-specified investments, i.e. deposits above and below one year.

### **Interest Rate Targets**

For the 2021/22 financial year it has been assumed that the average interest rate earned on lending to banks and building societies will be 0.30% p.a. The target rate takes into account that the Bank of England’s base rate is likely to remain at 0.10% for the foreseeable future. It also takes into account the higher rates on some current deposits that extend into 2021/22.

The yield from investment in the CCLA Property Fund is assumed to be 3.80%. This takes into account potential reductions in yield as a result of the pandemic. Further analysis will be required to identify short-dated bond funds and multi-asset income funds that would meet the Council’s requirements. The targeted yield from those funds would be 2.00% for short dated bond funds and 3.50% for multi-asset income funds. Currently these are not factored into the budget for investment income.

The targets we have set for 2021/22 are considered to be achievable.

Given the degree of uncertainty about future economic prospects and the future level of interest rates, MTFs forecasts have been based on the average rates for lending to banks and building societies continuing to be 0.30% for 2021/22 and 2022/23. However, these will be reviewed in the light of changes to the rates on offer from the Council’s counterparties over the MTFs period. It may be possible to increase the target rate should the impact of the vaccination programme on the pandemic enable the economy

to recover, but the uncertainty is likely to mean that it will be some time before the Bank of England is in a position to consider rate rises.

## **Investments that are not part of treasury management**

The revised Treasury Management Code also requires the authority to report on investments in financial assets and property that are not part of treasury management activity, but where those investments are made primarily to achieve a financial return.

The Council's policy is not to make commercial investments outside of its treasury management activity for mainly financial reasons. All capital investments outside of treasury management activities are held explicitly for the purposes of operational services, including regeneration, and are monitored through existing control frameworks.

This will be important if at any stage the council decides to take out new external borrowing to fund its capital programme. The Government has been concerned for some time about the risk involved in local authorities taking out external debt to fund investments in commercial property to generate income. In November 2020, they announced a change in the PWLB's lending terms. This introduced a prohibition to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. Given the Council's policy, this should have no impact on our treasury management strategy.

The Council does not generally invest in equity shares but does have two £1 shares in NPS (SW) Ltd, valued at £247,000 and an equity investment in Exeter Science Park Ltd of £1.881 million. At 31 March 2020 these shares were recognised in the balance sheet at £2.128 million. However, these are not held as financial investments, but for the purposes of providing operational services, including economic regeneration.

## **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 these will be used to monitor performance. The Council will continue to review best practice at other authorities and work with its treasury advisors (Link Asset Services) to assess performance.

# Capital Strategy 2021/22 - 2025/2026

## DEVON COUNTY COUNCIL — Doing What Matters for Devon

Given the continued uncertainty around the impact of Covid-19 as well as our withdrawal from the EU, it is difficult for the authority to provide clarity around what are a complex and diverse range of potential outcomes, for what may be an uncertain economic future. The focus of this Capital Strategy is therefore on ensuring the authority has flexibility and is ready to adapt its operations as needs arise. The Capital Strategy aims to support this through the practices set out in this document, supported by the best use of assets, resources and the maximisation of external funding.

The Covid-19 pandemic has had profound effects on the lives and livelihoods of the people of Devon. The authority, working as part of Team Devon, continues to protect the NHS, safeguard the most vulnerable and support local businesses. Looking beyond the current emergency, the authority will play an important part in the recovery from the crisis. Devon's outstanding natural environment and a strong sense of community provide the foundations for the future. Issues to tackle will include addressing unemployment; financial pressures facing many working age families and rising poverty.

Our purpose is to create a Devon where everyone can be:



### Our services

We provide some of our services directly and commission others from other organisations.

Our main service groups are:

**Adult care and health;** including services for older people and for people with physical or learning disabilities,

**Children's Services;** including education and learning, services to vulnerable children and families, safeguarding, looked after children and care leavers,

**Communities, Public Health, Environment and Prosperity;** includes planning, transportation and environment, economy enterprise and skills, trading standards, libraries, community safety and emergency planning,

**Corporate Services;** including County Treasurer,

Digital Transformation and business support,

Legal, Human Resources and Communications,

**Highways, Infrastructure, Development and Waste.**

# DEVON COUNTY COUNCIL – CAPITAL STRATEGY

## Shaping Devon

The Capital Strategy ensures that the authority takes capital expenditure decisions in line with strategic and service objectives, and properly considers the operational and service needs of the authority and Doing What Matters for Devon.

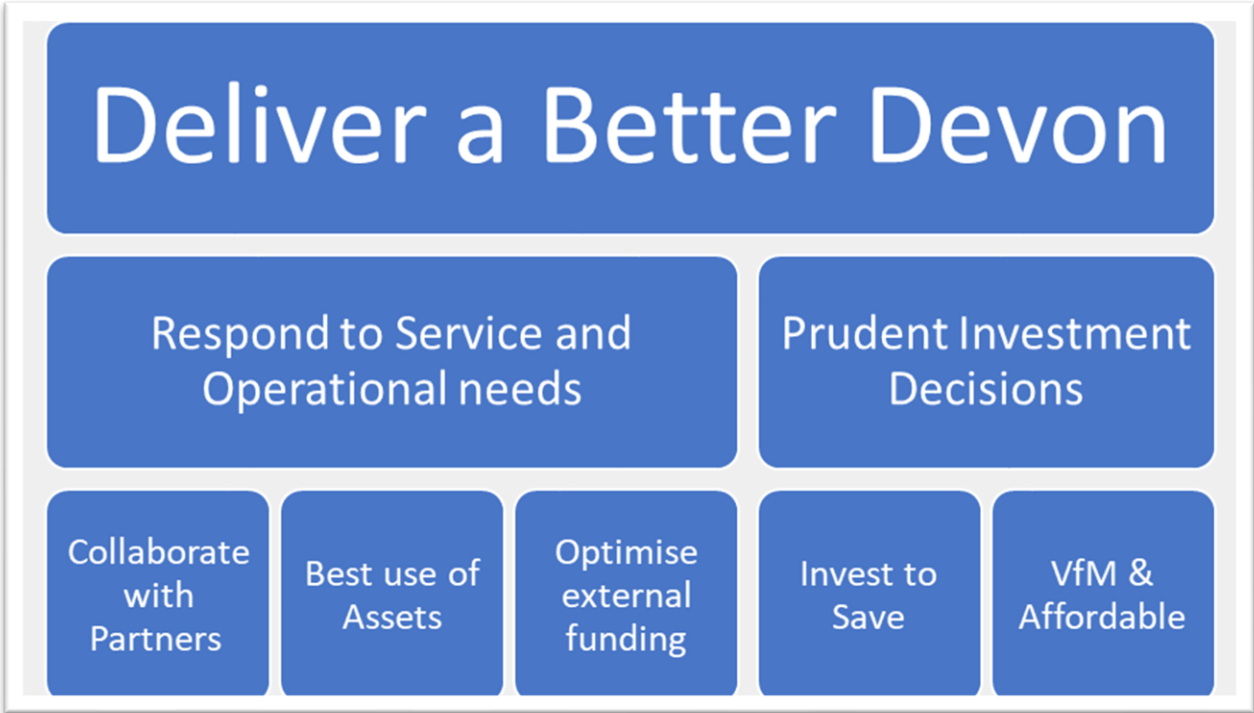
We believe that our purpose is to help people in Devon to live their lives well, in a way that makes sense to them. It is the core that unifies all officers, leaders and elected members across the authority, and gives us a common purpose with our partners across the public and voluntary sectors. It is the driver for everything that we do and every decision that we make.

This is balanced with the need to produce prudent, sustainable and affordable levels of investment in the authority's assets, thereby supporting each of the service areas deliver their objectives. This is what the 2021/22 Capital Strategy aims to support.

### Key Principles

The Capital Strategy focuses on key principles, which underpin the short to medium term Capital Programme, as well as supporting the authority's longer term strategic and operational objectives. Through investment in its strategic assets, the Capital Strategy aims to make the best use of those assets and support the delivery of service ambition.

### Key Principles of the Capital Strategy:



## Adult Care & Health

Adult Care and Health helps adults in Devon find the support they need to stay healthy, happy and independent. We focus on prevention in the first instance to make this happen, empowering people and communities to be resilient and supported with sustainable local services.

We continue to work closely with the NHS in shaping, delivering and integrating care and health services. We are at the heart of the developing Integrated Care System across Devon that is using a population health management approach to improve the health and wellbeing of local communities and reduce inequalities.



Adult Care Operations and Health (ACH) is the operational social care service which offers advice, information and signposting as well as assessment, support planning and reviews for older people and working aged adults with learning disability, autism, physical disabilities with eligible social care needs. The service also supports unpaid carers to continue the vital role they play.

The Vision is to enable people to lead healthy lives in Devon's outstanding environment, support people to live in their own home as part of a supportive community and focus on reducing inequalities in health.

The capital strategy for ACH aims to support the service in reaching its ambitions by acting as Accountable Body in relation to the Disabled Facilities Grant; a grant passported to district authorities. Monies are then awarded to help towards the costs of making changes to an individual's home, so that they can continue to live there.

<https://www.devon.gov.uk/care-and-health/adults>



### Children's Services (including Education)

This service brings together the statutory duties of the authority in relation to Education, children in need, child protection and looked after children. It includes a range of services targets to support families and thus help to avoid the need for children to access further services.

#### Education and Families

Devon schools have consistently delivered good outcomes of a relatively low spend per pupil. Attainment, progress and school quality have generally been above national averages. Providing support for students with special educational needs continues to be a key objective, and a significant challenge as funds have not been enough to keep pace with the increasing numbers of students requiring a statutory plan and an increase in the complexity of need.



The Capital Strategy aims to respond to these challenges by investing corporate and external funding to expand Special School provision in Devon by adding up to 300 new places for children and young people (CYP) with special educational needs and disability (SEND). These additional places will support the need to reduce the pressure on the High Needs Block.

The authority also runs a loan facility; the Vehicle Equipment Loans Pool (VELP) which enables schools to purchase equipment which may otherwise have to be leased at additional cost to the school, offering a value for money solution for vital ICT and other equipment.

Capital grants are available to support adaptations to foster carers homes where required, and significant investment continues to be programmed to maintain existing school assets to respond to the need for additional classroom places, by expanding school places as Devon families grow.

<https://www.devon.gov.uk/educationandfamilies>

### Communities, Public Health, Environment and Prosperity (CoPHEP)

The Communities portfolio links commissioning services and support to help people and organisations in communities to be better connected, resilient and safe.

The team also commission library and information services, a Devon-wide youth service, community safety work, as well as activities promoting cultural and heritage, physical activity and sports.

Economy Enterprise and Skills form the Prosperity part of CoPHEP, and supports the delivery of economic growth, prosperity and protection for Devon's residents and business. More recently this has included providing support and advice to businesses in response to Covid-19.

Within Environment we have the Planning, Transportation and Environment service which includes strategic infrastructure and the statutory response for the development of Education and Transport Plans and Waste and Mineral plans as well as preparing the authorities response to the Climate Emergency.

Finally, we have the Public Health team which is predominately funded by the Department of Health.

- Community and Living
- Economy and Enterprise
- Environment and Landscape
- Healthy and Active
- Libraries and Heritage
- Planning and Development

The Capital Strategy supports this wide reaching directorate in a number of ways with Large Schemes and Major Highways Schemes being a significant area of statutory responsibility, and subsequently a high level of capital investment. There is a significant level of external funding from government bodies for example the Local Transport Plan and also via the South West Local Enterprise Partnership (SW-LEP).

Capital investment in this service area aims to support Devon's economy by expanding Superfast Broadband, and in the development of Business Parks such as Roundswell, Okehampton, investment in Exeter Science Park and Skypark. Looking forwards the future economic needs of the County in 2021 and future years is particularly challenging and there may be opportunities for future investment, subject to the availability of funding.

The authority is committed to responding to Climate Change and has recently set out its Climate Change Strategy with funding allocated for the next two years. Flood prevention works aim to protect homes and business, and other significant investment has been made in sustainable transport.

<https://www.devon.gov.uk/navigation/community-and-living>

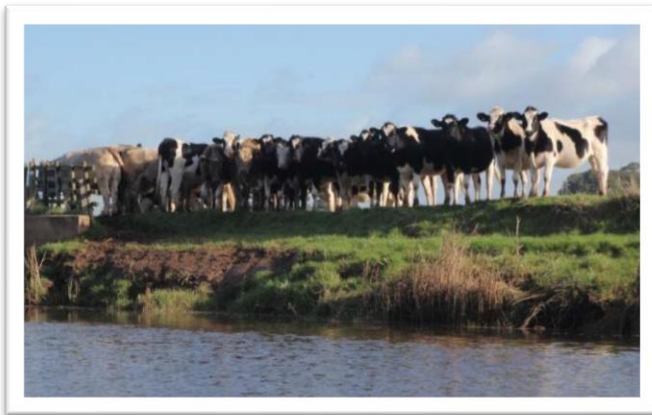
## Corporate Services

Corporate Services holds responsibility for the authority's Corporate Estate including County Farm assets. It also holds the portfolios of Treasurers Services, HR, Communications and Legal along with Digital Transformation, Business Support Services and ICT.

The authority's Estates Strategy focuses on rationalisation, cost reduction, releasing capital receipts, lowering carbon emissions and creating connected, flexible workspaces and less reliance on the need for traditional offices as the place to work. It will achieve this by:

- identifying properties, land and buildings that are no longer required
- identifying the potential for the co-location of services and better use of a smaller number of public sector assets
- supporting a digitally enabled workforce to deliver services efficiently through a greater use of digital collaboration tools and agile working which will:
  - enable the authority's property portfolio to be reduced significantly
  - reduce the cost of running properties
  - lessen the impact on the environment
  - target improvement and upgrade work in fewer strategically located buildings.

The authority has committed to investing in its operational assets by including annual capital funding for the enhancement of its existing property estate. This includes works to bring County Farms up to the Decent Homes standard, and the continued upgrade and



development of digital technology. The authority recognises that by investing in its assets it is ensuring their sustainability for the future, providing future economic benefit whilst also seeking to minimise longer term revenue repair and maintenance costs.

## Digitisation

Digital technology is increasingly important in all our lives and is transforming the way we all work, communicate and do business. We want to be an innovative and creative

authority at the forefront of technological development so that we can help make life easier and more convenient for everyone we come into contact with.

Our investment in our new Digital Platform allows our Digital Service team to create new services on that platform that meet the identified needs of Devon citizens, the authority's workforce and their partners. These services are created iteratively and therefore provide benefit quickly and can be reused as building blocks for new services as the needs are identified. This will enable citizens to transact with the authority online and enable citizens and partners to communicate and access information through a variety of digital solutions specifically designed to meet their needs.



## Highways, Infrastructure Development & Waste

The purpose of the Highways and Traffic Management service is to maintain, improve and operate the existing local highway and public rights of way networks. The service prioritises safety and meeting the travel needs of business, communities and individuals.

The Infrastructure Development team principally delivers the authority's Capital works programme and has also provides technical engineering consultancy services. The Waste Management service is response for the disposal of local authority collected waste.

For Highway Maintenance the Capital works are defined as major structural renewal to the asset either to the road pavement, drainage or the structures. This is funded by the Department for Transport (DfT) through the Local Transport Plan allocation. There is the occasional need to fund additional works from the County Council Capital budget, but these are exceptional conditions such as a major Bridge failure.

Other major capital investment includes the provision of match funding for the North Devon Link Road; a £65 million scheme (£51 millions from 2021/22 to 2025/26) which recently saw a successful bid to the DfT for external capital funding. This is alongside the recent successful bid that was submitted to the Ministry of Housing, Communities and Local Government (MHCLG) in September 2018 for funding from the Housing Infrastructure Fund (HIF). The bid was for funding totalling £55 millions towards infrastructure to support development at South West Exeter. The South West Exeter HIF project will enable the early delivery of the infrastructure required to support the delivery of housing.

## Flood Risk

The delivery of capital flood improvement schemes is prioritised in accordance with the criteria set out in the Local Flood Risk Management Strategy for Devon. These can be proactive measures based on detailed assessment and modelling of high-risk areas or reactive intervention following major flooding that has occurred. Projects vary from small capital works funded solely from internal budgets, generally where there are low numbers of properties benefitting, to larger scale works requiring external funding from other government funding streams or partnership contributions.

## Waste

Devon County Council is responsible for the safe disposal of all municipal household waste generated in the eight districts of Devon. We are dedicated to reducing, reusing, recycling, composting and as a last option, recovering energy wherever possible utilising nineteen recycling centres across the County.

<https://www.devon.gov.uk/navigation/roads-and-transport/>

<https://www.devon.gov.uk/wasteandrecycling/>

Where external funding is not available the authority will utilise alternative sources of capital financing. Using capital receipts and internal borrowing as a capital funding source will ensure the authority is able to contain its level of debt and therefore its overall level of borrowing.

### Capital receipts

Capital receipts must be accounted for separately from revenue income and may only be used to finance capital expenditure.

The procedures for declaring properties surplus to requirements are set out in the authority's Code of Practice for the Disposal of Surplus Property. The Head of Digital Transformation & Business Support is responsible for the negotiations of all such sales. The County Treasurer is consulted on the sale of assets at less than full market value.

Monitoring is undertaken so that forecast receipts are sufficient to finance the existing capital programme commitments, and also to ensure that the existing capital programme does not rely too heavily on this finite source of funding.

### Internal Borrowing

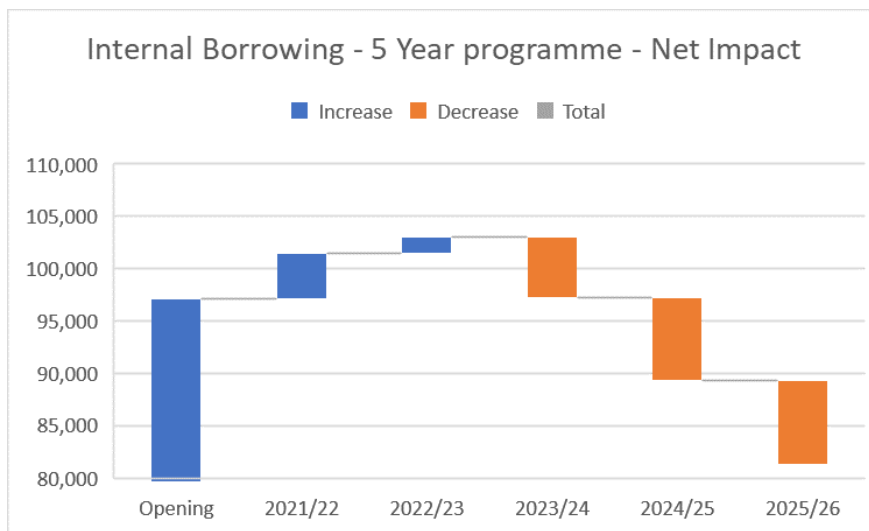
A prudent level of cash balances is required for the authority to meet its obligations in respect of cashflow. Where cashflow allows, the authority has utilised cash balances and internal borrowing (borrowing from internal cash resources) to fund the capital programme. The option to internally borrowing is subject to the availability of the authority's cash resources and is therefore subject to affordability. Use of this internal borrowing mechanism will be monitored by the County Treasurer as part of the authority's wider Treasury Management function.

Whether an authority borrows internally or externally, it is required to make a provision for the repayment of that debt. This is a statutory obligation and is referred to as the Minimum Revenue Provision (MRP). MRP is set aside for the future repayment of debt and builds up over time in line with the life of the asset or on an annuity basis. It does not correlate specifically to coincide with the repayment date of external debt.

After detailed analysis of current levels of internal borrowing, the scheduled repayment of existing debt and the forecast accumulation of MRP; this strategy suggests that the existing programme could grow by up to £5 millions of internal borrowing per annum, which is currently affordable. However, this will be kept under review and will only be submitted for approval where cashflow allows. The forecast levels of MRP and Internal Borrowing over the five year period are shown below.

Year	MRP	Internal Borrowing (committed)	Internal Borrowing (forecast)	Annual increase / (decrease) in cash reserves
2021/22	12,996	(12,354)	(5,000)	(4,358)
2022/23	13,469	(10,030)	(5,000)	(1,561)
2023/24	14,094	(3,309)	(5,000)	5,785
2024/25	14,427	(1,604)	(5,000)	7,823
2025/26	14,664	(1,548)	(5,000)	8,116
Total impact on cash reserves over 5 year period				15,804

External debt currently stands at £507.8 millions and internal debt as at the end of 2020/21 will be in the region of £97 millions. The net impact of future internal borrowing commitments and MRP set aside can be shown in the following chart with Internal Borrowing forecast to drop by £15.8 millions, over a five year period, to just over £81 millions.



## External Borrowing

The authority has a policy of not undertaking any new external borrowing, as set out in the Treasury Management Strategy 2021/22, with the authority not undertaking any new external borrowing since January 2008. However, depending on the economic climate there may be an opportunity to externally borrow to restructure existing debt, or to borrow now at optimum interest rates to ensure cash resources are sufficient to support the future objectives of the Capital Programme.

Future new additions to the capital programme which are not externally funded, will be subject to the availability of the authority's cash resources, its ability to generate capital receipts and any legislative restrictions imposed by Central Government with respect to external borrowing. Any delay or restriction in these two areas of funding may lead to schemes being paused, re-prioritised or removed from the Capital Programme, depending on strategic objectives. Should the authority wish to undertake or invest in a major strategic project, this may require external borrowing.

The borrowing policy is reviewed regularly to ensure it is still fit for purpose and can continue to meet the operational cash flow and capital financing requirements of the authority.

The Capital Programme sets out the planned capital investment of the authority and is approved by Cabinet and Council annually.

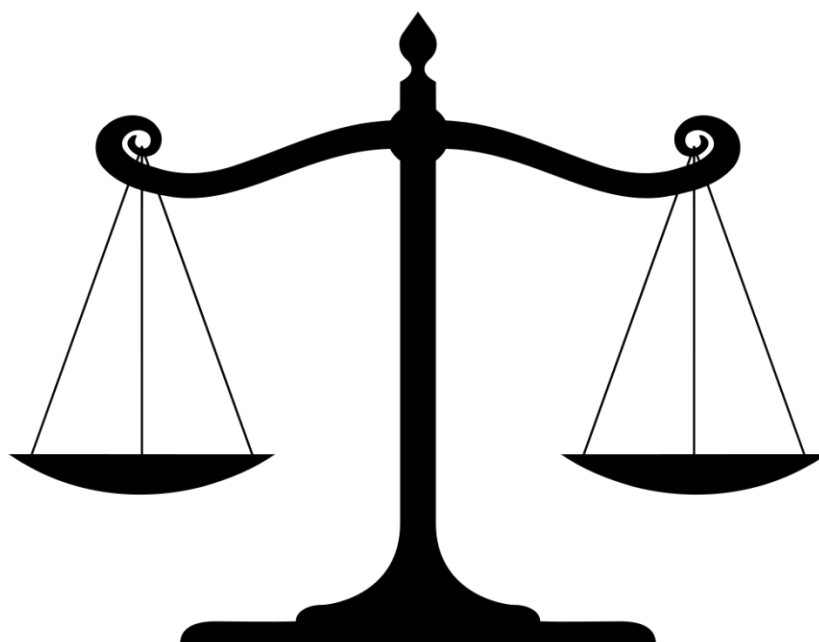
The Cabinet is responsible for approving the annual Capital Outturn and for agreeing procedures for carrying forward any under or over-spend on capital projects as well as approving the MTCP annually, and monitoring capital expenditure against approved budgets, on a bi-monthly basis.

The County Treasurer has responsibility for the proper administration of the authority's financial affairs. This includes monitoring actual capital spend against budget which is undertaken on a bi-monthly basis with any risks to delivery or financing reported to Cabinet.

Any subsequent additions or changes to the capital programme will be approved in accordance with the Constitution (Part 5c Financial Regulations) throughout the year. The Financial Regulations set out in section B12.5 state that the amount of capital expenditure to be financed by external borrowing must be approved by Council.

Before items are included in the Capital Programme a detailed business case must be submitted to the Capital Programme Group (CPG). These are assessed to ensure alignment with strategic objectives set by the Council, deliverability within existing resources, risk and value for money. Option appraisal techniques, such as Net Present Value (NPV) will be used as a way of appraising investment options.

The CPG does not have decision making powers. It makes recommendations to the Cabinet Member for Resources Management, Cabinet Member for Policy, Corporate and Asset Management and the County Treasurer for inclusion in relevant Council and Committee reports.



The shape of the capital programme in the longer term will be dependent upon the continued delivery of capital receipts, the future allocation of capital grants from Central Government departments, and the availability of internal cash resources.

The Medium Term Financial Strategy (MTFS) continues to assume that, over the three-year period, no new long-term external borrowing will be required. This has been assessed as sustainable in the short to medium term but will be kept under review.

The Capital Strategy ensures that the authority takes capital expenditure decisions in line with strategic and service objectives and properly considers the operational and service needs of the authority. This has been balanced with the need to produce a prudent, sustainable and affordable level of investment in the authority assets, which the 2021/22 to 2025/26 Capital Programme aims to deliver.

### Climate Change

A range of public, private and voluntary organisations from across Devon came together on 22nd May 2019, to declare a climate emergency and to endorse the principles of the Devon Climate Declaration.

This recognises that we are aware of the significant implications of climate change for Devon's communities and proposes action to rapidly reduce our carbon dioxide emissions.

In 2021/22 the authority will continue to support capital climate change initiatives, and also aim to maximise external funding in this area. Each Cabinet paper, for the introduction of a new capital project in future years, also has to set out its environmental impact including its response to, or in respect of, Climate Change.



### Summary

The Capital Strategy ensures that the authority takes capital expenditure decisions in line with strategic and service objectives and properly considers the operational and service needs of the authority. This has been balanced with the need to produce a prudent, sustainable and affordable level of investment in the authority's assets, which the 2021/22 to 2025/26 Capital Programme aims to deliver.

# Risk Analysis of Volatile Budgets

## Background

As part of the budget-setting process, the authority must consider the risks inherent in the budgets set and the adequacy of the measures put in place to manage those pressures. Members need to form a view on the adequacy of the level of reserves as a safeguard against unexpectedly high levels of demand being experienced in a number of volatile budget areas. The level of general balances is determined by the authority. A risk assessment has been undertaken of the main volatile budget areas, which follows this introductory page.

The Covid-19 Pandemic is expected to continue to place significant pressure on the delivery of Council services. As well as introducing new risks the Pandemic adds a new dimension to managing service specific financial pressures.

The most significant high-risk areas for 2021/22 arise where increased demand for services provide cost pressures and the scale of budget requires significant management action and include Adult Care and Health, Children's Services, Public Health and Highways Infrastructure Development and Waste, with clear risks being identified.

Service management teams have, however, identified a number of strategies aimed at mitigating the pressures as set out in the following pages. It is very important that active budget monitoring and management remains in place and is undertaken with a high level of professional discipline, so that net expenditure is contained within budget limits. The authority's risk management strategy is set out in the Medium Term Financial Strategy on pages 91 to 113.

## Risk Assessment

### Adult Care and Health

Service	Budget 2021/22 £'000	Risk and Impact	Mitigation
Market sufficiency	228,093	<p>The authority has a statutory duty under section 5 of the Care Act 2014 to ensure the sufficiency of social care markets in Devon.</p> <p>The pandemic is having negative economic consequences for care home and day care markets following the impact of voids (attrition) or inability to trade, with the impact on other markets yet to unfold. It is highly likely though that increasing numbers of providers will be seeking financial support to maintain their business.</p> <p>Where the provider is a specialist provider, or where the area has limited provision the authority will need to exercise its duties under section 5 of the Care Act.</p> <p>Further, Devon has traditionally been a relatively high employment/low pay economy and this, alongside the value of social care has meant labour for certain markets is restricted.</p> <p>As a result, Personal Care commissioned volumes are contained, resulting in a current favourable financial effect. There is however an adverse effect in care home placement budgets and potentially NHS system budgets. If sufficiency could be restored, there is an estimated financial risk to social care budgets in the region of £2 million annually.</p>	<p>The process to assess the market support requests from providers will need strengthening to manage the expected increased demands for support on the authority and aid intervention decisions.</p> <p>Focussed work with providers facing most difficulties to improve their approach, learning from the best practice of others, and encouraging cross industry working through support of provider collaboratives.</p> <p>The pandemic and new operating rules with Europe may alter the full employment status within parts of Devon; coupled to the rise in social care's profile through the pandemic - both may increase workforce supply.</p> <p>Use of iBCF funding to incentivise care worker recruitment and retention, with a focus on the areas where provision is most challenged.</p>
Savings Strategies	4,557	<p>Delivering savings continues to be challenging and has a variety of risks associated with delivery.</p> <p>The savings this year will primarily be strategies to support people with disabilities, and people with Mental Health needs to live more independently. Over time moving from institutional</p>	<p>Operational and commissioning plans to shape practice and review how services are delivered are being initiated and will be monitored and supported through an established governance framework.</p>

		based settings to being supported to live their lives as independently as possible in a community. Successful delivery could be affected by the length of the pandemic, the length of recovery work and current demand levels.	However residual risk relating to operational and management capacity to formulate and deliver detailed plans required to be deployed to a pandemic response cannot be avoided.
Children transitioning to Adults	110,146	<p>Early analysis shows a link between the number of EHCPs and the number of young people transitioning into ASC. This year we expect around 190 young people to require ongoing support as adults. Required levels of support vary enormously making financial planning difficult.</p> <p>The increasing number of EHCPs will directly impact on ASC in the coming years. EHCPs can be a proxy for the increasing number of people with a disability surviving into adulthood.</p> <p>Furthermore, in recent years there has been a trend of increasing volumes of very high cost children's care packages and therefore there is a risk that demand and cost from transitions into adult services outstrips the budget available.</p>	<p>Both Finance and operations are seeking to use the correlation between the number of EHCPs and the number of individuals transitioning into ASC to better predict the increasing future demand on ASC.</p> <p>ASC to consider the legal advice regarding ASC's provision into residential educational placements.</p> <p>A dedicated multi-disciplinary team has been created to work across Children and Adults services in order to improve information sharing and to work towards transitions planning at an early stage.</p>
Mental Health	18,276	<p>Aspects of the population's mental health resulting from the effects of the pandemic have yet to fully emerge. Acute service demand has increased, which current service struggle to support, and suicide rates are thought to have risen with more evidence of this likely to emerge in 2021.</p> <p>The Transforming Care Partnerships programme results in individuals, who are currently in NHS funded hospital placements around the country transferring back to a Devon care setting where there is likely to be a requirement for adult social care support. This programme is being accelerated in 2021.</p> <p>Promoting independence means a shift from the use of residential care for working age adults, to alternative provision. There is a risk that placements made back into Devon will be at a higher cost, or a greater responsibility for funding will fall to social care budgets, or both. These care packages are often at a higher unit price.</p>	<p>The CCG MH demand &amp; capacity plan models the impact of the pandemic on the mental health of the population. The plan identifies future pressures across services, including the voluntary and social care sector. The model is reviewed against actual data. Currently, it shows an increase in health demand. The model will inform a future review of pathways.</p> <p>Commissioners work with partners to identify and monitor repatriation of cases to ensure that the most appropriate and best value placements, alongside any central government funding are secured in Devon, prioritising the most vulnerable cases first. A new framework for providers will be let in 2021.</p> <p>Adult social care managers are engaged in the Learning Disability and Autism Partnership, with CCG and authority colleagues. Here they work together to assess future service demands and manage repatriations of cases in a sensitive and planned way.</p>
Autism demand and Repatriations	6,043	Autism diagnosis rates and demand for care services has increased sharply in recent years and there is a risk that these trends continue. Individuals with autism overlaid with learning	There is a specialised DCC autism team within the service, which manages the planning and assigning the most appropriate packages of care to people with highest risk



		<p>disabilities and/or other psychological issues can show complex and risky behaviours necessitating packages of high intensity.</p>	<p>levels, and ensuring that the impacts of new cases are phased in a controlled manner over the course of the year. A new tender for providers to support this group has been procured this year.</p> <p>The NHS has commissioned a new service response from DPT to support the management of people with autism and complex behaviours, thereby support their community offer.</p>
<p>Demand for packages of care (across all service types)</p>	<p>228,093</p>	<p>Demand for the number and intensity of packages of care can be volatile in several areas. Learning Disability services (including autism) have seen significant growth in activity over recent years and continues to be under pressure going forward, particularly as children in care transition to adulthood and the 'Transforming Care' agenda. Safeguarding rates have increased by 268% since 2017, the sharpest increase has been this year as a result of the pandemic.</p> <p>Devon also has an above average elderly population when compared nationally, which is forecasted to continue increasing.</p> <p>If our assumptions of demand are incorrect the financial risk will vary with average packages ranging from £12,000 per year for personal care to £58,000 per working age residential placement. The most expensive package is currently £293,000 per year.</p>	<p>The 2021/22 budget has been planned on the basis of the most recent volume data available at the time of preparation, with estimates made for anticipated growth in demand for services next year, and the effects of planned savings strategies.</p> <p>A core principle is to promote independence of individuals where ever possible by supporting people to live well in their own homes and to prevent reliance on ongoing care wherever possible by earlier intervention and reablement, including reassessing the proportion of care spent on short term recovery services to target resources most effectively.</p> <p>The Housing with Support strategy has been agreed. The implementation has been interrupted as staff focus on the pandemic response.</p>
<p>Unit cost pressure (across all service types)</p>	<p>228,093</p>	<p>There are price pressures on all commissioned services arising from inflationary factors (increased National Living Wage for example) and labour supply issues. Parts of Devon are at full employment and the care sector is competing for labour with other industry sectors.</p> <p>There is emerging evidence the Hospital discharge schemes instigated, by government, in the pandemic has led to an increase in the unit price for care homes.</p> <p>An average £10 per week change in residential placement costs (current average weekly rate paid is £844) will increase costs by circa £1.3millions and a £1 per hour increase in personal care rates (current average rate paid is £23.06 per hour) will cost circa £1.7 millions.</p>	<p>The budget is based on actual unit costs as at the time of budget preparation and is inflated for forecast prices changes.</p> <p>Detailed unit costs are monitored on a monthly basis by managers. There is an escalation process in place for approval of high cost packages.</p> <p>Lobbying of central government to provide for sustainable funding for social care as part of delivery of the government's promise to 'fix the crisis in social care'.</p>

Legislative change	282,435	<p>The government has indicated intent to reform social care, a national disabilities strategy, the implementation of Liberty Protection safeguarding in April 2022, along with prioritisation of the NHS.</p> <p>Legislative changes are likely to come with financial implications for social care budgets and it is important that when they do, changes are fully funded by government with 'new burden' funding.</p> <p>Liberty Protection Safeguards will replace existing Deprivation of Liberty Safeguards during 2021.</p> <p>The authority's duties and responsibilities are very likely to increase as a result. It is expected the government will provide additional funding for this, but they may see the changes as 'cost neutral' presenting a risk that no further or insufficient funding is provided.</p>	<p>Sector guidance will be carefully reviewed, and we will work with our partners across the health and social care system to understand and implement reforms safely and effectively.</p> <p>Financial modelling of implications has been carried out and careful assessment will be required to understand the implications of not being able to fully fund expected implementation costs.</p> <p>Monitoring of the new government's legislative programme and working with our partners in national bodies such as the LGA and the Association of Directors of Adult Social Services in order to lobby government and ensure effective consultation.</p> <p>We will work with our partner authorities in the region to operate safe, comparable services.</p>
NHS Contributions to Social Care (including Better Care Fund)	Total BCF pooled budget is currently expected to be in the region of £100 millions	<p>The authority entered a pooled budget arrangement in 2015/16 with NHS Commissioners described nationally as the Better Care Fund (BCF). This pooled arrangement now includes £35.546 millions of direct support to DCC social care budgets.</p> <p>The financial challenges faced by all partners inevitably pose a risk to the short-term deployment of resources, ultimately making more difficult the very changes that are necessary to overcome those financial challenges.</p>	<p>A joint commissioning group comprising senior officers for each organisation and with detailed governance and specialist support is overseeing the operation of BCF.</p> <p>All partners are committed to working together to deal with similar challenges faced by each organisation and create integrated services.</p> <p>Strong professional relationships between the health and social care sectors have been developed over the past years both with CCGs and provider trusts including hospitals.</p>
Joint funding of complex care		<p>A tighter application of eligibility for NHS Continuing Health Care can lead to demand for social care rising.</p> <p>This risks an increase in the number of complex packages which generally have a high individual unit cost.</p>	<p>Joint frameworks and relationships with CCG are well developed, including escalation and challenge where appropriate.</p> <p>Pooling of resources and risk are considered collectively with the NHS commissioners.</p> <p>Review of the Joint Devon tool in 2021.</p> <p>Health Liaison leads are in place to support staff's decision making.</p>

Social care workforce	42,676	<p>This affects both the internal DCC social care workforce, and the far larger care workforce employed by our commissioned providers in Devon.</p> <p>Internally, recruitment to roles which require professional qualifications is challenging. This is common across health and care professions both nationally and in the south west (for social work, OT, AMHP and team manager roles). In some instances, pay and conditions in DCC do not compare well with competitors.</p> <p>Investment in workforce capacity and skill-mix is insufficient to meet the (changing) nature and intensity of demand. Most particularly complex work in areas of autism, disability, Mental Capacity, DoLS, dementia and transition. There is a significant risk that failure to plan ahead for substantive capacity will destabilise delivery of functions.</p> <p>Externally, commissioned providers face recruitment and retention challenges in respect of care workers. There is a specific challenge in the recruitment of nurses affecting the nursing home sector.</p> <p>External workforce issues risk impacting on unit costs and market sufficiency as supply and costs are interlinked.</p> <p>Although there is a Brexit deal in place, there remains a risk to both areas of the workforce as uncertainty of future immigration policy could deter job applications from EU nationals, or that a new immigration system operating on a points basis, does not prioritise lower paid social care roles.</p>	<p>Success in recent years has relied upon direct support for qualifications and recruiting and supporting newly qualified professional staff. This requires forward planning, sustained investment and action to meet requirements at least three years ahead.</p> <p>Workforce growth in recent years has been driven by short-term investment and targeted (invest to save) initiatives.</p> <p>The authority has led the 'Proud to Care' campaign now working regionally to promote health and care as a positive career and develop career pathways across the sector.</p> <p>However, risks have increased more recently, exacerbated by a loss in attractiveness of working in the UK due to depreciation in the value of Sterling and ongoing uncertainty of what the UK's future immigration policy will be for low paid workers in the care sector.</p> <p>Ongoing monitoring of government's legislative programme, along with raising issues nationally via the LGA, ADASS and other networks.</p>
Provision of specialist dementia care		Specialist dementia care provision in the independent sector is underdeveloped, posing a challenge to commissioners to develop a specialism of a market which is already under pressure overall.	Commissioners will work closely with key providers to shape the market, where possible, to accord to longer term commissioning strategies, and the requirements for future care.
Sleep in nights National Living Wage	54,736	The Court of Appeal ruled in 2018 that National Living Wage did not need to be applied to sleep in shifts. The case was heard in the Supreme Court in February 2020; the judgment is yet to be handed down at the time of writing. If this judgment reverses the	<p>Historic purchasing of sleep in based services has been analysed and risk exposure estimated.</p> <p>Commissioners liaise closely with providers to find ways to manage risk and provider failure.</p>

		<p>Court of Appeal's judgment, it could trigger back pay claims against providers, threatening market stability.</p> <p>Adverse impacts in the provider market could add cost to commissioning budgets in the region of up to £1million.</p>	<p>Lobbying of government that retrospective pay awards are funded.</p>
<p>Hospital Discharge Cessation of Funding</p>	<p>66,387</p>	<p>The government introduced hospital discharge schemes (1&amp;2) to ensure hospitals were able to cope with the pandemic. A significant number of people were placed in care homes paid for by government. Individuals on this scheme have yet to all transition into ASC, and current pressures to maintain flow may be likely to bring greater than usual pressure on placement numbers into ASC. Currently, the transition deadline for all reviews in scheme 1 is March 2021. ASC is likely to see increased numbers of ASC placement numbers next year.</p>	<p>Actual volumes could turn out to be lower and there could be higher attrition in the hospital discharge cohort and care homes in general, but it is unlikely to be to the full extent of the pressure (although a potentially volatile situation over the winter).</p> <p>There are joint care management resources dedicated to reviewing and assessing these cases, and robust monitoring arrangements are in place to track progress and costs.</p>

## Children's Services

Service	Budget 2021/22 £'000	Risk and Impact	Mitigation
Children's Social Care – service wide	107,843 (net)	The unknown medium and long term impacts of all aspects of the Covid-19 emergency including market employment, changing ways of working, delays to key strategic projects, capacity and demand.	Clear communication on priorities. Utilising business continuity plans and effective service leadership plans to identify emerging risks and pressures.  Actively engage and influence the authority's recovery programme.
Looked after children placements	51,488 (net)	The prolonged effects of Covid-19 restrictions and pressures on families, including education disruption, may lead to increasing numbers of children coming into care. Children may have greater levels of need leading to intensive support packages of care.	The budget has been set recognising the current pressures of demand. it assumes active management and cost control.  Targeted commissioning and market management. Proactive early help support for families and improved social work practice leading to more assessments completed in the community and early interventions.  Measures to reduce the number of adolescents entering care and reduce the length of time adolescents spend in care.
Social work staff, including Corporate Parenting, Fostering and Contact Service teams	22,472 (net)	The recruitment and retention of experienced social workers remains difficult leading to high levels of agency staffing. Compounding this is an increasing inability to attract and recruit good agency social workers leading to high caseloads and significant under staffing in some areas.	Implementation of the revised recruitment and retention strategy from January 2021. This includes improved remuneration and greater opportunity for career progression. The expectation is that these incentives will attract new recruits and encourage more agency workers to become permanent staff and help with the retention of existing staff.
Special Guardianship Order (SGO) Allowances	3,278 (net)	The number of Special Guardianship Orders continues to increase at a steady rate. Growing pressure from the Courts regarding parity with foster carer allowances may lead to a full review of allowances.	Undertake a thorough review of existing cases to contain the operational and financial impact. Develop and implement revised guidance for the support offer to SGO carers (including financial remuneration).

Early Help including Troubled Families Grant	4,363 (gross)	<p>The government confirmed in the Spending Review that there will be a continuation of Troubled Families Grant for one more year, beyond this funding is uncertain.</p> <p>The longevity of the impact of Covid-19, which has already seen an increase in demand for Early Help triage in academic year 2020/21 of an average 79.2%, continues to grow placing further demand on Early Help services.</p>	Review core funding of Early Help services in Devon to achieve long term sustainability and mitigation in the absence of a longer-term settlement from government.
Public Health Nursing	10,170 (gross)	High levels of vacancies and a shortage of trained Health Visitors and School Nurses nationally impacting on service delivery.	<p>The Public Health Nursing Transformation Project Board maintain a clear line of sight alongside Public Health Commissioners in DCC to manage within the existing funding envelope.</p> <p>The service continues to actively recruit to vacant posts that are critical to the delivery of an effective Public Nursing Service across Devon.</p>
Education and Learning – service wide	50,424 (net)	The unknown medium and long term impacts of all aspects of the Covid-19 emergency including market employment, changing ways of working, delays to key strategic projects, capacity and demand.	<p>Clear communication on priorities. Utilising business continuity plans and effective service leadership plans to identify emerging risks and pressures.</p> <p>Actively engage and influence the authority's recovery programme.</p>
Education and Learning – General Fund	50,424 (net)	<p>A small number of Devon's schools continue to academise, however this is at much a slower rate.</p> <p>Changes to the national allocations to the central fund may reduce the LAs ability to effectively deliver the statutory duties linked to this funding, potentially adversely impacting on maintained schools, partnerships and academies.</p>	<p>Ensure strong and effective collaborative working and information sharing to set out clearly the authority's role and relationship with maintained schools, partnerships and academies.</p> <p>The authority will continue to ensure that statutory responsibilities within a diverse educational landscape are secured through a range of protocol and stakeholder agreements.</p> <p>Continue to encourage Academies to buy back Traded Services where possible and monitor levels of funding for statutory duties.</p>

School/College Transport	32,997 (net)	<p>The number of pupils requiring home to school transport remains high together with external market pressures caused by Covid-19 sees limited operators causing costs to rise.</p> <p>Personalised transport with increased journey times continues to rise as the number of children with complex needs grow.</p>	<p>In this area it is now difficult as there is a market breakdown as costs are increasing due to a shortage of taxi/bus operators willing to run routes as they are not commercially viable or ceasing to trade.</p> <p>Covid-19 requirements have meant additional demands on transport of children.</p> <p>Number of children with EHCPs continues to rise. We continue work to manage demand for special educational needs (as below for High Needs DSG spending) but whilst slowing the increase this will not reduce numbers. Return to increasing access to Independent Travel Training when permitted.</p>
Education and Learning – Schools Funding	630,220 (gross)	<p>Cumulative deficit estimated from 2020/21 of £50.4m and the projected deficit in 2021/22 of £27.9m sees an overall pressure of £78m that needs to be met from the DSG.</p> <p>This will impact on the schools funding available to meet demand to support the education of children within the authority.</p>	<p>Requirement of a comprehensive Management Plan to produce a balanced budget and reduce the DSG deficit over short to medium term.</p> <p>Service to review processes and services engaging with school representatives to set an agreed direction to reduce pressures on the service.</p> <p>Increasing the Special School capacity in Devon through corporate capital investment and opening a new school through the DfE Free School Programme.</p>
Education and Learning – Schools budgets	630,220 (gross)	<p>As delegation to schools budgets with the number of academy there is less resource to provide central services with the risk of loss of economies of scale which may impact on smaller schools in particular.</p> <p>This risk is further exacerbated by the impact of the national funding formula and changes to employee costs adding to pressure on school budgets. This could lead to schools prioritising spend which may in turn impact on traded services and de-delegation decisions.</p>	<p>Ensure a clear and well understood approach to robust commissioning negotiations with providers.</p> <p>Continue to engage with national reviews of schools funding arrangements.</p> <p>Continue to develop partnership working to maximise effect of collaborative approaches between statutory and purchased service delivery.</p>

Central Schools Services Block	4,147 (net)	DfE have reduced the Historic commitment funding by a further 20% irrespective of the need by the LA for this funding. This may lead to additional budget pressures.	Continue to engage with the DfE via prescribed processes in line with the DSG Operational Guidance.
High Needs budgets	122,274 (net)	Continued growth of EHC plans with no facility to reduce external demand through management plan.	Identify the growing needs and provide central support to enable schools to hold onto those pupils that would normally pass into the special school system offset by reduced funding support to the school here possible.  Build capacity to meet the designations and possibly build above demand to reduce or net export costs.
High Needs budgets	122,274 (net)	The cost of educating pupils with complex educational and physical needs can be significant and volatile.  In particular the number of students remaining in Education post 16 is rising.  The deliverability of a balanced budget depends to a large extent on successfully increasing capacity in our maintained special schools and disinvesting from the more expensive independent sector.  Risk of more exclusions and increase in harder to admit children.	Continue active engagement with Devon Education Forum to ensure funding is appropriately distributed and targeted to achieve the best educational outcomes for all children across all ages and levels of need.  Agree processes that effectively manage demand and ensure effective use of funding across all blocks of spending, Schools, Early Years and High Needs.  Undertake service reviews including that of students currently in 3rd-5th years of post-16 education and consider Independent Special School block contracts or a minimum of 5% reduction in placement costs.  Seek alternative support to ensure children can remain in mainstream education settings with the correct support.



## Communities, Public Health, Environment and Prosperity

Service	Budget 2021/22 £'000	Risk and Impact	Mitigation
All - Impact of Covid-19 pandemic	39,873	Unknown medium and long term impacts on Public Health demands, Transport usage trends, local economy, employment market, community resilience, changing ways of working, delays to key strategic projects, income generation.	Clear communication on priorities. Use business continuity and service leadership plans to identify emerging risks and pressures. Actively engage and influence the authority's recovery programme.
Public & Community Transport	6,867 (budget and other funding)	<p>Around 80% of passenger journeys are on commercial bus services with no DCC control over them. The remainder are on supported (contracted) bus services. The commercial sector therefore shapes the network, and DCC responds to fill in gaps, optimising the scope for an integrated network. Recent experience has shown that the sector is increasingly commercially fragile which increases the cost risk to the provision of supported services.</p> <p>DCC also supports the voluntary and community transport sector where conventional buses are not sustainable.</p> <p>Any reductions to service will have an impact on Devon communities as 19% of Devon residents have no access to a car.</p>	<p>Budget is based on actual services each year. Service support is based upon criteria related to DCC strategic objectives.</p> <p>Wherever possible Commercial Operators are encouraged to take up services.</p> <p>DCC supported services are developed to achieve commercial viability where possible.</p> <p>DCC maintains close relationships with this sector, provides some financial support and works with groups to develop new initiatives.</p>
Flood Risk Management – Surface water	819 (excludes capital prog.)	DCC is the Lead Local Flood Authority (LLFA) as defined by the Flood and Water Management Act and the Flood Risk Regulations. Consequently, there would be costs associated with statutory requirements in the event of a major incident.	DCC has processes in place to undertake the required duty should there be a significant flood incident. However, funding over and above this budget might need to be identified.
School Place Planning (capital funding/home to school transport revenue)		<p>The introduction of Community Infrastructure Levy in three Local Planning Authorities has created further uncertainty on securing development contributions towards education infrastructure. Failure to provide appropriate schools places locally will have knock on implications for the Home to School Transport budget</p> <p>The number of learners who require an Education, Care and Health Plan continues to rise with a proportion of these</p>	<p>Devon to contact Local Planning Authorities to request education be treated as Section 106 item following the Government review of CIL. Ensure approved Free Schools are delivered, realising central Government investment.</p> <p>Continued delivery of additional SEN Places across the county.</p>

		<p>learners requiring a specialist placement with limited capital grant from National Government. Failure to provide appropriate schools places locally will have knock on implications for the Home to School Transport budget and the High Needs Block within the Dedicated Schools Grant.</p> <p>A number of schools have been identified at risk of flooding including Tipton St John.</p>	<p>Evidence based assessment of investment of limited SEN capital funding to increase local capacity in particular in Maintained Special Schools.</p> <p>Detailed assessment of schools impacted to be undertaken to ensure safety of school users and/or priorities for mitigation are identified.</p>
Public Health - Sexual Health	7,016	Demand-led service so actual numbers could vary significantly.	Due to lack of confirmation on public health grant allocation financial risk is unknown. On-going work with the service provider to ensure plans are in place to reduce financial risks.
Public health - Health checks	459	There is a risk to the PH budget if significantly more health checks are offered and taken up than forecast.	Engagement with the LMC and monitoring of activity at individual practice level.
Exeter Science Park (loan guarantee)	Max 2,652	The Science Park Innovation Centre Construction was built by Exeter Science Park Limited (ESPL). This was partially funded via a loan from the Local Enterprise Partnership. DCC have guaranteed 50% of the loan and interest. It is likely that part of the guarantee will be required and to date budgetary provision has been made to cover £1.831m. This figure is based on the current shortfall shown in the ESPL business plan.	The guarantee is based on development monies being generated in the future to repay the loan. If the budgeted requirement increases further funds may need to be set aside. This will be monitored during the year via ESPL Business Plans which have to be approved by the Board at regular intervals.
Budget Reductions (incl. Policy Changes)	958	Reductions are becoming harder to achieve. Some reductions are reliant on collaboration and co-operation from partners which cannot be fully guaranteed or controlled by DCC and others on supply and demand for services. In order to achieve budget reductions, polices are continually being reviewed using a more risk based approach. This may lead to an increase in the risk of challenge or failure.	The priority is to maintain statutory compliance. A rigorous programme with risk assessment has been developed and will be continually monitored during 2021/22 with particular emphasis on high risk or new strategies. Continuous efforts to influence and negotiate with partners will be maintained.

## Corporate Services

Service	Budget 2021/22 £000	Risk and Impact	Mitigation
All Corporate Services	40,387 (net)	Unknown medium and long-term impacts on demands for increased support from front-line services, changing ways of working, delays to key strategic projects, and income generation most notably within the Registration Service.	Clear communication on priorities. Use business continuity and service leadership plans to identify emerging risks and pressures. Actively engage and influence the authority's recovery programme.
All Corporate Services	40,387 (net)	Where DCC insource or take on additional services and staff to the authority, this will require significant back office support including Business Support, ICT, Procurement, Estates, HR and Finance. Along with responsibility for linked assets such as buildings which also transfer, this combines to put pressure on all budget lines.	Work closely with front-line service heads to ensure Corporate Services develop and evolve to meet the changing needs of the authority, capturing cost and resource requirements, and identifying funding.
ICT	12,433 (net)	Nationally the threat of Cyber Security is a growing risk and the County authority must ensure its staff and Members have sufficient skills to operate technology in a secure way to protect the data assets of the authority.	Activity built into the Digital and Technology roadmap to educate staff and Members. This will include increased cyber security training.
Business Services and Support	5,524 (net)	Ongoing increasing demands for business support for Children & Adults at risk, place increasing pressure on the service.	Work closely with service heads to identify where efficiencies can be made and assess resource requirements.
Digital Transformation and Business Support	18,720 (net)	The unknown medium and long-term impacts of all aspects of the Covid-19 emergency including employment market, changing ways of working, delays to key strategic projects, income generation, capacity and demand.	Clear communication on priorities. Utilising business continuity plans and effective service leadership plans to identify emerging risks and pressures. Actively engage and influence the authority's recovery programme.

Coroners Service	1,556 (net)	There is a risk of unavoidable additional costs in medical (pathology), analysts, funeral directors and mortuary facility fees.	Continue 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 in this respect.
Legal Services	2,131 (net)	<p>Demands for legal support to Children's and Adults Services place increasing pressure on the service leading to potential for cases being delayed, negative outcomes for vulnerable people and cases being outsourced to the private sector to supplement capacity.</p> <p>Increasing workloads and demands for legal support in relation to Litigation, particularly SEN, and Procurement, resulting in the need to outsource legal work to the private sector to relieve capacity as well as affecting team resilience and leading to delays in the provision of legal support. In addition, adding to the increasing Procurement workload, there are potentially sweeping post-Brexit changes to the public procurement regime by central government anticipated in the near future (Green Paper entitled 'Transforming public procurement').</p>	<p>Engagement with service heads to monitor the activity drivers, implementing an Improvement Plan to support and compliment the Children's Services Improvement Plan, interim use of locum lawyers to end outsourcing of cases and seeking to recruit additional staff to progress increased caseloads.</p> <p>Two Senior Lawyer posts have been secured (one for Litigation and one for Procurement) to increase in-house capacity and resilience and reduce the need for external legal support.</p>

## Highway, Infrastructure Development and Waste

Service	Budget 2021/22 £'000	Risk and Impact	Mitigation
Highways Maintenance - Impact of Covid-19 pandemic	8,000	The implementation of lockdown restrictions could impact the ability of the Highways term maintenance contractor to complete planned routine and cyclic works.	Works planning is continually monitored and reviewed. Some contractor resources can be assigned to other Highways works if required.
Highways On-Street Parking and enforcement income - Impact of Covid-19 pandemic	7,100	Further lockdown restrictions would reduce the volume of vehicles on the network and associated parking income.	The demand-led nature of parking income means that there is very little scope to alleviate a reduction in income levels without further financial assistance from central government.
Waste - Impact of Covid-19 pandemic	28,900	The Waste budget has been set based on an assumption of continued home working. However, further extended lockdowns could increase the volume of household waste and increase the overall cost of disposal.	There is limited scope for management to alleviate the financial pressures associated with an increase in tonnages. Tonnage levels are closely monitored and modelled throughout the year.
Winter Maintenance and Emergencies	3,720	Winter maintenance and other emergencies which are typically weather related, cannot be predicted. There is a risk of overspend in the event of severe weather conditions. Proportions of this budget are based on a mild to average winter. Therefore, a worse than average year will place additional pressure on this budget.	There is limited scope for management action as the bulk of the costs tend to fall in the latter part of the financial year thus precluding funding by deferral of planned maintenance work. DCC policy is to respond appropriately to such events and wherever possible divert resources from other works in order to mitigate some of the costs. Scenario modelling is undertaken to assess any potential overspend.
Safety Defect Repairs	Approx. 6,000	This continues to be a volatile service area. Prolonged adverse weather conditions significantly affect the level of safety defects needing attention. Over the last 6-7 years significant extra resources from both central government and DCC have been targeted towards this area. However, the level of investment is still well below the backlog.	Works are closely monitored during the year and funds diverted from planned works where possible to mitigate increases in expenditure as far as possible.
Highways Services Income from Fees and Charges	1,377	The authority is legally entitled to levy charges for a variety of Highways services. These services are completely demand led and are therefore susceptible to variations in	There is limited scope for direct management action to significantly influence the demand for Highways services. However, income levels are monitored during the year and,

		economic factors. A variation in demand of +/- 10% could result in a budgetary impact of £150,000.	where possible, mitigating actions are taken in other areas of the budget.
Waste Management	28,900	Waste tonnage levels and growth rates are volatile and difficult to predict as they are subject to a range of influences outside the control of DCC, such as the wider economic climate and more working from home. Similarly, the extent to which contractors will meet recycling targets is uncertain. These risks may result in the budget being over or under provided. A variation in tonnages of +/- 1% could result in a financial variation of £300,000.	Current budgets reflect recent trends in waste volumes. Other than undertaking work to influence behaviours there is limited scope for management to alleviate financial pressures should tonnage increase. Tonnage levels are closely monitored. More cost effective ways of disposing of waste are continually explored.

# Abbreviations

Abbreviations used within the budget for all Scrutiny reports:

ADASS	Association of Directors of Adult Social Services
AMHP	Approved Mental Health Professional
AONB	Area of Outstanding Nature Beauty
ASW RAA	Adopt South West Regional Adoption Agency
BACS	Bankers automated clearing services (electronic processing of financial transactions)
BCF	Better Care Fund - formerly known as the Integration Transformation Fund, a national arrangement to pool existing NHS and Local Government funding starting in April 2015.
BDUK	Broadband delivery UK
Blk	Block
CCG	Clinical Commissioning Group
CCLA	Churches, Charities and Local Authorities
CFR	Capital Financing Requirement
CIL	Community Infrastructure Levy
CIPFA	The Chartered Institute of Public Finance & Accountancy
CO	Carbon Monoxide
C of E	Church of England
CPG	Capital Programme Group
CVS	Council of Voluntary Services
CYP	Children and Young People
DAF	Devon Assessment Framework
DAP	Devon Audit Partnership
DC	District Council
DCC	Devon County Council
DDA	Disability Discrimination Act
DEFRA	Department for Environmental Food & Rural Affairs
DELETTI	Devon low-carbon Energy and Transport Technology Innovator
DFC	Devolved Formula Capital
DfE	Department for Education
DFG	Disabled Facilities Grant
DfT	Department for Transport
DOH	Department of Health
DoLS	Deprivation of Liberty Safeguards
DPLS	Devon Personalised Learning Service
DSG	Dedicated Schools Grant
DYS	Devon Youth Services
EFA	Education Funding Agency
EH4MH	Early Help 4 Mental Health
EHCP	Education & Health Care Plans
ERDF	European Regional Development Fund
ESPL	Exeter Science Park Ltd
EU	European Union
FF&E	Fixtures, Fittings & Equipment
FTE	Full Time Equivalent
HIF	Housing Infrastructure Fund
HIV	Human Immunodeficiency Virus
HMRC	Her Majesty's Revenue & Customs
HNB	High Needs Budget
HR	Human Resources
HRMS	Human Resources Management System
iBCF	Improved Better Care Fund - Additional grant funding to supplement the Better Care Fund
ICT	Information & Communications Technology
IFRS	International Financial Report Standards

IID	Investing in Devon funds
ILACS	Inspection of Local Authority Children's Services
INNOVASUMP	Innovations in Sustainable Urban Mobility plans for low carbon urban transport
INTERREG	European Territorial Co-operation
IVC	In Vessel Composting
LAG	Local Action Group
LEP	Local Enterprise Partnership
LGA	Local Government Association
LMC	Local Medical Committee
LTP	Local Transport Plan
MH	Mental Health
MHCLG	Ministry of Housing, Communities and Local Government
MRP	Minimum Revenue Provision
MTCP	Medium Term Capital Programme
MTFS	Medium Term Financial Strategy
MUGA	Multi Use Games Area
MUMIS	Major Unforeseen Maintenance Indemnity Scheme
NDEC	North Devon Enterprise Centre
NDLR	North Devon Link Road
NEWDCCG	Northern, Eastern and Western Devon Clinical Commissioning Group
NFF	National Funding Formula
NHS	National Health Service
NLW	National Living Wage
NPIF	National Productivity Investment Fund
NPV	Net Present Value
OP&D	Older People & Disability
OSP	On Street Parking Account
OT	Occupational Therapist
PF1	Private Finance Initiative
PH	Public Health
PHN	Public Health Nursing
PPP	Public Private Partnership
PSBP	Priority School Building Project
PTE	Part-time Equivalent (15 hours)
PWLB	Public Works Loans Board
R&R	Ring and Ride
REACH	Reducing Exploitation and Absence from Care or Home
ROVICs	Rehabilitation Officers for Visually Impaired Children services
RD&E	Royal Devon & Exeter Hospital
RPA	Rural Payments Agency
RSG	Revenue Support Grant
S106	Funding from developers resulting from planning obligations authorised by section 106 of the Town and Country Planning Act 1990
SCF	Southern Construction Framework
ScoMIS	Schools Management Information Service
SEND	Special Education Needs and Disability
SGO	Special Guardianship Order
STP	Sustainable Transformation Programme
TBC	To be confirmed
TCS	Transport Co-Ordination Services
TIDE	Atlantic Network for Developing Historical Maritime Tourism
TUPE	Transfer of Undertakings (Protection of Employment)
UASC	Unaccompanied Asylum Seeking Children
UK	United Kingdom
VELP	Vehicle Equipment Loan Pool
VfM	Value for Money
WEG	Water Environment Grant



