

Revenue and Capital Outturn 2017/18



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2017/18 REVENUE & CAPITAL OUTTURN

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendations:

It is recommended that:

- a) Members note that the draft outturn for 2017/18, after carry forwards and contributions to balances, reserves and provisions, shows an underspend of £15,000 against the approved revenue budget;
- b) The 2017/18 revenue outturn be approved, including transactions on earmarked reserves and provisions, spending against budget, treatment of over and under spending and the implications for balances, as set out in the tables and the narrative of the report;
- c) The 2017/18 capital outturn be approved including spending against budget and proposed carry forwards, in accordance with the tables;
- d) The use of capital finance as set out in the Statement of Determination of Capital Finance on page 37 of the Capital Outturn Report be approved;
- e) A total of £8.416 millions is set aside from revenue resources as provision for credit liabilities (to repay debt);
- f) The Prudential Indicators as set out in section 11 of this report be noted; and
- g) The total monies owing to the Council as at 31st March 2018 be noted.

1. Background and Summary

- 1.1 Members may have noticed that this report is a month earlier than in previous years. The Accounts and Audit Regulations have changed the statutory deadline for preparation of the full Statement of Accounts from 30th June to 31st May with effect from this year. This means that the Outturn also has to be completed a month earlier to allow approval before the statutory deadline. Members will also notice that the report has been prepared in landscape format rather than portrait; this has been done to try and enable the outturn tables to be viewed more effectively on laptops and other devices.

- 1.2 Members have received regular budget monitoring reports throughout 2017/18 in which budget pressures and risks have been identified. The most significant of these related to Children's Services. The financial year has now ended and it is pleasing that the final position is a small underspending of £15,000 after transfers to Reserves. Detailed explanations for the final financial position for each service area are given in section 2 of this report.

2. Spending

2.1 Adult Care and Health

- 2.1.1 The outturn for Adult Care and Health Services shows an overall net underspend of £7.5 millions after taking into account grants and contributions carry forward and any other carry forward requests.
- 2.1.2 Adult Care operations and Health is showing an underspend of £6.7 millions. The underspend is the result of care packages for older people being 564 less than budgeted for and savings associated with contract negotiations and demand management. Disability Services are overspent with the number of care packages for the year ending 208 above budgeted levels
- 2.1.3 Adult Commissioning and Health has underspent by £782,000. Vacancy management, contractual savings and an underspend on adult mental health services have contributed to this position.

2.2 Children's Services

- 2.2.1 The outturn position for Children's Services is a £2.6 millions overspend.
- 2.2.2 For Children's Social Work and Child protection the overspend is £2.3 millions The most significant areas of overspend are residential and supported accommodation placements at £5.1 millions and Disabled Children's short-breaks services at £661,000. These overspends have been mitigated to some extent through lower numbers of looked after children than assumed in the budget and vacancy management across the service of £3.5 millions.
- 2.2.3 For Education and Learning General Fund the final position is an overspend of £260,000. The most significant adverse variance is within Schools Transport. The personalised transport budget has seen increased costs and higher numbers of children with Special Educational Needs requiring personalised transport.
- 2.2.4 Expenditure in Education and Learning relates to spending on schools which is funded from the Dedicated schools grant. The grant is shown as breakeven, this is following agreement with the Schools forum for the school's surplus balance of £20.92 millions and net High Needs deficit of £1.64millions to be carried forward into 2018/19.

2.3 Communities, Public Health, Environment and Prosperity

- 2.3.1 The outturn for Communities, Public Health, Environment and Prosperity shows an overall underspend of £1.3 millions after taking into account grants and contributions carry forward and any other carry forward request.
- 2.3.2 Economy Enterprise and skills is underspent by £234,000 the result of slippage on major development projects.
- 2.3.3 Planning, Transportation and Environment is showing an underspend of £821,000. This relates mainly to increased inspection and planning fees and reduced National Travel Scheme journey numbers.
- 2.3.4 Public Health underspent by £159,000 against the Public Health Grant, this has been added to the public health reserve.

2.4 Corporate Services

- 2.4.1 The outturn for Corporate Services shows an overall underspend of £1.1 millions after taking into account grants and contributions carry forward and any other carry forward requests.
- 2.4.2 Chief Executive, Legal and communications are £145,000 underspent. Higher income within the Registration Service has offset cost increases within Legal and Coroners service.
- 2.4.3 Digital Transformation and Business Support are showing an underspend of £1.3 millions. Scomis Group contribute £644,000 of the underspend, this is generated by the education sector and other commissioned work, vacancy management and underspends associated with facilities management offset other service pressures.
- 2.4.4 The County Treasurer is showing an underspend of £344,000 due to vacancy management and a reduction in the cost of unfunded pensions.

2.5 Highways, Infrastructure Development and Waste

- 2.5.1 The outturn position for Highways, Infrastructure Development and Waste is a £2.1 millions underspend.
- 2.5.2 The underspend relates to the release of the term maintenance contract contingency and mobilisation budget, reduced requirements for business as usual winter maintenance activities, vacancy management, higher than expected income and reductions in waste tonnages. This underspend has been partially offset by overspends within highways relating to increases in safety and emergency related expenditure, increases in street lighting energy costs and public rights of way works.

2.6 Other Items

- 2.6.1 A budget of £1.5 millions was set for the County Council elections; the outturn is an underspend of £249,000. A reduction in the insurance premium and claims has resulted in a underspend of £787,000 on the amount needed to be contributed to the Insurance Provision.
- 2.6.2 After the council's budget for 2017/18 was set, the Government announced in its own budget additional funding for adult social care. The Council's share of this funding, the Improved Better Care Fund grant was £15 millions in 2017/18, of that sum £6.901 millions is unspent and is being carried forward into 2018/19.
- 2.6.3 Capital Financing costs are £279,000 less than budgeted due to slippage in the Capital Programme. Interest Receivable is £654,000 more than budgeted largely as a result of having a higher level of cash to invest than anticipated. The authority also achieved a higher average return on investments in banks and building societies than budgeted of 0.54% compared with the target of 0.4%.
- 2.6.4 In February County Council changed the Minimum Revenue Provision Policy for 2017/18 to allow for £10.916 millions of overprovision in earlier years to be placed into an Earmarked Reserve to offset the risk of increased costs in future years due to changes being proposed in a Central Government Consultation. The results of the Consultation are now known and the proposed change that would have seen an annual increased cost of c£2 millions to the authority has not been made; the future use of the Earmarked Reserve will be considered in 2018/19.
- 2.6.5 £250,000 infrastructure development budget was carried forward from 2016/17 to 2017/18; it is now recommended that £217,000 is carried forward to support the remaining projects in 2018/19 and that £70,000 of the efficiency support budget is carried forward to enable the continuation of Chapter 8 training with Parish Councils.
- 2.6.6 It is recommended that £1.552 millions of the Dartington School budget is carried forward to fund the ongoing revenue costs of the Dartington School rebuild.
- 2.6.7 The snow and storms in March resulted in additional costs of £904,000 and this has been set against the Bellwin Scheme Related Emergencies budget; this sum is below the threshold that would allow a claim to be made from Central Government.
- 2.6.8 It is recommended that £318,000 of Direct Revenue Support for Capital is carried forward to 2018/19 in relation to flood relief schemes. It is recommended that the Outturn contributes £1.060 millions to the Capital Programme, this is made up of £450,000 share capital in Exeter Science Park Limited, £186,000 commitment to the Libraries ICT project and £424,000 towards the A361 North Devon Link Road project.
- 2.6.9 Due to the net underspend on services and other budgets it is recommended that £12 millions is added to the Budget Management Reserve to offset funding shortfalls in future years.

- 2.6.10 £1.370 millions is estimated to be received in relation to business rates pooling gain as well as a further £1.060 millions of additional Government grants to compensate the Council for lost income because of Government changes to business rates. As in previous years it is recommended that it is set-aside in the earmarked reserve to help mitigate future business rate risk associated with backdated appeals and other losses

3. Better Care Fund

- 3.1 The Better Care Fund (BCF) for 2017/18 totals £77.828 millions and is reporting an underspend of £8.863 millions (11.4%); £6.828 millions grant, £1.962 millions revenue and £73,000 capital. This total will be carried forward in full by the Council to 2018/19, to continue with 2017/18 spending plans within the terms of the BCF framework agreement. The revenue underspending of £1.962 millions is mainly attributable to reduced spending within Adult Carers and Care Act services of £1.511 millions. Based on the agreed risk share arrangement the distribution of the surplus means that the Council will receive £3.589 millions of the total carried forward sum in the 2018-19 financial year for BCF purposes. For more information on the Better Care Fund, please see the table on pages 22.

4. General Balances

- 4.1 The working balance at 31st March 2017 was £14.679 millions. The review of the financial risk assessment prepared when the 2017/18 Budget was considered indicates that the Council should hold a working balance of about £14 millions. The outturn has enabled £15,000 to be added to the working balance.

5. Earmarked Reserves

- 5.1 At the beginning of the financial year, earmarked reserves (excluding schools and non-schools carry forwards) stood at £71.388 millions. During the year earmarked reserves have increased by a net £14.601 millions to £85.989 millions. Within this overall increase, the Transformation Reserve has increased by £304,000 which is the net effect of the planned contribution to the reserve of £2.0 millions and in year costs. The Budget Management Reserve has increased by £400,000 as a result of the net effect of the planned transfer from the reserve of £11.6 millions and the transfer to the reserve of £12 millions set out above.
- 5.2 Details of earmarked reserves are contained on page 12.

6. Conclusion

- 6.1 Despite significant pressures in Children's Services the authority has achieved a net underspend overall. Careful budget management has allowed the authority to contribute £12 millions to the Budget Management Reserve and report an Outturn surplus of £15,000.
- 6.2 The level of earmarked reserves held by the authority is low compared with other County Councils. At 31st March 2017 Devon's reserves were 12th lowest out of 27 County Councils. The contribution to reserves of £12 millions is very welcome and will help to improve the authority's financial resilience and help to bridge the gap projected in the MTFS (Medium Term Financial Strategy) for 2019/20.

- 6.3 2019/20 is the last year of the current funding settlement from Government. The Council has no indication of the funding that it will receive from Government in 2020/21 and beyond. If history is repeated the Council may not know its level of funding for 2020/21 until late in the budget process for that year. This poses a significant financial risk to the Council and a reasonable level of reserves offers some protection against and softens the impact of a late, low settlement.

REVENUE OUTTURN SUMMARY 2017/18

	Final	Spending	Variations	Recommended Action				
	Approved Budget		(Under) / Over	Grant C/Fwd to 18/19 from 17/18	Other C/Fwd to 18/19 from 17/18	Take to / (from) Reserves	Recommended Outturn	(Increase)/ Decrease in Balances
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
1 Adult Care and Health	222,790	212,716	(10,074)	96	2,462		215,274	(7,516)
2 Children's Services	142,623	124,369	(18,254)	20,810	30		145,209	2,586
3 Communities, Public Health, Environment and Prosperity	39,647	32,446	(7,201)	5,028	902		38,376	(1,271)
4 Corporate Services	33,664	31,892	(1,772)		610		32,502	(1,162)
5 Highways, Infrastructure Development & Waste	59,017	56,763	(2,254)	182			56,945	(2,072)
6 County Council Elections	1,500	1,251	(249)				1,251	(249)
7 Central Contingency - Apprenticeship Levy	580	568	(12)				568	(12)
8 Pension Contribution Shortfall	1,881	1,448	(433)				1,448	(433)
9 Insurance Provision	1,356	569	(787)				569	(787)
TOTAL FOR SERVICES	503,058	462,022	(41,036)	26,116	4,004	0	492,142	(10,916)
10 Budget Carry Forward Fund	(29,890)		29,890	(27,231)	(2,659)		(29,890)	0
NON-SERVICE ADJUSTMENTS								
11 Other	0	(5)	(5)				(5)	(5)
12 Improved Better Care Fund Carry Forward	6,901		(6,901)	6,901			6,901	0
13 Capital Financing Charges	42,314	32,522	(9,792)			9,513	42,035	(279)
14 Capital Financing Charges - PFI	14,572	13,059	(1,513)			1,403	14,462	(110)
15 Investment Income on Balances	(750)	(1,404)	(654)				(1,404)	(654)
Levies and Contributions to Outside Bodies:							0	0
16 Environment Agency	509	503	(6)				503	(6)
17 Devon Sea Fisheries	338	338	0				338	0
18 Infrastructure Development	250	33	(217)		217		250	0
19 Efficiency Support for Sparse Areas	70		(70)		70		70	0
20 Dartington School	1,901	349	(1,552)		1,552		1,901	0
21 Bellwin Scheme Related Emergencies	1,500	904	(596)				904	(596)
22 Council Tax Support Partnership	350	38	(312)				38	(312)
23 Direct Revenue Support for Capital	1,580	2,322	742		318		2,640	1,060
24 Schools contribution to capital expenditure	(582)	(582)	0				(582)	0
25 Transfer to/(from) Budget Management Reserve	(11,600)	(11,600)	0			12,000	400	12,000
26 Contribution to Transformation Reserve	2,000	2,000	0				2,000	0

REVENUE OUTTURN SUMMARY 2017/18

	Final	Spending	Variations	Recommended Action				
	Approved Budget		(Under) / Over	Grant C/Fwd to 18/19 from 17/18	Other C/Fwd to 18/19 from 17/18	Take to / (from) Reserves	Recommended Outturn	(Increase)/ Decrease in Balances
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
27 Local Service Support Grant	(388)	(545)	(157)				(545)	(157)
28 New Homes Bonus	(4,661)	(4,661)	0				(4,661)	0
29 New Homes Bonus Adjustment Grant	(235)	(231)	4				(231)	4
30 Small Business & Empty Property Rate Relief Grant	(1,639)	(2,709)	(1,070)			1,060	(1,649)	(10)
31 Business Rate Compensation Grant	(1,438)	(1,461)	(23)				(1,461)	(23)
32 Education Services Grant	(1,599)	(1,561)	38				(1,561)	38
33 Education Statutory retained duties - schools contribution	(1,459)	(1,459)	0				(1,459)	0
34 Independent Living Fund Grant	(2,793)	(2,793)	0				(2,793)	0
35 Special Education Needs & Disability Grant	(543)	(961)	(418)	418			(543)	0
36 Rural Services Delivery Grant	(5,983)	(5,983)	0				(5,983)	0
37 Transition Grant	(2,811)	(2,811)	0				(2,811)	0
38 Lead Local Authority Flood Relief Grant	(84)	(84)	0				(84)	0
39 Adult Social Care Grant	(3,592)	(3,592)	0				(3,592)	0
40 School Improvement Grant	(450)	(471)	(21)				(471)	(21)
41 Improved Better Care Fund	(15,352)	(15,362)	(10)				(15,362)	(10)
42 Other Grants	0	(219)	(219)	201			(18)	(18)
43 Pooling Gain		(1,370)	(1,370)			1,370	0	0
Sub Total	489,494	454,226	(35,268)	6,405	3,502	25,346	489,479	(15)
44 Routine Spending from Earmarked Reserves	5,710	1,145	(4,565)				1,145	(4,565)
45 Routine Use of Earmarked Reserves	(5,710)		5,710			(1,145)	(1,145)	4,565
46 TOTAL	489,494	455,371	(34,123)	6,405	3,502	24,201	489,479	(15)

REVENUE OUTTURN 2017/18

WORKING BALANCES

	Balance 1st April 2017 (1)	Contrib'ns (2)	Spending (3)	Balance 31st March 2018 (4)
	£'000	£'000	£'000	£'000
1 Working Balances	14,679			
2 External Support for Revenue Spending		489,494		
3 Net Revenue Spending			(489,479)	14,694
4 Total County Fund	14,679	489,494	(489,479)	14,694

EARMARKED RESERVES

	Balance 1st April 2017 (1) £'000	Contrib'ns from Budget (2) £'000	Contrib'ns from / (to) Outturn (3) £'000	Spending (4) £'000	Balance 31st March 2018 (5) £'000
1 Affordable Housing	202			(20)	182
2 Budget Management	34,041		12,000	(11,600)	34,441
3 Business Rates Risk Management	3,740		2,430		6,170
4 Public Health	226	159			385
5 Emergency	16,500				16,500
6 On Street Parking	4,953	412			5,365
7 Minimum Revenue Provision Risk Reserve	0		10,916		10,916
8 Service Transformation	11,726	2,000		(1,696)	12,030
	71,388	2,571	25,346	(13,316)	85,989
9 Schools Carry Forward	18,388		18,142	(18,388)	18,142
10 Non Schools Carry Forward	11,502		21,655	(11,502)	21,655
	29,890	0	39,797	(29,890)	39,797
Total	101,278	2,571	65,143	(43,206)	125,786

REVENUE OUTTURN 2017/18

FUNDING REVENUE SPENDING

	£'000	£'000
1 Total revenue spending		489,479
2 Budget Variation added to balances		15
3 Budget level		489,494
4 Financed by:		
5 Revenue Support Grant	(32,445)	
6 Business Rates Retention Scheme - Local Element	(20,626)	
7 Business Rates Retention Scheme - Top Up	(75,119)	
8 Business Rates Collection Fund Deficit	3,315	
9 Council Tax - precepts on District Councils	(364,619)	
10 Total financing		(489,494)

PROVISIONS

	Provision B/ Forward	Changes in 2017/18	Provision Remaining 31st March 2018	<u>Recommended Action</u>	
	£'000	£'000	£'000	Increase / (Decrease) in provision £'000	Provision for 2017/18 £'000
1 Doubtful debts provision	1,073	1,160	2,233		2,233
2 Insurance	13,647	774	14,421		14,421
3 Out of date cheques	121	(16)	105		105
4 Coroners	150	(150)	0		0
5 Green Waste	100		100		100
6 Waste Management	215	(215)	0		0
7 Structural redundancies	84	126	210		210
Total	15,390	1,679	17,069	0	17,069

REVENUE OUTTURN 2017/18 – RECOMMENDED ACTION

ADULT CARE AND HEALTH

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwd in 2017/18 (3) £'000	Variations (Under)/Over (4) £'000	Recommended Action Other c/fwds in 2017/18 (5) £'000	Final Outturn (Under)/Over (6) £'000
Adult Care Operations & Health	195,946	189,212	0	(6,734)	0	(6,734)
Adult Commissioning & Health (incl Mental Health)	22,853	21,475	96	(1,282)	500	(782)
Better Care Fund (DCC) Contributions	3,991	2,029	0	(1,962)	1,962	0
Revenue Outturn	222,790	212,716	96	(9,978)	2,462	(7,516)

VARIATIONS BETWEEN BUDGET AND SPEND

Adult Care Operations & Health

Disability Services (including autistic spectrum conditions) - increased costs within Learning Disability largely volume related with the number of packages within this area 208 more than budgeted.

Older People - volume related savings across all services partially offset by residential/nursing increased cost pressures (incl market premiums). Overall care packages are 564 less than budgeted.

Savings resulting from better contract negotiations and demand management

Older People/Disability in-house - reduction in staffing, transport and other costs

Social Care Reablement, Sensory, Community Enabling and other operational budgets - savings in staffing and contracts costs

Adult Commissioning & Health (incl Mental Health)

Staffing vacancy savings and efficiencies

Savings on contracts and central budgets

Net variance on Adult Mental Health services

Better Care Fund - share of underspend

CARRY FORWARD PROPOSALS

Better Care Fund

Prevention strategy

CONTRIBUTION (TO)/FROM OUTTURN

£'000 £'000

1,096

(2,686)

(3,649)

(678)

(817)

(6,734)

(571)

(283)

(428)

(1,282)

(1,962)

(9,978)

1,962

500

2,462

(7,516)

REVENUE OUTTURN 2017/18 – RECOMMENDED ACTION

CHILDREN'S SERVICES

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwd in 2017/18 (3) £'000	Variations (Under)/Over (4) £'000	Recommended Action Other c/fwds in 2017/18 (5) £'000	Final Outturn (Under)/Over (6) £'000
Children's Social Work & Child Protection	80,069	81,573	822	2,326	0	2,326
Education & Learning - General Fund	41,999	41,521	708	230	30	260
Education & Learning - Dedicated Schools Grant	20,555	1,275	19,280	0	0	0
Revenue Outturn	142,623	124,369	20,810	2,556	30	2,586
<u>VARIATIONS BETWEEN BUDGET AND SPEND</u>					£'000	£'000
<u>Children's Social Work & Child Protection</u>						
Independent residential care and supported accommodation increased numbers of young people and greater costs					5,156	
Net financial effect of placement mix, fewer numbers of looked after children and price variations					(1,859)	
Increase in Out of County adoption fees and adoption allowances					408	
Increase in number of families accessing Shortbreak Services & packages of care					661	
Disabled Children's Service vacancy, contract and other cost savings					(629)	
Vacancy & other staff related cost savings					(1,322)	
Other minor variations across the service					(89)	
						2,326
<u>Education & Learning - General Fund</u>						
Lower Legal costs, Admissions buy-back and staff vacancies and efficiencies					(101)	
Cost variations on external contracts					50	
Early Years provider support and development and Children's centres rent					(152)	
School/College Transport - Additional management action to reduce increased contractor costs					(358)	
Personalised Transport - increased costs and number of children with SEN requiring transport					734	
Unforeseen Teacher Pension and SCITT payments					60	
Other Savings					(3)	
						230
<u>Education & Learning - Dedicated Schools Grant</u>						
Schools' delegated budgets (including Special and Hospital schools)					(18,229)	
Schools' de-delegated budgets and centrally retained services for schools					(2,052)	
Early education for 2, 3 & 4 year olds - take up of 30 hours provision and planned carry forward of funding					(1,035)	
High Needs - Increased demand and cost in Independent SEN placements and Alternative Provision					2,036	
Revenue grants and contribution carried forward (including High Needs deficit)					19,280	
						0
						2,556
<u>CARRY FORWARD PROPOSALS</u>						
Inclusion: Additional short term capacity (3 staff) to manage down backlog of Statements to EHCP					30	
						30
<u>CONTRIBUTION (TO)/FROM OUTTURN</u>						2,586

REVENUE OUTTURN 2017/18 – RECOMMENDED ACTION

COMMUNITIES, PUBLIC HEALTH, ENVIRONMENT AND PROSPERITY

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwd in 2017/18 (3) £'000	Variations (Under)/Over (4) £'000	Recommended Action Other c/fwds in 2017/18 (5) £'000	Final Outturn (Under)/Over (6) £'000
Communities and Other Services	12,839	11,455	1,348	(36)	289	253
Economy, Enterprise and Skills	6,085	4,549	1,133	(403)	169	(234)
Planning, Transportation and Environment	20,254	16,442	2,547	(1,265)	444	(821)
Public Health	469	0	0	(469)	0	(469)
Revenue Outturn	39,647	32,446	5,028	(2,173)	902	(1,271)

VARIATIONS BETWEEN BUDGET AND SPEND

Communities and Other Services

Delay in review of county-wide research and intelligence resource

333

Delayed spend on Locality and Town and Parish funds

(244)

Savings on staffing, commissioning and residual commissioning issues

(125)

(36)

Economy, Enterprise and Skills

Slippage on major development projects

(311)

Other additional income and staff savings

(92)

(403)

Planning, Transportation and Environment

Increase in inspection fees

(430)

Increased cost of the pre-delivery stages of the North Devon Link road project

150

Slippage on the implementation of the community flood schemes

(127)

Delayed match funding spend on partnership schemes

(67)

Delayed spend and savings on road safety and sustainable travel initiatives

(260)

Increased income and savings on staff costs

(35)

National Travel Scheme - Journey numbers reduced

(496)

(1,265)

Public Health

Lower demand than budgeted for Healthchecks

(114)

Various contract arrangements - Slippage and reduced demand

(123)

Reduced demand on smoking cessation services

(102)

In year savings on staffing costs, and additional income

(130)

(469)

(2,173)

CARRY FORWARD PROPOSALS

Community Flood schemes

127

Implementation of sustainable travel plans

79

Tour of Britain - contractual commitment

171

Match funding for partnership agreements for projects

211

Trading Standards - Development of laboratory services

25

Locality and Town and Parish funds

249

Gypsy and traveller - Fire safety audit remedial works

40

902

(1,271)

CONTRIBUTION (TO)/FROM OUTTURN

REVENUE OUTTURN 2017/18 – RECOMMENDED ACTION

CORPORATE SERVICES

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds to 2018/19 (3) £'000	Variations (under)/Over (4) £'000	Recommended Action Other c/fwds in 2018/19 (5) £'000	Final Outturn (Under)/Over (6) £'000
Chief Executive, Legal & Communications	4703	4558		(145)		(145)
Digital Transformation & Business Support	14412	13140		(1,272)	510	(762)
Human Resources & Organisational Development	3272	3261		(11)		(11)
Treasurer's Services	11277	10933		(344)	100	(244)
Revenue Outturn	33,664	31,892	0	(1,772)	610	(1,162)

VARIATIONS BETWEEN BUDGET AND SPEND

Chief Executive, Legal & Communications

Use of locum solicitors in Legal Services Safeguarding team
Increased Coroners body removal and pathology costs
Increased income in the Registration Service
Other minor variations

£'000	£'000
81	
79	
(278)	
(27)	(145)

Digital Transformation & Business Support

Additional cost of Libraries remaining on DCC Wide Area Network
Reduction in profit share from NPS South West
Scomis Group
Staff turnover and vacancy management savings
Facilities Management savings
Private Finance Initiative - savings in respect of facilities
Other minor variations and additional income

198	
132	
(644)	
(387)	
(192)	
(265)	
(114)	(1,272)

Human Resources & Organisational Development

Reduction in demand for Temp Solutions staff
Delay in commencing countywide project management review
Reprioritisation of organisational development resources
Staff turnover and vacancy management savings
Increase in demand for Safer Recruitment and First Stop services
Other minor variations and additional income

283	
167	
100	
(157)	
(123)	
(281)	(11)

Treasurer's Services

Staff turnover and vacancy management savings
Reduction in unfunded pensions liability
Other minor variations

(129)	
(80)	
(135)	(344)
	(1,772)

CARRY FORWARD PROPOSALS

Digital Transformation & Business Support

ScoMIS - Integrated Professional Services Automation, Customer Relationship Management and IT Service Management Tools and systems
ScoMIS - Provision of showcase event (ScoMIS Live) for existing and prospective customers
ICT Commissioning - Committed to completing Wide Area Network set-up
Private Finance Initiative - Legal advice

150
50
178
132

Treasurer's Services

System Development

100
610

CONTRIBUTION (TO)/FROM OUTTURN

(1,162)

REVENUE OUTTURN 2017/18 – RECOMMENDED ACTION

HIGHWAYS, INFRASTRUCTURE DEVELOPMENT AND WASTE

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds to 2018/19 (3) £'000	Variations (under)/Over (4) £'000	Recommended Action Other c/fwds in 2018/19 (5) £'000	Final Outturn (Under)/Over (6) £'000
Highways Maintenance	22,237	21,362	182	(693)	0	(693)
Street Lighting	3,858	4,467	0	609	0	609
Highways Network Maintenance	6,242	5,936	0	(306)	0	(306)
Infrastructure Development	(142)	(267)	0	(125)	0	(125)
Waste Management	26,822	25,265	0	(1,557)	0	(1,557)
Revenue Outturn	59,017	56,763	182	(2,072)	0	(2,072)

VARIATIONS BETWEEN BUDGET AND ACTUALS:

	£'000	£'000
<u>Highways</u>		
Increased safety related expenditure	683	
Street Lighting energy rates increase	609	
Additional works agreed for public rights of way	248	
Release of term maintenance contract contingency and mobilisation budget	(1,042)	
Reduced requirement for normal winter maintenance activities	(376)	
Net reduction in planned works delivered	(214)	
Reduction in staffing costs and higher than expected income	(298)	
		(390)
<u>Infrastructure Development & Waste</u>		
Reduction in waste disposal tonnages	(429)	
Energy from waste plants - annual reconciliation payment and substitute waste income	(314)	
Energy from waste plants - lower tonnages processed	(254)	
Additional savings from new recycling centres contract	(293)	
Reduction in recycling credits payments due to reduced tonnages	(223)	
Reduction in insurances and other operational expenditure	(169)	
		(1,682)
		(2,072)

CARRY FORWARD PROPOSALS

None	0
CONTRIBUTION (TO) / FROM OUTTURN	(2,072)

BUDGET ADJUSTMENTS 2017/18

	Original Budget £000	2016/17 Brought Forward £000	Virements £000	Final Budget £000
Adult Care and Health	216,493		6,297	222,790
Children's Services	118,131	22,424	2,068	142,623
Communities, Public Health, Environment and Prosperity	35,203	4,928	(484)	39,647
Corporate Services	33,352	132	180	33,664
Highways, Ifrastructure Development & Waste	56,406	201	2,410	59,017
County Council Elections	1,500			1,500
Central Contingency - Apprenticeship Levy	692		(112)	580
Pension Contribution Shortfall	1,000		881	1,881
Insurance Provision	1,356			1,356
Total Service budgets	464,133	27,685	11,240	503,058
Budget Carry Forward Fund		(29,890)		(29,890)
Improved Better Care Fund C/F			6,901	6,901
Capital Financing	42,314			42,314
Capital Financing PFI	14,462		110	14,572
Interest on Balances	(750)			(750)
Revenue Support for Flood Prevention works	250		(250)	0
Infrastructure Development		250		250
Efficiency Support for Sparse Areas		70		70
Special Education Needs Disability	543	385	(928)	0
Dartington School	820	1,081		1,901
Bellwin Scheme Related Emergencies	1,500			1,500
Highways Drainage and Safety Defects	500		(500)	0
Highways Rural Roads	2,000		(2,000)	0
Council Tax Support Partnership	350			350
Direct Revenue Support for Capital		419	1,161	1,580
Schools Direct Revenue Support for Capital			(582)	(582)
Spending from Reserves	5,710			5,710

	Original Budget £000	2016/17 Virements Brought Forward £000		Final Budget £000
Use of Reserves	(5,710)			(5,710)
Transfer from Budget Management Reserve	(11,600)			(11,600)
Contribution to Transformation Reserve	2,000			2,000
Precepts				
Flood Defence	509			509
Inshore Fisheries	338			338
Non-committee budgets	53,236	(27,685)	3,912	29,463
	517,369	0	15,152	532,521
Local Service Support Grant	(388)			(388)
New Homes Bonus	(4,661)			(4,661)
New Homes Bonus Adjustment Grant	(235)			(235)
Small Business & Empty Property Rate Relief Grant	(1,639)			(1,639)
Business Rate Cap Compensation Grant	(1,438)			(1,438)
Education Services Grant	(1,599)			(1,599)
Education Statutory retained duties - schools contribution	(1,459)			(1,459)
Independent Living Fund Grant	(2,793)			(2,793)
Special Educational Needs Grant	(543)			(543)
Rural Services Delivery Grant	(5,983)			(5,983)
Transition Grant	(2,811)			(2,811)
Lead Local Authority Flood Relief Grant	(84)			(84)
Adult Social Care Grant	(3,592)			(3,592)
School Improvement Grant	(450)			(450)
Improved Better Care Fund	(200)		(15,152)	(15,352)
TOTAL	489,494	0	0	489,494

BETTER CARE FUND S.75 POOLED FUND MEMORANDUM ACCOUNT

For the period 1st April 2017 to 31st March 2018

		Devon County Council			
		South Devon & Torbay CCG	NEW Devon CCG	Revenue	Capital
Gross Funding	Total £				
Contributions Received	(77,827,906)	(10,296,650)	(41,361,357)	(19,884,500)	(6,285,399)
Prior year carry forward	0				0
TOTAL FUNDING	(77,827,906)	(10,296,650)	(41,361,357)	(19,884,500)	(6,285,399)
		Devon County Council			
		South Devon & Torbay CCG	NEW Devon CCG	Revenue	Capital
Expenditure	£	£	£	£	£
Care Act duties	128,000	94,400	377,600	(344,000)	
Dementia Diagnosis	613,267	130,400	581,600	(98,733)	
Disabled Facilities Grant	6,212,198	0	0	0	6,212,198
Enabling services	2,502,054	324,200	2,163,800	14,054	
Enhanced Community Equipment Services	7,149,751	1,027,200	4,108,800	2,013,751	
Enhanced Support for Carers	3,437,633	505,400	2,021,600	910,633	
Frailty & Community Care	19,039,461	4,405,250	14,597,757	36,454	
Hospital Discharge Services	914,003	250,000	717,000	(52,997)	
Improved Better Care Fund grant	8,534,652	0	0	8,534,652	
Rapid Response	3,303,000	408,000	2,600,000	295,000	
Single Point of Co-ordination	321,779	159,000	255,000	(92,221)	
Social Care Reablement	683,932	70,000	530,000	83,932	
Step-Up, Step-Down Care	3,401,559	778,000	2,829,000	(205,441)	
Support to social care	12,724,000	2,144,800	10,579,200	0	
TOTAL EXPENDITURE	68,965,289	10,296,650	41,361,357	11,095,084	6,212,198
NET OVER/(UNDER) SPEND	(8,862,617)	0	0	(8,789,416)	(73,201)
Refund to partners are as follows:					
South Devon & Torbay CCG	0	0			
NEW Devon CCG	0		0		
Devon County Council	(8,789,416)			(8,789,416)	
	(8,789,416)	0	0	(8,789,416)	0
Capital funding carried forward	(73,201)				(73,201)
	(8,862,617)	0	0	(8,789,416)	(73,201)

Assets and Liabilities - as at 31 March 2018	Total	South Devon &		
		Torbay CCG	NEW Devon CCG	Devon CC
	£	£	£	£
Plant & Equipment	0			0
less REFCUS adjustment	0			0
Stock	799,491	71,954	327,791	399,746
<u>Underlying Activity</u>				
Sundry Debtors	2,955,040	0	0	2,955,040
Payments In advance	15,963	0	0	15,963
Sundry Creditors	(2,604,741)	0	0	(2,604,741)
Receipts in advance	(2,505,000)	0	0	(2,505,000)
<u>Funding between partners</u>				
Receipts in advance	0			0
Payments In advance	0	0	0	

ALLOWANCES PAID TO DEVON COUNTY COUNCILLORS

UNDER THE MEMBERS ALLOWANCES SCHEME FOR THE YEAR ENDING 31ST MARCH 2018 Note: Basic & Special Responsibility Allowances and some elements of travelling & subsistence allowances are subject to taxation.

Surname	Inits	Basic Allowance £	Special Responsibility Allowance £	Mileage and Subsistence Expenses £	Carers Allowance £
Ackland	HA	9,937.91	0.00	144.04	0.00
Asvachin	M	9,937.91	0.00	0.00	0.00
Atkinson	Y	9,937.91	0.00	0.00	0.00
Aves	S	9,937.91	0.00	31.03	0.00
Ball	K	10,970.04	0.00	302.47	0.00
Barisic	E	1,032.13	0.00	359.40	0.00
Barker	SD	10,970.04	15,570.33	1,889.62	0.00
Berry	EJ	10,970.04	0.00	719.58	0.00
Biederman	F	10,970.04	2,337.41	1,452.01	0.00
Bloxham	R	9,937.91	2,337.41	490.20	0.00
Bowden	P	1,032.13	258.07	0.00	0.00
Boyd	A	1,061.62	0.00	1,207.80	0.00
Brazil	JC	10,970.04	752.69	2,052.76	0.00
Brennan	E	9,937.91	0.00	299.81	509.58
Brodie	JA	9,937.91	0.00	358.75	0.00
Brook	FJ	10,970.04	5,190.07	0.00	0.00
Channon	C	10,970.04	0.00	418.24	0.00
Chubb	I	9,937.91	0.00	0.00	0.00
Chugg	C	10,970.04	2,595.48	1,287.00	0.00
Clarance	C	1,061.62	0.00	137.95	0.00
Clatworthy	J	9,999.96	18,924.76	1,054.58	0.00
Colthorpe	P	10,970.04	3,784.91	0.00	0.00
Connett	A	10,970.04	5,190.07	301.00	0.00
Crabb	P	9,937.91	0.00	712.80	0.00
Croad	RF	10,970.04	15,570.33	4,037.33	0.00
Davis	AV	10,970.04	15,570.33	5,066.20	0.00
Dempster	A	1,061.62	0.00	0.00	0.00
Dewhirst	A	10,970.04	6,817.24	1,882.23	0.00
Dezart	G	1,032.13	0.00	55.80	0.00
Diviani	P	1,032.13	0.00	50.85	0.00
Eastman	AJ	10,970.04	0.00	651.42	0.00
Edgell	RC	10,970.04	2,861.36	2,448.22	0.00
Edmunds	M	1,061.62	0.00	135.90	0.00
Foggin	OM	1,032.13	0.00	0.00	0.00
Gilbert	R	10,970.04	2,595.48	2,670.42	0.00
Greenslade	BC	10,970.04	0.00	2,550.58	0.00
Gribble	G	10,970.04	0.00	2,366.56	0.00

Surname	Inits	Basic Allowance £	Special Responsibility Allowance £	Mileage and Subsistence Expenses £	Carers Allowance £
Hall	I	9,937.91	0.00	892.91	0.00
Hannaford	R	10,970.04	7,193.58	99.90	0.00
Hannan	A	1,032.13	0.00	0.00	0.00
Hannon	D	1,032.13	0.00	0.00	0.00
Hart	TJ	9,999.96	23,655.88	2,363.67	0.00
Hawkins	JD	10,970.04	2,337.41	1,609.95	0.00
Hellyer	L	9,937.91	0.00	891.04	0.00
Hill	R	1,032.13	0.00	0.00	0.00
Hodgson	J	9,937.91	0.00	946.85	0.00
Hone	J	1,032.13	0.00	0.00	0.00
Hook	G	10,970.04	376.34	436.86	0.00
Hosking	RW	10,970.04	0.00	1,805.95	0.00
Hughes BC	BC	1,032.13	0.00	0.00	0.00
Hughes S	S	10,970.04	15,570.33	5,098.98	0.00
Inch	A	9,937.91	0.00	1,379.86	0.00
Julian	R	1,061.62	258.07	1,405.04	0.00
Knight	J	1,061.62	258.07	227.78	0.00
Leadbetter	AR	10,970.04	15,570.33	5,163.15	0.00
Matthews	J	10,970.04	2,337.41	1,574.22	0.00
McInnes	JR	10,970.04	15,570.33	3,612.02	0.00
Morse	E	1,032.13	0.00	0.00	0.00
Moulding	AT	1,651.40	1,579.04	580.93	0.00
Owen	J	1,032.13	0.00	0.00	0.00
Parsons	BM	10,970.04	15,570.33	5,021.41	0.00
Peart	R	9,937.91	0.00	41.86	0.00
Prowse	GJ	10,970.04	0.00	0.00	0.00
Radford	RF	10,970.04	10,567.73	956.17	0.00
Randall Johnson	S	10,970.04	7,569.93	1,203.34	0.00
Rowe	R	1,061.62	287.43	223.61	0.00
Russell	E	9,937.91	0.00	442.82	0.00
Sanders	PR	10,970.04	2,595.48	0.00	0.00
Saywell	A	9,937.91	0.00	2,749.65	0.00
Scott	R	9,937.91	0.00	628.43	0.00
Sellis	D	10,970.04	3,784.91	1,393.04	0.00
Shaw	M	9,937.91	0.00	540.43	0.00
Slade	C	9,937.91	0.00	454.32	0.00
Squires	M	10,970.04	0.00	891.13	0.00

ALLOWANCES PAID TO DEVON COUNTY COUNCILLORS (Continued)

Surname	Inits	Basic Allowance	Special Responsibility Allowance	Mileage and Subsistence Expenses	Carers Allowance
Trail	J	9,937.91	0.00	0.00	0.00
Twiss	P	9,937.91	0.00	910.81	0.00
Vint	R	1,061.62	0.00	0.00	0.00
Way	N	10,970.04	3,408.57	0.00	0.00
Westlake	R	1,032.13	752.69	0.00	0.00
Whitton	C	9,937.91	0.00	50.80	0.00
Wragg	E	1,061.62	0.00	220.86	0.00
Wright	C	10,970.04	0.00	991.38	0.00
Yabsley	J	10,970.04	0.00	926.00	0.00
Younger-Ross	R	1,061.62	0.00	0.00	0.00

CAPITAL

7. The Capital Programme

- 7.1 The County Council approved the Capital Programme of £114.751 millions for 2017/18 in February 2017. The programme was increased during the financial year by £25.232 millions as a result of the previous year underspends and Members have been asked to approve a further £26.770 millions for other adjustments during the year.
- 7.2 The final capital programme for 2017/18 was £166.753 millions and actual capital expenditure was £126.206 millions. The table below summarises 2017/18 expenditure and approvals.

Capital Expenditure	Budget	Actual Spend	Variation
	£000	£000	£000
Adult Care and Health	10,386	7,160	3,226
Children's Services	6,929	4,699	2,230
Communities, Public Health, Environment and Prosperity	68,659	47,013	21,646
Corporate Services	8,524	4,800	3,724
Highways, Infrastructure Development & Waste	72,255	62,534	9,721
Total	166,753	126,206	40,547

- 7.3 As set out in the table above, the Capital Programme outturn variance was £40.547 millions (this compares to £36.651 millions in 2016/17). Within this total £35.647 millions represents slippage across a range of schemes which will be carried forward to future years and £4.900 millions savings achieved in programme delivery.

8. Variation between the delivered Capital Programme and Budget

- 8.1 The 2017/18 slippage totalled £35.647 millions. It is recommended that £24.857 millions are carried forward into the 2018/19 Capital Programme, and £10.790 millions into 2018/19 and beyond. An analysis of the underspending and the carry forward request is set out in the table below:

Programme Variation	Variation	Carry Forward to 2018/19	Carry Forward to 2019/20 and future years
	£000	£000	£000
Adult Care and Health	2,948	130	2,818
Children's Services	1,097	691	406
Communities, Public Health, Environment and Prosperity	18,808	11,593	7,215
Corporate Services	3,724	3,724	0
Highways, Infrastructure Development & Waste	9,070	8,719	351
Total	35,647	24,857	10,790

A summary of the main reasons for the variation between spend and budgets is explained in the following paragraphs.

8.2 Highways, Infrastructure Development and Waste

In 2017/18 the slippage on this part of the programme was £9.070 millions.

The Local Transport Plan (LTP) maintenance block funding and Pothole Action Fund (PAF) grant slippage was £4.3 millions in 2017/18. However, whilst it was the first year of a new term maintenance contractor and Devon encountered the worst weather conditions for some years, £40.4 millions of the £44.7 millions budget was still delivered.

Challenge Fund Street Lighting – The £1.5 millions slippage is the remaining funding of a 3 year £13 millions scheme to upgrade street lighting on main roads. It is anticipated that this will be completed in the first quarter of 2018/19.

Devon were also successful in being awarded £4.25 millions Challenge Fund grant in August 2017, with match funding contributions the scheme total is £5 millions. The announcement was welcomed but later than expected and therefore delivery of resurfacing and drainage on the A361 between Gornhay Cross and the M5, will span financial years, hence the slippage of £2 millions.

8.3 Communities, Public Health, Environment and Prosperity

In 2017/18 the slippage on this part of the programme was £18.808 millions.

The Planning, Transportation and Environment capital programme included a number of large schemes and a summary of some of the main areas of slippage are outlined below:

- Works commenced in September on the Tiverton Eastern Urban Extension scheme but this will span financial years. The 2017/18 variance was £1.369 millions;
- The budget for the South Devon highway for 2017/18, included assumptions with regard to land payments and part one compensation claims. Land has been agreed at a value lower than anticipated and the part one process will not result in any settlements in 2017/18, hence slippage of £2.840 millions;
- Tithebarn link road, phases 2a and b and the pedestrian and cycle bridge reported a 2017/18 variance of £1.3 millions. The levels of contingency included in the budget, were not required, an element of works will complete in 2018/19 and Highways England (HE), Growth and Housing Fund, awarded after some developer funding had been identified. This resulted in a mixture of slippage and savings; and
- Marsh Barton station is on hold currently, resulting in slippage of £3.614 millions Discussions continue with Network Rail to discuss funding sources and less expensive design works in order for the project to progress.

The Planning Transportation and Environment Schools programme slippage of £2.919 millions can be attributed to a number of schemes. There has been slippage on schemes externally managed either by Central Government or Academy Schools. In addition, a number of schemes were not progressed in line with the original programme due to resourcing challenges, high tender costs issues or ongoing review of needs meaning schemes have been delayed. The slippage has not negatively impacted on Devon's statutory responsibilities nor reduced parental preference.

The remaining slippage balance is a result of a number of smaller schemes with slippage less than £1 millions and not listed individually.

8.4 Adult Care and Health

In 2017/18 the slippage on this part of the programme was £2.948 millions.

A significant part of the slippage relates to two projects, £1.000 million to support a future North Devon Community Facility, and £1.000 million to support Grants to Independent Sector providers to address market sufficiency issues for nursing care provision.

8.5 Children's Services

In 2017/18 the slippage on this part of the programme was £1.097 millions.

The main reasons for slippage are within Education & Learning and include; Kingsbridge Early Years facility which due to tenders coming in much higher than expected due to various reasons has resulted in the project being delayed while funding issues are resolved, The South West Company Capital provision which due to various issues is currently being reviewed and Schools directly controlled capital has also seen underspends mainly due to the phasing or projects not running as anticipated.

8.6 Corporate Services

In 2017/18 the slippage on this part of the programme was of £3.724 millions.

The County Farms programme slippage is primarily related to two programme areas; Nitrate Vulnerable Zone compliant schemes where contracts have been let but contractors unable to commence until 2018/19 and the programme to upgrade existing farm dwellings to the Decent Homes Standards which will see significant spend in the new financial year, having required detailed feasibility work to progress scheme. The total scheme slippage within County Farms of £1.305 millions will be carried forward into 2018/19.

Within the ICT programme, the development and implementation of the ICT roadmap has continued in 2017/18, however, completion of the roadmap and business priorities focused effort in favour of revenue funded schemes ahead of capital schemes. These have been reprioritised and £669,000 slipping into 2018/19.

The Human Resources Management System project slippage of £375,000 is due to the delay in the rollout of the new system which has been deferred from July 2018 to October 2018.

Within the Estates programme, the upgrade of the boiler house and ventilation system at County Hall has required detailed discussions due to the Listed status of the building. A contractor has been appointed and £414,000 slipping into 2018/19. The Strategic Centres Accommodation Improvement Programme is being reviewed to reflect the changing requirements and nature of services/occupiers and £248,000. There are a number of smaller Estates programme schemes making up the balance.

9. Major Capital Investment

9.1 Highways Capital development and Waste Management - £62.534 millions outturn spend

Over £38 millions of schemes were delivered within the LTP maintenance block funding. This targeted carriageway schemes including surface dressing treatments and preparatory patching works and a significant number of bridge schemes. £1.9 millions was spent on schemes funded by the Pothole Action Fund, designed to prevent potholes forming and allocated by working with the public and local councillors.

In early 2017/18, the Department for Transport awarded Devon £7.169 millions National Productivity Investment Fund. £3.169 millions was allocated in order to help reduce congestion and upgrade or improve highway and structures assets.

£5.2 millions was expended on the Challenge Fund Street Lighting project in order to upgrade street lighting on main roads, which will result in reduced maintenance, energy costs and carbon emissions.

The school's capital maintenance programme has seen £11.5 millions investment addressing the most urgent maintenance backlog issues within the schools estate.

9.2 Communities, Public Health, Environment and Prosperity - £47.013 millions outturn spend

The Planning, Transportation and Environment programme included a grant award by the Department for Transport of £7.169 millions from the National Productivity Investment Fund. £4 millions was allocated to accelerate design and development of transport schemes including

phase one of the major new junction serving Tiverton Eastern Urban Extension and the first phase of the E4 Strategic Cycle Corridor in Exeter.

Five major schemes were completed with significant external funding support from the Heart of the South West Local Enterprise Partnership and growth deal from the government. This included enlarging Portmore roundabout on the A361, a new cycle and pedestrian bridge crossing the A39 at Roundswell, A379 Bridge Road widening scheme in Exeter and a new signalised junction on the A379 at Sandy Park.

The Tithebarn Link Road and new cycle bridge crossing over the M5, were substantially completed in 2017/18. Of the £3.8 millions spent, £2.1 millions was funded by the Growth and Housing Fund.

The 2017/18 Planning Transport and Environment school's capital programme has delivered a new school in Exeter, Trinity C of E Primary school and funded the replacement of Loddiswell Primary school. New school sites were secured in Okehampton, Kingsteignton and Barnstaple, all of which have plans to deliver new primary schools in 2018. Additional places have been provided in existing schools including a significant expansion of St Andrews Primary in Cullompton and Special Education places in Exeter.

9.3 Adult Social Care and Health - £7.160 millions outturn spend

£6.429m of spend for adaptations to peoples homes to support their independence via partnership working with district/city councils responsible for housing.

A contribution of £750,000 towards the Extra Care Housing project in Totnes with the Guinness Partnership providing Devon County Council with nomination rights into 60 dwellings suitable for older people.

9.4 Children's Services - £4.699 millions outturn spend

The 2017/18 Children's Social care capital programme has continued to see external investment in the Atkinson Unit with three successful bids to improve the site and £968,000 spent to date. The enhanced facilities will continue to ensure that the unit offers the highest level of protection to the most vulnerable in our society.

The Care First System used by the social work teams has seen investment of £673,000 in 2017/18 to install and configure the upgrade.

The schools have also been continuing to invest in their infrastructure and equipment with many schools have been managing substantial capital resources funded by a multitude of sources which they have been putting to good use across the school network. Capital improvements have seen an investment of £2.767 millions across the School estate.

10. Financing the Capital Programme

- 10.1 The table below sets out how the Council planned to finance its capital spending and the actual sources of funding that were used. The third column shows the funding that will be carried forward into later years, with the final column showing savings from the funding source.

Capital Financing	2017/18 Final Budget	2017/18 Final Outturn	Capital Budgets Carried Forward	2017/18 Capital Budget Savings
	£000	£000	£000	£000
Capital Receipts Applied	17,528	8,085	9,087	356
Borrowing	18,893	13,378	4,985	530
External Grants and Contributions	127,201	102,388	21,085	3,728
Revenue Budgets	3,131	2,355	490	286
Total	166,753	126,206	35,647	4,900

- 10.2 The total borrowing required to finance the capital programme in 2017/18 was £13.378 millions. The council was able to meet all borrowing requirements from internal cash resources so did not need to increase external borrowing.
- 10.3 The Council had Capital Receipts unapplied of £12.136 millions at 1st April 2017. Net of the cost of sales, capital receipts of £9.709 millions were received in year from the sale of County land, building and other assets. Having applied £8.085 millions of capital receipts to finance spend, the closing balance for Capital Receipts is £13.760 millions. These movements are shown in the table below:

Capital Receipts	General Receipts	Investing in Devon	Total
	£000	£000	£000
Opening Balance 1st April 2017	(9,514)	(2,622)	(12,136)
Received in year	(9,709)	0	(9,709)
Applied to finance spend	7,422	663	8,085
Closing Balance 31st March 2018	(11,801)	(1,959)	(13,760)

11. Prudential Indicators

- 11.1 The prudential indicators are produced in line with the national code of practice that was drawn up by the Chartered Institute of Public Finance and Accountancy. This requires local authorities to monitor its overall debt level via a set of "prudential indicators", in order to form a judgement about affordable, prudent and sustainable levels of debt. The definition of debt for the Prudential Indicators that were calculated and agreed within the Capital Programme for 2017/18 includes both borrowing and other long-term liabilities such as PFI schemes.

11.2 The indicators are set annually when the budget is agreed and we report the final position of the indicators against the estimate within the outturn report. The indicators are adjusted after the budget is agreed for technical accounting changes. In 2017/18 no prudential indicators were breached

11.3 Capital Expenditure

The Prudential Indicators 2017/18 are based on the revised Capital Programme of £166.753 millions.

Capital Expenditure 2017/18	£000
Planned Expenditure	166,753
Actual Expenditure	126,206
Variance	40,547

11.4 Capital Financing Requirement (CFR)

The Capital Financing Requirement reflects the cumulative capital expenditure that Devon County Council has yet to finance. It is alternatively known as the underlying debt requirement.

2016/17 £000	2017/18 £000
<u>732,815</u> Opening Capital Financing Requirement	<u>724,104</u>
732,815	724,104
Capital Investment	
106,125 Property, Plant and Equipment	95,881
15 Heritage Assets	0
158 Intangible Assets	1,048
26,217 Revenue Expenditure Funded from Capital under Statute	28,827
0 Share Capital	450
Sources of Finance	
(18,385) Capital Receipts	(8,085)
(100,954) Government Grants and other contributions	(102,388)
Sums set aside from revenue:	
(1,837) Direct revenue contributions	(2,355)
(20,318) Statutory provision for the financing of capital investment	(8,416)
Capital provision	
6,026 Creation of Long Term Provision	5,758
<u>(5,758)</u> Provision remaining at year end	<u>(5,498)</u>
<u>724,104</u> Closing Capital Financing Requirement	<u>729,326</u>
Explanation of Movements in Year	
Increase in underlying need to Borrow (unsupported by	
14,678 government financial assistance)	13,378
268 Decrease in Capital Provision	260
(1,870) (Reduction)/ Increase in PFI liability	(640)
<u>(21,787)</u> Increase in the provision for repayment of debt	<u>(7,776)</u>
<u>(8,711)</u> Increase/(decrease) in Capital Financing Requirement	<u>5,222</u>

As approved by Council on 15th February 2018, Devon County Council reduced its minimum revenue provision (MRP) payment in 2017/18. This resulted in a revenue saving which has been moved to reserves for future costs. In addition, as a result of this one-off reduction in MRP payment and the in year internal borrowing for the capital programme, it has resulted in an increase to the capital financing requirement. If the MRP reduction hadn't been applied, the CFR would have reduced by £5.694 millions.

11.5 Authorised Limit and the Operational Boundary for External Debt

External borrowing totals £507.850 millions and other Long Term Liabilities total £127.995 millions. The actual external debt for 2017/18 was therefore £635,845 millions.

The authorised limit for external debt of £881.934 millions was not breached.

The operational boundary for external debt of £856.934 millions was not breached.

11.6 Ratio of Financing Cost to Net Revenue Stream

This key ratio shows the percentage of the net revenue budget which is used to finance debt. The long term commitment is that the capital finance charges excluding the capital financing costs included within the PFI and other PFI type of arrangements do not go above 12%. On an annual basis, the County Council when assessing the affordability of the programme estimate the relevant percentage.

Due to the MRP reduction applied in year, the total financing costs for 2017/18 have been reduced by £10.916 millions, resulting in a ratio of financing costs much lower than originally expected. This will balance out as the additional funds are released in coming years.

	<u>Including PFI Charges</u>	<u>Excluding PFI Charges</u>
Total Financing Costs	45.581 millions	32.522 millions
Net Revenue Stream	489.494 millions	489.494 millions
Actual	9.31%	6.64%
Estimated	11.62%	9.31%
Variance	-2.31%	-2.67%

12. **Determination of Capital Finance**

The Authority is required to determine its use of capital finance as defined by capital control legislation. The following use of capital finance sources, as outlined in the table shown on page 31 and compared to budget, is proposed:

That internal borrowing totalling £13.378 millions is used as authorisation to finance capital expenditure.

That expenditure of £102.388 millions is funded from government grants and external contributions to meet expenditure in 2017/18 for capital purposes.

That useable capital receipts of £8.085 millions are applied to meet expenditure in 2016/17 for capital purposes.

That remaining capital expenditure of £2.355 millions is met from revenue budgets.

CAPITAL OUTTURN SUMMARY STATEMENT 2017/18

	Revised Programme	Total Spending	Slippage and Other Variations	<i>Impact on 2018/19 Programme Increase / (Decrease)</i>	<i>Impact on 2019/20 Programme Increase / (Decrease)</i>	<i>Impact on 2020/21 Programme Increase / (Decrease)</i>	<i>Impact on 2021/22 Programme Increase / (Decrease)</i>	<i>Impact on 2022/23 Programme Increase / (Decrease)</i>
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
CORE PROGRAMME								
Adult Care and Health	10,386	7,160	(3,226)	130	2,818	0	0	0
Children's Services	6,929	4,699	(2,230)	691	406	0	0	0
Communities, Public Health, Environment and Prosperity	68,659	47,013	(21,646)	12,133	7,215	0	0	0
Corporate Services	8,524	4,800	(3,724)	3,724	0	0	0	0
Highways, Infrastructure Development & Waste	<u>72,255</u>	<u>62,534</u>	<u>(9,721)</u>	<u>8,719</u>	<u>351</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	166,753	126,206	(40,547)	25,397	10,790	0	0	0
TOTAL TO BE FINANCED		<u>126,206</u>						

CAPITAL PROGRAMME 2017/18 – STATEMENT OF DETERMINATION OF CAPITAL FINANCE

	Recommended Financing £000	Recommended Financing £000
SOURCES OF FINANCE		
External Resources		
Grants and Contributions	102,388	
Total External Sources		102,388
Internal Resources		
Useable Capital Receipts Applied	8,085	
Internal Borrowing	13,378	
Revenue Budgets and Earmarked Reserves	<u>2,355</u>	
	23,818	
Total Internal Sources		<u>23,818</u>
Total Sources of Funding		<u><u>126,206</u></u>

Capital Receipts	
Balance at Start of Year	12,136
Received During Year	9,709
Applied to Financing	<u>(8,085)</u>
Balance at Year End	<u><u>13,760</u></u>

Note

Analysis of balance of capital receipts at year end

Airport Receipts earmarked for IID	1,959
General Receipts	<u>11,801</u>
	<u>13,760</u>

DEBT (Monies Owed to the Authority) as at 31st March 2018

13. Recommendation :- that the position relating to debt be noted.

- 13.1 The County Council collects income from a wide range of sources to fund its services. Large elements of income are received automatically from Government and District Councils in respect of Revenue Support Grant, share of National Non-Domestic Rates and Council Tax.
- 13.2 Technology is also used to receive income via the telephone and the internet. Debt recovery agents continue to be used where non-sensitive debt has proved difficult to collect.
- 13.3 Income is also received from the raising of invoices to users of service. Accounts are credited with the income value with immediate effect, however, it is often the case that debtors take time to settle accounts and there is a time delay between accounting transactions and cash income.
- 13.4 The County Council has a number of debtor systems which encompass Adult Care functions, Devon Pensions Fund items and Corporate services.
- 13.5 As at 31st March 2018, the situation was as follows :-

	Corporate System	Adult Care Functions	Devon Pension Fund	Total
Total Invoiced Income for the Year	£163.000 million (£194.116 million at 31st March 2017)	£47.386 million (£46.661 million at 31st March 2017)	£10,321 million (£8.485 million at 31st March 2017)	£220.707 million (£249.262 million at 31st March 2017)
Outstanding debt older than 3 months	£2.161 million (£3.053 million at 31st March 2017)	£11.785 million (£11.554 million at 31st March 2017)	£0.192 million (£0.080 million at 31st March 2017)	£14.138 million (£14.687 million at 31st March 2017)
Percentage of Debt which is older than 3 months relative to whole year value	1.33% (1.57% at 31st March 2017)	24.87% (24.7% at 31st March 2017)	1.86% (0.94% at 31st March 2017)	6.4% (5.89% at 31st March 2017)

- 13.6 In terms of Corporate debt, active management of items throughout the year and recovery of a number of large value debts has helped to keep debt levels at a relatively low level.
- 13.7 Within the Adult Care Functions, elements of Residential Care debt are underwritten by property charges. At the year end, the level of debts over 3 months old secured by legal charge total £8,840,753 (£8,500,823 at 31st March 2017) and reduce the percentage of outstanding debt from 24.87% to 6.2% (6.5% at 31st March 2017).
- 13.8 The On-Street Parking system records monies owed for this service area. The nature of the individual debt is low value. At the year-end, gross debt totalled £1,166,657, with a bad debt provision of £735,339. The net debt was £431,318. Enforcement agents are used to recover related debt where appropriate.
- 13.9 Invoiced income in respect of the Devon Pension Fund is comparatively low in percentage terms and relates to a small number of debtors.
- 13.10 In addition, to mitigate the effect of non-recovery of debt, Provisions have been established to write-off corporate items which prove non-recoverable. At the year end, these total £200,000.

Mary Davis

Electoral Divisions: All

Local Government Act 2003

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Background Paper Date 16th May 2018

Detailed financial working papers and systems

Executive Member: Councillor John Clatworthy