

**Revenue & Capital
Outturn 2016/2017**



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2016/17 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 2016/17, after carry forwards and contributions to balances, reserves and provisions, shows an underspend of £43,000 against the approved revenue budget;
- b) The 2016/17 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 2016/17 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 24 of the Capital Outturn Report be approved;
- e) A total of £20.318 millions is set aside from revenue resources as provision for credit liabilities (to repay debt);
- f) The Prudential Indicators as set out in sections 11 to 14 of this report be noted; and
- g) The total monies owing to the Council as at 31st March 2017 be noted.

1. Background and Summary

- 1.1 Members have received regular budget monitoring reports throughout 2016/17 in which budget pressures and risks have been identified. The most significant of these related to Adult Services. The financial year has now ended and it is pleasing that the final position is a small underspending of £43,000 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 People Services

- 2.1.1 The outturn for People Services shows an overspend of £9.737 millions at the end of the financial year.
- 2.1.2 Children's Social Work and Child Protection end the financial year with an underspend of £228,000. Looked after children are showing an overspend

mainly around placement mix, however this has been offset by underspends on staffing and in other areas such as contract management and legal costs.

- 2.1.3 Members will be aware that an overspending in Adult Care and Health has been forecast for most of the financial year. The final position was an overspending of £6.945 millions. The main area of overspend relates to Disability Services where the number of packages for the year ended at 325 above budgeted levels. Across the services for Older People, Physical Disabilities and Learning Disabilities the budgeted number of packages was 9,838 compared with the actual numbers at the year end of 10,032, a variation of 194. The number of packages for Learning Disabilities remained constant at 325 above budgeted levels. Members need to be aware that the year end overspending has been reduced by a one off benefit of £4.039 millions due to a delay in re-procurement and the authority's share of the underspend on the Better Care Fund that is detailed in section 3 of this report.
- 2.1.4 Adult Commissioning & Health are showing a small overspend of £153,000. There has been an overspend on mental health services which has been offset mainly by staff vacancies and contract savings.
- 2.1.5 Education and Learning (General Fund) is showing an overspend of £1.443 millions which relates to personalised transport and is due to an increase in the number of children with Special Educational Needs requiring transport.
- 2.1.6 Expenditure in Education and Learning relates to spending on schools which is funded from the Dedicated schools grant (DSG). In recent years there has been underspending against the grant but in 2016/17 there has been an overspending of £1.424 millions. This is due to higher than anticipated spending on high need placements. This predominately relates to the spend on independent special schools due to increased numbers and the inclusion of Children up to the age of 19. On average there has been an increase of 31 placements in the independent sector throughout the year. Plans have been put in place to reduce this deficit over a two year period and bring the service back into a break-even position. In previous years school funding surpluses have been carried forward into the new financial year. It is possible to carry forward deficits in the same way but the agreement of the Council's schools forum is required. The Schools forum has not agreed to the carry-forward of the deficit. An application has been made to the Secretary of state to set aside the regulations and overrule the decision of the Schools Forum. Across the Country this has happened before and approval is normally given. However, the calling of an election has put a hold on decisions such as this being made and communicated so the result of the application will not be known until after the election.
- 2.1.7 Across all of People Services the carry forward proposals for grants and contributions received total £22.424 millions. The majority of which, £20.555 millions, relates to the Dedicated Schools Grant which funds schools and education and is ring fenced for these purposes and if unspent it must be carried forward.

2.2 Place Services

- 2.2.1 The outturn for Place Services shows an overall net underspend of £1.707 millions after taking into account grants and contributions carry forward and any other carry forward requests.

- 2.2.2 Highways and Traffic Management are showing a small underspend of £354,000. The underspend relates to a reduction in the level of reactive spend in part related to the mild winter, together with a reduction in the energy and maintenance costs of street lighting. This underspend has been partially offset by the inclusion of mobilisation costs attached to the new Term Maintenance Contract (TMC) which started on 1st April 2017.
- 2.2.3 Planning, Transportation and Environment is showing an underspend of £319,000 which mainly relates to increased inspection and planning fees.
- 2.2.4 Capital Development and Waste is showing an underspend of £1.388 millions. The majority of this underspend relates to the Energy from Waste Plants and is due to lower tonnages, increased income and reduced cost of waste transfer.
- 2.2.5 Economy and Enterprise Services are showing an overspend of £1.021 millions. This relates to an increase in the provision against the loan guarantee for the Science Park Centre. The loan was made to the Exeter Science Park Company to fund the build of the Science Park Centre. The loan is guaranteed by the County Council and Exeter University on 50/50 split. The provision is based on the risk of the guarantee being called upon. The overall provision sits at £1.831 millions with an overall maximum liability to the County Council of £2.652 millions.
- 2.2.6 Services for Communities are showing an underspend of £667,000. There are a variety of small underspends across the service with the majority relating to reduced journeys and lower contract costs of the National Travel Scheme.
- 2.3 Corporate Services
- 2.3.1 The outturn for Corporate Services shows an overall underspend of £1.011 millions after taking into account grants and contributions carry forward and any other carry forward requests.
- 2.3.2 Digital Transformation and Business Support are showing an underspend of £566,000. The underspend is in Business Infrastructure and is made up of an increase in the profit share from NORSE and reduced energy costs. The County Solicitor is showing a small underspend of £55,000 which relates to increased income from the registration service from ceremonies and licences partially offset by an overspend from the coroners services due to an increase in the number of body removals and a provision for a coroner's inquest investigation. Human Resources are showing an underspend of £228,000 due to vacancy management. The County Treasurer is showing an underspend of £162,000 due to vacancy management and a reduction in the cost of unfunded pensions.
- 2.3.3 Public Health shows a net breakeven position after taking £266,000 from the Public Health Reserve with savings on the Nicotine Replacement Therapy costs being offset by an increase in demand against payments by results contracts. Members will recall that when the 2016/17 Budget was set a late cut to the Public Health Grant was announced by Government. £500,000 was made available from the authority's Transformation Budget to help the service bridge the gap in its budget. The Public Health team has worked very hard to contain its spending and has been able to return almost £200,000 of the authority's transformation budget unspent.

2.4 Other Items

- 2.4.1 Capital Financing costs are £246,000 less than budgeted due to slippage in the Capital Programme. Interest Receivable is £79,000 more than budgeted due mainly to the investment in the CCL Property Fund.
- 2.4.2 £250,000 of the infrastructure development budget was carried forward from 2015/16 to 2016/17; it is now recommended that this is carried forward to support the remaining projects in 2017/18 and that £70,000 of the efficiency support budget is carried forward to enable the continuation of Chapter 8 training with Parish Councils.
- 2.4.3 As detailed in paragraph 2.3.6, the Public Health team has worked very hard to contain its spending and has been able to return almost £200,000 of the authority's transformation budget unspent which has allowed £245,000 to be transferred to the Transformation Reserve.
- 2.4.4 It is recommended that £1.1 millions of the Dartington School budget is carried forward to fund the ongoing revenue costs of the Dartington School rebuild. Upon advice from Ashfords LLP, Devon County Council has settled its claims in relation to Dartington Primary School in the aggregate amount of £8.015 millions. As is common in settlements of this nature, no admission of liability was made by any party. The cost of rebuilding the school is being funded as part of the Capital Programme and will be funded from internal borrowing. This means that the rebuild cost will be paid for over the life of the asset and the income received of £8.015 millions can be transferred to the Budget Management Reserve.
- 2.4.5 The budget for Bellwin Scheme Related Emergencies was fortunately not needed and it is recommended that this sum is added to the Emergency Reserve. It is also recommended that £2.0 millions from the Resilience budget is added to the Budget Management Reserve.
- 2.4.6 It is recommended that £419,000 of Direct Revenue Support for Capital is carried forward to 2017/18 in relation to flood relief schemes and £385,000 for Special Educational Needs and Disability.
- 2.4.7 £1.1 millions is estimated to be received in relation to business rates pooling gain; 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) is showing an underspend of £3.111 millions. Based on the agreed risk share arrangement the distribution of the surplus means that the Council will receive £1.556 millions of this sum which has been incorporated into the outturn position. The majority of the underspending (£1.491 millions) is within Adult Services with the remainder (£65,000) within Children's Services.

4. General Balances

- 4.1 The working balance at 31st March 2016 was £14.636 millions. The review of the financial risk assessment prepared when the 2016/17 Budget was considered indicates that the Council should hold a working balance of about

£14 millions. The outturn has enabled £43,000 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 £56.1 millions. During the year earmarked reserves have increased by a net £15.3 millions to £71.4 millions. Within this overall increase, the Transformation Reserve has increased by £2.6 millions which is the net effect of the planned contribution to the reserve of £5.0 millions and in year costs. The Budget Management Reserve has increased by £10.0 millions as a result of the transfers set out above.
- 5.2 During the 2017/18 budget setting process schools had late notification of the pension increase for support staff. The Council recognises that the delay in schools being able to understand the impact of the increase in pension contributions will mean that their ability to secure any necessary savings will also have been delayed. Therefore, it is recommended that within the Budget Management Reserve up to £700,000 is earmarked to support schools where the impact of these delays will cause hardship.
- 5.3 Details of earmarked reserves are contained on page 10.

6. Conclusion

- 6.1 The Council has dealt with an overspending of just under £10 millions in People Services. It has done this and still been able to increase reserves by £15.3 millions. This has been achieved partly through good housekeeping in other service areas, partly through income receipts received towards the end of the year and partly through the continuing benefit of changes made to the calculation of the Minimum Revenue Provision Policy in 2015/16.
- 6.2 In 2016/17 the budget for Children's Social Work and Child Protection was increased by £11.4 millions and expenditure has stayed within the budget. In 2017/18 the budget for Adult Social Care and Health has been increased by £18.7 millions. The council must ensure that it stays within the budget set for 2017/18 and does its best to ensure that there is not a third year of overspending in social care services.

REVENUE OUTTURN SUMMARY 2016/17

| | Final Approved Budget | Spending | Variations (Under) / Over |
|--|-----------------------------|----------------|---------------------------------|
| | (1) £'000 | (2) £'000 | (3) £'000 |
| 1 People | 347,204 | 334,517 | (12,687) |
| 2 Place | 96,521 | 89,685 | (6,836) |
| 3 Corporate Services | 33,790 | 32,913 | (877) |
| 4 Additional Pension Contributions | 5,883 | 5,126 | (757) |
| TOTAL FOR SERVICES | 483,398 | 462,241 | (21,157) |
| 5 Budget Carry Forward Fund | (40,828) | | 40,828 |
| NON-SERVICE ADJUSTMENTS | | | |
| 6 Transformation Costs | 0 | 2,413 | 2,413 |
| 7 Other | | 209 | 209 |
| 8 Capital Financing Charges | 44,261 | 44,015 | (246) |
| 9 Capital Financing Charges - PFI | 14,650 | 14,540 | (110) |
| 10 Investment Income on Balances | (1,215) | (1,294) | (79) |
| Levies and Contributions to Outside Bodies: | | | |
| 11 Environment Agency | 463 | 457 | (6) |
| 12 Devon Sea Fisheries | 326 | 326 | 0 |
| 13 Infrastructure Development | 250 | | (250) |
| 14 Efficiency Support for Sparse Areas | 70 | | (70) |
| 15 Transformation | 245 | | (245) |
| 17 Dartington School | 2,485 | (6,611) | (9,096) |
| 18 New Burdens Resilience | 7,000 | | (7,000) |
| 19 Bellwin Scheme Related Emergencies | 1,500 | | (1,500) |
| 20 Special Education Needs & Disability | 385 | | (385) |
| 21 Insurance | 1,356 | 1,069 | (287) |
| 22 Council Tax Support Partnership | 350 | 197 | (153) |
| 23 Direct Revenue Support for Capital | 2,236 | 1,817 | (419) |
| 24 Schools contribution to capital expenditure | (797) | (797) | 0 |
| 25 Contributions to / (from) Earmarked Reserves | 5,000 | | (5,000) |
| 26 Local Service Support Grant | (340) | (514) | (174) |
| 27 New Homes Bonus | (5,370) | (5,370) | 0 |
| 28 New Homes Bonus Adjustment Grant | (230) | (218) | 12 |
| 29 Small Business & Empty Property Rate Relief Grant | (1,254) | (1,420) | (166) |
| 30 Business Rate Compensation Grant | (1,360) | (1,347) | 13 |
| 31 Education Services Grant | (5,816) | (5,929) | (113) |
| 32 Independent Living Fund Grant | (2,820) | (2,888) | (68) |
| 33 Special Education Needs & Disability Grant | (488) | (488) | 0 |
| 34 Rural Services Delivery Grant | (7,409) | (7,409) | 0 |
| 35 Transition Grant | (2,823) | (2,823) | 0 |
| 36 Prison Social Care Grant | (303) | (303) | 0 |
| 37 High Needs Strategic Planning Grant | | (289) | (289) |
| 38 Devon Business Rates Pool | 0 | (1,149) | (1,149) |
| 39 Other General Grants | 0 | (14) | (14) |
| Sub Total | 492,922 | 488,421 | (4,501) |
| 40 Routine Spending from Earmarked Reserves | 3,798 | 140 | (3,658) |
| 41 Routine Use of Earmarked Reserves | (3,798) | | 3,798 |
| 42 TOTAL | 492,922 | 488,561 | (4,361) |

REVENUE OUTTURN SUMMARY 2016/17

| Recommended Action | | | | | | |
|---|---|-------------------------------------|-------------------------------|--|---|----|
| Grant C/Fwd to 17/18 from 16/17 (4) £'000 | Other C/Fwd to 17/18 from 16/17 (5) £'000 | Take to / (from) Reserves (6) £'000 | Recommended Outturn (7) £'000 | (Increase)/ Decrease in Balances (8) £'000 | | |
| 22,424 | | | 356,941 | 9,737 | People | 1 |
| 4,807 | 322 | | 94,814 | (1,707) | Place | 2 |
| | 132 | (266) | 32,779 | (1,011) | Corporate Services | 3 |
| | | | 5,126 | (757) | Additional Pension Contributions | 4 |
| 27,231 | 454 | (266) | 489,660 | 6,262 | TOTAL FOR SERVICES | |
| (34,314) | (6,514) | | (40,828) | 0 | Budget Carry Forward Fund | 5 |
| | | | | | NON-SERVICE ADJUSTMENTS | |
| | | (2,413) | 0 | 0 | Transformation Costs | 6 |
| | | | 209 | 209 | Other | 7 |
| | | | 44,015 | (246) | Capital Financing Charges | 8 |
| | | | 14,540 | (110) | Capital Financing Charges - PFI | 9 |
| | | | (1,294) | (79) | Investment Income on Balances | 10 |
| | | | | | Levies and Contributions to Outside Bodies: | |
| | | | 457 | (6) | Environment Agency | 11 |
| | | | 326 | 0 | Devon Sea Fisheries | 12 |
| | 250 | | 250 | 0 | Infrastructure Development | 13 |
| | 70 | | 70 | 0 | Efficiency Support for Sparse Areas | 14 |
| | | 245 | 245 | 0 | Transformation | 15 |
| | 1,081 | 8,015 | 2,485 | 0 | Dartington School | 17 |
| | | 2,000 | 2,000 | (5,000) | New Burdens Resillience | 18 |
| | | 1,500 | 1,500 | 0 | Bellwin Scheme Related Emergencies | 19 |
| | 385 | | 385 | 0 | Special Education Needs & Disability | 20 |
| | | | 1,069 | (287) | Insurance | 21 |
| | | | 197 | (153) | Council Tax Support Partnership | 22 |
| | 419 | | 2,236 | 0 | Direct Revenue Support for Capital | 23 |
| | | | (797) | 0 | Schools contribution to capital expenditure | 24 |
| | | 5,000 | 5,000 | 0 | Contributions to / (from) Earmarked Reserves | 25 |
| | | | (514) | (174) | Local Service Support Grant | 26 |
| | | | (5,370) | 0 | New Homes Bonus | 27 |
| | | | (218) | 12 | New Homes Bonus Adjustment Grant | 28 |
| | | 166 | (1,254) | 0 | Small Business & Empty Property Rate Relief Grant | 29 |
| | | | (1,347) | 13 | Business Rate Compensation Grant | 30 |
| | | | (5,929) | (113) | Education Services Grant | 31 |
| | | | (2,888) | (68) | Independent Living Fund Grant | 32 |
| | | | (488) | 0 | Special Education Needs & Disability Grant | 33 |
| | | | (7,409) | 0 | Rural Services Delivery Grant | 34 |
| | | | (2,823) | 0 | Transition Grant | 35 |
| | | | (303) | 0 | Prison Social Care Grant | 36 |
| | | | (289) | (289) | High Needs Strategic Planning Grant | 37 |
| | | 1,149 | 0 | 0 | Devon Business Rates Pool | 38 |
| | | | (14) | (14) | Other General Grants | 39 |
| (7,083) | (3,855) | 15,396 | 492,879 | (43) | Sub Total | |
| | | | 140 | (3,658) | Routine Spending from Earmarked Reserves | 40 |
| | | (140) | (140) | 3,658 | Routine Use of Earmarked Reserves | 41 |
| (7,083) | (3,855) | 15,256 | 492,879 | (43) | TOTAL | 42 |

REVENUE OUTTURN 2016/17

WORKING BALANCES

| | Balance 1st April 2016 (1) £'000 | Contrib'ns (2) £'000 | Spending (3) £'000 | Balance 31st March 2017 (4) £'000 |
|---|--|----------------------------|--------------------------|---|
| 1 Working Balances | 14,636 | | | |
| 2 External Support for Revenue Spending | | 492,922 | | |
| 3 Net Revenue Spending | | | (492,879) | |
| 4 Total County Fund | 14,636 | 492,922 | (492,879) | 14,679 |

EARMARKED RESERVES

| | Balance 1st April 2016 (1) £'000 | Contrib'ns from Budget (2) £'000 | Contrib'ns from / (to) Outturn (3) £'000 | Spending (4) £'000 | Balance 31st March 2017 (5) £'000 |
|----------------------------------|--|--|--|--------------------------|---|
| 1 Affordable Housing | 339 | | | (137) | 202 |
| 2 Budget Management | 24,026 | | 10,015 | | 34,041 |
| 3 Business Rates Risk Management | 2,425 | | 1,315 | | 3,740 |
| 4 Public Health | 492 | | | (266) | 226 |
| 5 Emergency | 15,000 | | 1,500 | | 16,500 |
| 6 On Street Parking | 4,747 | 206 | | | 4,953 |
| 7 Service Transformation | 9,103 | 5,000 | 245 | (2,622) | 11,726 |
| | 56,132 | 5,206 | 13,075 | (3,025) | 71,388 |
| 8 Schools Carry Forward | 23,163 | | 18,388 | (23,163) | 18,388 |
| 9 Non Schools Carry Forward | 17,665 | | 11,502 | (17,665) | 11,502 |
| | 40,828 | 0 | 29,890 | (40,828) | 29,890 |
| Total | 96,960 | 5,206 | 42,965 | (43,853) | 101,278 |

REVENUE OUTTURN 2016/17

FUNDING REVENUE SPENDING

| | £'000 | £'000 |
|---|-----------|-------------------------|
| 1 Total revenue spending | | 492,879 |
| 2 Budget Variation added to balances | | 43 |
| 3 Budget level | | <u>492,922</u> |
| 4 Financed by: | | |
| 5 Revenue Support Grant | (57,700) | |
| 6 Business Rates Retention Scheme - Local Element | (22,215) | |
| 7 Business Rates Retention Scheme - Top Up | (72,110) | |
| 8 Business Rates Collection Fund Deficit | 960 | |
| 9 Council Tax - precepts on District Councils | (341,857) | |
| 10 Total financing | | <u>(492,922)</u> |

PROVISIONS

| | Provision B/ Forward | Changes in 2016/17 | Provision Remaining 31st March 2017 | Recommended Action | |
|----------------------------|-------------------------|--------------------------|--|---|-----------------------------------|
| | £'000 | £'000 | £'000 | Increase / (Decrease) in provision £'000 | Provision for 2016/17 £'000 |
| 1 Doubtful debts provision | 1,135 | (62) | 1,073 | | 1,073 |
| 2 Insurance | 13,273 | 374 | 13,647 | | 13,647 |
| 3 Out of date cheques | 131 | (10) | 121 | | 121 |
| 4 Coroners | 0 | 150 | 150 | | 150 |
| 5 Green Waste | | 100 | 100 | | 100 |
| 6 Waste Management | 215 | | 215 | | 215 |
| 7 Structural redundancies | 481 | (397) | 84 | | 84 |
| Total | <u>15,235</u> | <u>155</u> | <u>15,390</u> | <u>0</u> | <u>15,390</u> |

REVENUE OUTTURN 2016/17 – RECOMMENDED ACTION

PEOPLE

| | Final Adjusted Budget (1) £'000 | Unadjusted Spending (2) £'000 | Grants c/fwds to 2017/18 (3) £'000 | Variations (Under) / Over (4) £'000 | Recommended Action Other c/fwds to 2017/18 (5) £'000 | Final Outturn (Under) / Over (6) £'000 |
|---|---|--|--|---|---|--|
| Childrens Social Work & Child Protection | 76,326 | 75,196 | 902 | (228) | | (228) |
| Adult Care & Health | 173,903 | 180,848 | 0 | 6,945 | | 6,945 |
| Adult Commissioning & Health (incl Mental Health) | 24,795 | 24,948 | 0 | 153 | | 153 |
| Education & Learning - General Fund | 43,056 | 43,532 | 967 | 1,443 | | 1,443 |
| Education & Learning - Dedicated Schools Grant | 29,124 | 9,993 | 20,555 | 1,424 | | 1,424 |
| Revenue Outturn | 347,204 | 334,517 | 22,424 | 9,737 | 0 | 9,737 |
| VARIATIONS BETWEEN BUDGET AND SPEND | | | | | £'000 | £'000 |
| <u>Childrens Social Work & Child Protection</u> | | | | | | |
| Net effect of looked after children placement mix, more children accessing shortbreaks, increase in Special Guardianship and Kinship arrangements | | | | | 1,205 | |
| Number of social workers employed lower than budget offset by differential costs for temporary workers | | | | | (720) | |
| Savings across Youth Offending, fostering, adoption and REACH* teams from reorganisation and vacancy management (Reducing Exploitation and Absence from Care or Home) | | | | | (774) | |
| Atkinson Unit - higher numbers of young people with very complex needs | | | | | 380 | |
| Agreed share of Better Care Fund underspend | | | | | (65) | |
| Net savings across Strategic Management teams, contract management and legal costs | | | | | (50) | |
| Early Help - five year budget plan; phasing of attachment fee income and Service Transformation Grant | | | | | (204) | (228) |
| <u>Adult Care & Health</u> | | | | | | |
| Older People - residential/nursing increased cost pressures (incl market premiums) offset by re-procurement delayed (£3.078m) | | | | | 1,480 | |
| Disability Services (including autistic spectrum conditions) - increased costs across all services largely volume related offset by re-procurement delayed (£0.961m) | | | | | 7,044 | |
| Agreed share of Better Care Fund underspend | | | | | (1,491) | |
| Older People/Disability in-house (including social care reablement) - increased staffing and other costs | | | | | 94 | |
| Safeguarding Adults - vacancy savings in staffing costs | | | | | (110) | |
| Workforce Development - savings in staffing costs and increased income | | | | | (72) | 6,945 |
| <u>Adult Commissioning & Health (incl Mental Health)</u> | | | | | | |
| Staffing vacancy savings and efficiencies | | | | | (209) | |
| Savings on contracts and central budgets withheld in year | | | | | (522) | |
| Net overspend on Adult Mental Health services | | | | | 884 | 153 |
| <u>Education and Learning - General Fund</u> | | | | | | |
| Lower Legal costs, Admissions buy-back and staff vacancies and efficiencies | | | | | (291) | |
| Cost reduction in various external contracts | | | | | (247) | |
| Early Years provider support and development and Children's centres rent | | | | | (154) | |
| Home to School/College Transport - increased numbers through demography | | | | | 652 | |
| Personalised Transport - increased cost / number of children with Special Educational Needs requiring transport | | | | | 1,361 | |
| Unforeseen Teacher Pension and SCITT payments | | | | | 168 | |
| Other Savings | | | | | (46) | 1,443 |
| <u>Education and Learning - Dedicated Schools Grant and Schools Funding</u> | | | | | | |
| Schools' delegated budgets (including Special and Hospital schools) | | | | | (18,400) | |
| Schools' de-delegated budgets and centrally retained services for schools | | | | | (4,431) | |
| Early education for 2, 3 & 4 year olds - take up of provision and planned carry forward of funding | | | | | (223) | |
| High Needs - Increased demand and cost for SEN placements | | | | | 3,922 | |
| Revenue grants and contribution carried forward | | | | | 20,555 | 1,424 |
| | | | | | | 9,737 |
| CARRY FORWARD PROPOSALS | | | | | | 0 |
| CONTRIBUTION TO / (FROM) OUTTURN | | | | | | (9,737) |

REVENUE OUTTURN 2016/17 – RECOMMENDED ACTION PLACE

| | Final Adjusted Budget (1) £'000 | Unadjusted Spending (2) £'000 | Grants c/fwds in 2016/17 (3) £'000 | Variations (Under) / Over (4) £'000 | Recommended Action Other c/fwds to 2017/18 (5) £'000 | Final Outturn (Under) / Over (6) £'000 |
|---|---|--|--|---|---|---|
| Highways and Traffic Management | 32,878 | 32,339 | 185 | (354) | 0 | (354) |
| Planning, Transportation & Environment | 6,264 | 3,891 | 1,931 | (442) | 123 | (319) |
| Capital Development and Waste Management | 27,173 | 25,770 | 15 | (1,388) | 0 | (1,388) |
| Economy & Enterprise | 1,957 | 2,486 | 376 | 905 | 116 | 1,021 |
| Services for Communities | 28,249 | 25,199 | 2,300 | (750) | 83 | (667) |
| Revenue Outturn | 96,521 | 89,685 | 4,807 | (2,029) | 322 | (1,707) |
| <u>VARIATIONS BETWEEN BUDGET AND SPEND</u> | | | | | £'000 | £'000 |
| <u>Highways and Traffic Management</u> | | | | | | |
| Legal fees, including new Term Maintenance Contract (TMC) and reduced charges to capital | | | | | 439 | |
| New TMC mobilisation and final contract adjustments | | | | | 646 | |
| Reduced reactive spend due to mild winter and no specific storms | | | | | (937) | |
| Street Lighting reduced energy and maintenance costs | | | | | (502) | (354) |
| <u>Planning, Transportation & Environment</u> | | | | | | |
| Increased new income streams, project underspends and general variations | | | | | (83) | |
| Increased economic activity resulting in more inspection and planning fees | | | | | (304) | |
| Delayed match spend on formal partnerships | | | | | (55) | (442) |
| <u>Capital Development and Waste Management</u> | | | | | | |
| Reduction in staffing costs and other operational expenditure | | | | | (316) | |
| Energy from Waste plants – Lower tonnages, increased income, reduced cost of waste transfer | | | | | (1,216) | |
| Waste Recycling contracts – Recycling credits underspent because of lower tonnages | | | | | (39) | |
| Waste Disposal tonnages – Increase in IVC tonnages and other minor changes | | | | | 183 | (1,388) |
| <u>Economy & Enterprise</u> | | | | | | |
| Science Park Loan guarantee reflecting revised risk rating | | | | | 1,031 | |
| Project and staffing underspends | | | | | (126) | 905 |
| <u>Services For Communities</u> | | | | | | |
| National Travel scheme - Reduced journeys resulting in lower contract costs | | | | | (373) | |
| Bus subsidies and management costs - Reduced activity and contract spend and other variations | | | | | (111) | |
| Underspend on Locality and Town and Parish budgets | | | | | (128) | |
| Trading standards - Achieving early staffing and other savings | | | | | (75) | |
| Youth Services - Property transfer delayed | | | | | (37) | |
| General project underspends | | | | | (26) | (750) |
| | | | | | | (2,029) |
| <u>CARRY FORWARD PROPOSALS</u> | | | | | | |
| Match funding for partnership agreements - Environment | | | | | | 22 |
| Match funding for partnership agreements - Broadband Development UK (BDUK) | | | | | | 116 |
| Match funding for partnership agreements - Greater Exeter Strategy | | | | | | 33 |
| County Hall travel plans - Extended remit | | | | | | 68 |
| Youth Services - Surplus property transfer delayed | | | | | | 40 |
| Town and Parish Funds - Devon Remembers and Devon Records Office | | | | | | 43 |
| | | | | | | 322 |
| <u>CONTRIBUTION (TO)/FROM OUTTURN</u> | | | | | | (1,707) |

REVENUE OUTTURN 2016/17 – RECOMMENDED ACTION

CORPORATE SERVICES

| | Final Adjusted Budget (1) £'000 | Unadjusted Spending (2) £'000 | Grants c/fwds to 2017/18 (3) £'000 | Variations (Under) / Over (4) £'000 | Recommended Action Other c/fwds to 2017/18 (5) £'000 | Final Outturn (Under) / Over (6) £'000 |
|---|---|--|--|---|---|--|
| Digital Transformation & Business Support | 14443 | 13745 | 0 | (698) | 132 | (566) |
| County Solicitor | 5005 | 4950 | 0 | (55) | 0 | (55) |
| Human Resources | 2666 | 2438 | 0 | (228) | 0 | (228) |
| County Treasurer | 11224 | 11062 | 0 | (162) | 0 | (162) |
| Public Health | 452 | 452 | 0 | 0 | 0 | 0 |
| Revenue Outturn | 33,790 | 32,647 | 0 | (1,143) | 132 | (1,011) |
| <u>VARIATIONS BETWEEN BUDGET AND SPEND</u> | | | | | £'000 | £'000 |
| <u>Digital Transformation & Business Support</u> | | | | | | |
| Estates - reduction in NPS profit share due to over-reliance on "aspirational" work in the 16/17 business plan and a higher than normal level of work in progress at year end | | | | | 185 | |
| Business Infrastructure - significantly increased profit share from Norse (facilities management) and energy efficiency and central despatch savings. | | | | | (508) | |
| Private Finance Initiative - Savings in professional fees and contracts | | | | | (190) | |
| ICT - Commissioning team restructure and strategic project spend that could not be capitalised, offset by additional profit generated by Scomis as a result of Windows 10 | | | | | (133) | |
| Other minor variations | | | | | (52) | (698) |
| <u>County Solicitor</u> | | | | | | |
| Legal Services - locum Solicitors, village green enquiry and provision for coroners inquest investigation | | | | | 220 | |
| Registration Service - increased income from ceremonies and licenses | | | | | (266) | |
| Other minor variations | | | | | (9) | (55) |
| <u>Human Resources</u> | | | | | | |
| Employee Services - reduced turnover in Temps Solutions | | | | | 39 | |
| Management & Strategy - under achievement of vacancy management target | | | | | 22 | |
| Performance - vacancy management | | | | | (34) | |
| Personnel Services Operations - vacancy management | | | | | (255) | (228) |
| <u>County Treasurer</u> | | | | | | |
| Finance Services - staff turnover savings and additional income | | | | | (89) | |
| Other Services - one-off charges for external audit offset by savings in bank charges | | | | | 26 | |
| Net savings in Authority-wide unfunded pensions | | | | | (99) | (162) |
| <u>Public Health</u> | | | | | | |
| Nicotine Replacement Therapy costs | | | | | (127) | |
| Vacancy management | | | | | (63) | |
| Reduced drawdown from reserves | | | | | 50 | |
| Increased demand against payments by results contracts | | | | | 140 | 0 |
| | | | | | | (1,143) |
| <u>CARRY FORWARD PROPOSALS</u> | | | | | | |
| <u>Digital Transformation & Business Support</u> | | | | | | |
| Private Finance Initiative - commitment in respect of facilities | | | | | | 132 |
| | | | | | | 132 |
| CONTRIBUTION (TO) / FROM OUTTURN | | | | | | (1,011) |

BUDGET ADJUSTMENTS 2016/17

| | Original Budget £000 | 2015/16 Brought Forward £000 | Virements £000 | Final Budget £000 |
|---|----------------------------|---------------------------------------|-------------------|-------------------------|
| People | 316,118 | 30,254 | 832 | 347,204 |
| Place | 93,934 | 5,000 | (2,413) | 96,521 |
| Corporate Services | 33,486 | 322 | (18) | 33,790 |
| Pension Contribution Shortfall | 5,710 | | 173 | 5,883 |
| Total Service budgets | 449,248 | 35,576 | (1,426) | 483,398 |
| Budget Carry Forward Fund | | (40,828) | | (40,828) |
| Capital Financing | 44,261 | | | 44,261 |
| Capital Financing PFI | 11,731 | | 2,919 | 14,650 |
| Interest on Balances | (1,215) | | | (1,215) |
| Infrastructure Development | | 250 | | 250 |
| Efficiency Support for Sparse Areas | | 89 | (19) | 70 |
| Other | | | | 0 |
| Implementation of the Care Act | | 2,885 | (2,885) | 0 |
| Special Education Needs Disability | | 513 | (128) | 385 |
| Child Sexual Exploitation Review | | | | 0 |
| Dartington School | 1,390 | 1,095 | | 2,485 |
| New Burden's Resilience | 5,000 | | 2,000 | 7,000 |
| Bellwin Scheme Related Emergencies | 1,500 | | | 1,500 |
| Highways Drainage and Safety Defects | 1,000 | | (1,000) | 0 |
| Transformation | 1,000 | | (755) | 245 |
| Citizen Advice Bureaux | 40 | | (40) | 0 |
| Council Tax Support Partnership | 350 | | | 350 |
| Adoption Reform and Special Education Needs | 488 | | (488) | 0 |
| Insurance | | | 1,356 | 1,356 |
| Direct Revenue Support for Capital | | | 1,566 | 1,566 |
| Spending from Reserves | 3,798 | | | 3,798 |
| Use of Reserves | (3,798) | | | (3,798) |
| Contribution to Transformation Reserve | 5,000 | | | 5,000 |
| Precepts | | | | |
| Flood Defence | 463 | | | 463 |
| Inshore Fisheries | 326 | | | 326 |
| Non-committee budgets | 71,334 | (35,996) | 2,526 | 37,864 |
| Direct Support for Capital - Flood Defence | 250 | 420 | | 670 |
| School contribution to capital expenditure | | | (797) | (797) |
| | 520,832 | 0 | 303 | 521,135 |
| Local Service Support Grant | (340) | | | (340) |
| New Homes Bonus | (5,370) | | | (5,370) |
| New Homes Bonus Adjustment Grant | (230) | | | (230) |
| Small Business & Empty Property Rate Relief Grant | (1,254) | | | (1,254) |
| Business Rate Cap Compensation Grant | (1,360) | | | (1,360) |
| Education Services Grant | (5,816) | | | (5,816) |
| Independent Living Fund Grant | (2,820) | | | (2,820) |
| Special Educational Needs Grant | (488) | | | (488) |
| Rural Services Delivery Grant | (7,409) | | | (7,409) |
| Transition Grant | (2,823) | | | (2,823) |
| Prison Social Care Grant | | | (303) | (303) |
| TOTAL | 492,922 | 0 | 0 | 492,922 |

ALLOWANCES PAID TO DEVON COUNTY COUNCILLORS

UNDER THE MEMBERS ALLOWANCES SCHEME FOR THE YEAR ENDING 31ST MARCH 2017 Note: Basic & Special Responsibility Allowances and some elements of travelling & subsistence allowances are subject to taxation.

| Surname | Initis | Basic Allowance | Special Responsibility Allowance | Mileage and Subsistence Expenses | Carers Allowance |
|-----------------|--------|-----------------|----------------------------------|----------------------------------|------------------|
| | | £ | £ | £ | £ |
| Ball | K | 10970.04 | 0.00 | 0.00 | 0.00 |
| Barisic | E | 10970.04 | 0.00 | 201.21 | 297.36 |
| Barker | SD | 10970.04 | 16455.00 | 2,756.23 | 0.00 |
| Berry | EJ | 10970.04 | 0.00 | 626.26 | 0.00 |
| Biederman | F | 10970.04 | 285.55 | 2,000.39 | 0.00 |
| Bowden | P | 10970.04 | 2742.96 | 89.10 | 0.00 |
| Boyd | A | 10970.04 | 0.00 | 162.90 | 0.00 |
| Brazil | JC | 10970.04 | 8000.04 | 1,997.67 | 0.00 |
| Brook | FJ | 10970.04 | 5484.96 | 0.00 | 0.00 |
| Channon | C | 10970.04 | 1331.38 | 368.10 | 0.00 |
| Chugg | C | 10970.04 | 2742.96 | 1,927.50 | 0.00 |
| Clarance | C | 10970.04 | 0.00 | 530.35 | 0.00 |
| Clatworthy | J | 9999.96 | 20000.04 | 1,384.30 | 0.00 |
| Colthorpe | P | 10970.04 | 3999.96 | 0.00 | 0.00 |
| Connett | AM | 10970.04 | 5484.96 | 326.70 | 0.00 |
| Croad | RF | 10970.04 | 16455.00 | 5,108.56 | 0.00 |
| Davis | AV | 10970.04 | 16455.00 | 3,736.37 | 0.00 |
| Dempster | A | 10970.04 | 0.00 | 0.00 | 0.00 |
| Dewhurst | A | 10970.04 | 0.00 | 850.84 | 0.00 |
| Dezart | G | 10970.04 | 0.00 | 672.30 | 0.00 |
| Diviani | PA | 10970.04 | 0.00 | 312.30 | 0.00 |
| Eastman | AJ | 10970.04 | 0.00 | 1,259.50 | 0.00 |
| Edgell | RC | 10970.04 | 2742.96 | 2,290.61 | 0.00 |
| Edmunds | M | 10970.04 | 0.00 | 675.45 | 0.00 |
| Foggin | OM | 10970.04 | 0.00 | 0.00 | 0.00 |
| Gilbert | R | 10970.04 | 2742.96 | 2,134.55 | 0.00 |
| Greenslade | BC | 10970.04 | 0.00 | 2,811.57 | 0.00 |
| Gribble | G | 10970.04 | 0.00 | 1,727.75 | 0.00 |
| Hannafor | R | 10970.04 | 3999.96 | 169.50 | 0.00 |
| Hannan | A | 10970.04 | 0.00 | 77.41 | 0.00 |
| Hannon | DPO | 10970.04 | 0.00 | 0.00 | 0.00 |
| Hart | TJ | 9999.96 | 24999.96 | 2,547.14 | 0.00 |
| Hawkins | JD | 10970.04 | 0.00 | 1,546.92 | 0.00 |
| Hill | R | 10970.04 | 0.00 | 0.00 | 0.00 |
| Hone | J | 10970.04 | 0.00 | 0.00 | 0.00 |
| Hook | GN | 10970.04 | 3999.96 | 319.50 | 0.00 |
| Hosking | RW | 10970.04 | 0.00 | 2,111.46 | 0.00 |
| Hughes | BCJ | 10970.04 | 0.00 | 0.00 | 0.00 |
| Hughes | S | 10970.04 | 16455.00 | 5,409.39 | 0.00 |
| Julian | J | 10970.04 | 2742.96 | 8,558.41 | 0.00 |
| Knight | J | 10970.04 | 2742.96 | 1,518.80 | 0.00 |
| Leadbetter | AR | 10970.04 | 16455.00 | 9,362.38 | 0.00 |
| Matthews | J | 10970.04 | 353.13 | 1,210.11 | 0.00 |
| McInnes | JR | 10970.04 | 16455.00 | 4,015.90 | 0.00 |
| Morse | E | 10970.04 | 0.00 | 0.00 | 0.00 |
| Moulding | AT | 10970.04 | 11120.78 | 1,592.73 | 0.00 |
| Owen | J | 10970.04 | 0.00 | 0.00 | 0.00 |
| Parsons | BM | 10970.04 | 16455.00 | 4,495.50 | 0.00 |
| Prowse | GJ | 10970.04 | 0.00 | 0.00 | 0.00 |
| Radford | RA | 10970.04 | 7096.81 | 1,021.67 | 0.00 |
| Randall Johnson | S | 10970.04 | 8000.04 | 1,212.16 | 0.00 |
| Rowe | R | 10970.04 | 2710.05 | 1,269.38 | 0.00 |
| Sanders | PR | 10970.04 | 2742.96 | 694.75 | 0.00 |
| Sellis | D | 10970.04 | 3999.96 | 1,078.65 | 0.00 |
| Squires | M | 10970.04 | 0.00 | 860.61 | 0.00 |
| Vint | R | 10970.04 | 0.00 | 0.00 | 0.00 |
| Way | NA | 10970.04 | 0.00 | 325.00 | 0.00 |
| Westlake | RA | 10970.04 | 8000.04 | 0.00 | 0.00 |
| Wragg | EE | 10970.04 | 0.00 | 281.61 | 0.00 |
| Wright | C | 10970.04 | 0.00 | 419.40 | 0.00 |
| Yabsley | JO | 10970.04 | 0.00 | 870.37 | 0.00 |
| Younger-Ross | R | 10970.04 | 0.00 | 0.00 | 0.00 |

CAPITAL

7. The Capital Programme

- 7.1 The County Council approved the Capital Programme of £109.628 millions for 2016/17 in February 2016. The Programme was increased by £39.184 millions for previous year underspending and by £20.354 millions for additional items approved by members during the year to give a final Capital Programme of £169.166 millions. Actual Capital Expenditure was £132.515 millions an underspending of £36.651 millions. The table below sets out the position for each spending area:

| Capital Expenditure | Budget | Actual Spend | Variation |
|---------------------|---------|--------------|-----------|
| | £000 | £000 | £000 |
| Place | 137,940 | 113,563 | 24,377 |
| People | 19,669 | 12,496 | 7,173 |
| Corporate | 11,557 | 6,456 | 5,101 |
| Total | 169,166 | 132,515 | 36,651 |

8. Capital Outturn

- 8.1 The County Council delivered a large programme of capital investment in 2016/17. There were a number of significant schemes completed during the year which included the completion of Ivybridge recycling centre, Tithebarn Link Road Phase 2a northern section (Blackhorse Lane) and a number of School expansion schemes.
- 8.2 As set out in the table above, the Capital Programme underspent by £36.651 millions or 22% at outturn (this compares to £46.8 millions or 27% in 2015/16). Within this total £33.582 millions represents slippage across a range of schemes which will be carried forward to future years and £3.069 millions savings achieved in programme delivery.

9. Variation between the delivered Capital Programme and Budget

- 9.1 The 2016/17 net variance totalled £36.651 millions. It is recommended that £25.232 millions are carried forward into the 2017/18 Capital Programme, and £8.350 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 2017/18 | Carry Forward to 2018/19 and future years |
|---------------------|-----------|--------------------------|---|
| | £ 000 | £ 000 | £ 000 |
| Place | 24,377 | 18,392 | 4,133 |
| People | 7,173 | 2,565 | 3,307 |
| Corporate | 5,101 | 4,275 | 759 |
| Total | 36,651 | 25,232 | 8,350 |

- 9.2 A summary of the main reasons for the variation between spend and budgets is outlined below:

- Marsh Barton Station - £2.6 Millions due to awaiting design review and approval from project partners and grant award decision from the Department of Transport;
- Barnstable Hub - £2.0 Millions due to final decision on choice of site delaying start;
- Tithebarn Link Road - £1.8 Millions due to delays in the grant award decision from the Department of Transport;
- Roundwell Phase 2 (Barnstable) - £1.3 Millions due to delays in the planning process and subsequent tender process extension;
- Street Lighting improvements - £1.3 Millions due to resourcing issues experienced by main contractor and addressed in 2017/18;
- Dartington Primary - £1.2 Millions due to delays in finalising project plan post legal discussions; and
- Grants to Independent Care Homes - £1 Millions due to a review the strategic plan for this investment.

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 | 2016/17 Final Budget | 2016/17 Final Outturn | Capital Budgets Carried Forward | 2016/17 Capital Budget Savings |
|-----------------------------------|----------------------|-----------------------|---------------------------------|--------------------------------|
| | £ 000 | £ 000 | £ 000 | £ 000 |
| Capital Receipts Applied | 29,590 | 18,385 | 10,894 | 311 |
| Borrowing | 21,248 | 14,678 | 6,003 | 567 |
| External Grants and Contributions | 115,627 | 97,615 | 16,140 | 1,872 |
| Revenue Budgets | 2,701 | 1,837 | 545 | 319 |
| Total | 169,166 | 132,515 | 33,582 | 3,069 |

- 10.2 The total borrowing required to finance the capital programme in 2016/17 was £14.678 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 £21.298 millions at 1st April 2016. Net of the cost of sales, capital receipts of £9.223 millions were received in year from the sale of County land, building and other assets. Having applied £18.384 millions of capital receipts to finance spend, the closing balance for Capital Receipts is £12.137 millions. These movements are shown in the table over:

| Capital Receipts | General Receipts | Investing in Devon | Total |
|--------------------------------|------------------|--------------------|--------|
| | £ 000 | £ 000 | £ 000 |
| Opening Balance 1st April 2016 | 11,779 | 9,519 | 21,298 |
| Received in year | 9,223 | 0 | 9,223 |

| | | | |
|--------------------------|----------|---------|----------|
| Applied to finance spend | (11,488) | (6,896) | (18,384) |
| Closing Balance | 9,514 | 2,623 | 12,137 |
| 31st March 2017 | | | |

11. Major Capital Investment

11.1 Place

11.1.1 Highways Capital development and Waste Management - £54 millions outturn spend. The Local Transport Plan (LTP) Maintenance block grant funding has delivered over 750 highway schemes and targeted priority carriageway schemes including surface dressing treatments and preparatory patching works totalling £33 millions and a significant number of bridge schemes £5.9 millions. £5.8 millions has been invested in street lighting columns and lanterns largely funded by the Department for Transport funded Challenge Fund project.

11.1.2 Planning, Transportation and Environment - £47 millions outturn spend. There has continued to be significant investment into the infrastructure of the County during 2016/17 with some works continuing into 2017/18. Schemes include Bridge Road widening improvements, Portmore roundabout, Roundswell pedestrian and cycle bridge, Newcourt Junction, Deep Lane northern section, Tithebarn Link Road, A39 Westaway Plain and Kingskerswell traffic calming and pedestrian and cycle scheme. Further investment has also been made in preparing schemes including, the A30/A303 (Honiton to Somerset border), North Devon Link Road (M5 – Bideford), Tiverton Eastern Urban Extension access, A382 and Houghton Barton link (Newton Abbot), Deep Lane southern section, Bere Alston – Tavistock rail link. Flood improvement schemes have commenced in 2016/17 at Braunton and Millbrook and the authority has made its final contribution towards the Environment Agency led Exeter flood alleviation scheme. The 2016/17 PT&E schools capital programme has provided places which have sustained the high level of parent preference for September admissions to primary, secondary and special schools.

11.1.3 Economy and Enterprise. Somerset County Council confirmed that Devon's contribution towards the Superfast Broadband programme in 2016/17 totalled £9.5 millions. British Telecom have been installing fibre broadband and connecting homes across the two counties since 2013/14 but government and European grants have funded this until 2016/17.

11.2 People

11.2.1 Adult Social Care and Health. Significant programme spend in-year included:

- £5.7m of Disabled Facilities Grant for which the District Councils take a lead although County led adaptations to people's homes;
- Better Care Fund capital spending of £1.1 millions was used to acquire a wide range of equipment for use by elderly and disabled people in the community; and
- Final expenditure of £400,000 was incurred in-year to complete the renovation works at Abbey Rise in Tavistock, a modern flexible work space with upgraded facilities to support people with learning and physical difficulties.

11.2.2 Education and Learning. The central 2016/17 Education and Learning capital programme has primarily been looking at pressures in Early Years education places and this year investments has been made to manage these, place shortages have this year been addressed with the expansion of Clapper Lane

Childrens Centre in Honiton and Westcliff Childrens Centre in Dawlish. The schools have also been continuing to invest in their ICT infrastructure and equipment with many schools now looking to the authority's vehicle & equipment loans pool to purchase their ICT and spread the costs of the IT over several years, thereby giving them the ability to maintain current up to date technology without having to find substantial sums of funding up front.

11.2.3 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 several large investments including expansions at:

- Woolacombe School (Busy Bees Nursery);
- Chudleigh C of E Community Primary School;
- Fremington Community Primary & Nursery School;
- Tiverton High School;
- Okehampton College; and
- Ellen Tinkham School (Bodley House).

11.2.4 There have also been substantial renovations and facility expansions at:

- Stokenham Area Primary School;
- Modbury Primary School;
- Lew Trenchard C of E Primary School;
- West Croft School; and
- Ellen Tinkham School.

11.2.5 Children's Services. The 2016/17 Children's Social care capital programme has continued to see external investment in the Atkinson Unit with six successful bids to improve the site. The enhanced facilities will continue to ensure that the unit offers the highest level of protection to the most vulnerable in our society. There has also been continued investment in supporting the District Councils in providing top up financial grants to accommodate families of disabled children who need major adaptation in order to continue to support their children in living at home.

11.3 Corporate Services

11.3.1 The ICT Capital programme with an in year budget of £3.9m spent £2.8m with the main focus of delivery being upgrades required to achieve the Windows 10 upgrade across the authority. This work is ongoing in 2017/18.

12.Prudential Indicators

12.1 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 2016/17 includes both borrowing and other long term liabilities such as PFI schemes.

- 12.2 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 2016/17 no prudential indicators were breached.

13.Capital Financing Requirement (CFR)

- 13.1 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.

| 2015/16 | 2016/17 |
|---|-----------------------|
| £000 | £000 |
| <u>710,969</u> Opening Capital Financing Requirement | <u>732,815</u> |
| 710,969 | 732,815 |
| Capital Investment | |
| 108,359 Property, Plant and Equipment | 106,125 |
| Energy from Waste Plant | |
| 69,323 Initial recognition of asset | 0 |
| (43,412) less deferred credit | <u>0</u> |
| 14 Heritage Assets | 15 |
| 630 Intangible Assets | 158 |
| 19,456 Revenue Expenditure Funded from Capital under Statute | 26,217 |
| Sources of Finance | |
| (10,960) Capital Receipts | (18,385) |
| (99,167) Government Grants and other contributions | (100,954) |
| Sums set aside from revenue: | |
| (2,259) Direct revenue contributions | (1,837) |
| (20,413) Statutory provision for the financing of capital investment | (20,318) |
| Capital provision | |
| 6,301 Creation of Long Term Provision | 6,026 |
| <u>(6,026)</u> Provision remaining at year end | <u>(5,758)</u> |
| <u>732,815</u> Closing Capital Financing Requirement | <u>724,104</u> |
| Explanation of Movements in Year | |
| 16,073 Increase in underlying need to Borrow (unsupported by government financial assistance) | 14,678 |
| 275 Decrease in Capital Provision | 268 |
| 23,990 (Reduction)/ Increase in PFI liability | (1,870) |
| <u>(18,492)</u> Increase in the provision for repayment of debt | <u>(21,787)</u> |
| <u>21,846</u> Increase/(decrease) in Capital Financing Requirement | <u>(8,711)</u> |

14.Authorised Limit and the Operational Boundary for External Debt

- 14.1 External borrowing totals £507.850 millions and other Long Term Liabilities total £132.670 millions. The actual external debt for 2016/17 was therefore £640.520 millions. The authorised limit for external debt of £838.859 millions was not breached. The operational boundary for external debt of £813.859 millions was not breached.

15.Ratio of Financing Cost to Net Revenue Stream

- 15.1 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.

| | Including PFI Charges | Excluding PFI Charges |
|-----------------------|-----------------------|-----------------------|
| Total Financing Costs | £ 58.791 millions | £ 43.046 millions |
| Net Revenue Stream | £492.922 millions | £492.922 millions |
| Actual | 11.88% | 8.93% |
| Estimated | 11.93% | 8.73% |
| Variance | (0.05)% | 0.20% |

16.Determination of Capital Finance

- 16.1 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 24 and compared to budget, is proposed:
- 16.2 That internal borrowing totalling £14.678 millions is used as authorisation to finance capital expenditure.
- 16.3 That expenditure of £97.615 millions is funded from government grants and external contributions to meet expenditure in 2016/17 for capital purposes.
- 16.4 That useable capital receipts of £18.385 millions are applied to meet expenditure in 2016/17 for capital purposes.
- 16.5 That remaining capital expenditure of £1.837 millions is met from revenue budgets.

CAPITAL OUTTURN SUMMARY STATEMENT 2016/17

| | Revised Programme | Total Spending | Slippage and Other Variations | <u>Impact on</u> <u>2017/18</u> <u>Programme</u> <u>Increase /</u> <u>(Decrease)</u> | <u>Impact on</u> <u>2018/19</u> <u>Programme</u> <u>Increase /</u> <u>(Decrease)</u> | <u>Impact on</u> <u>2019/20</u> <u>Programme</u> <u>Increase /</u> <u>(Decrease)</u> | <u>Impact on</u> <u>2020/21</u> <u>Programme</u> <u>Increase /</u> <u>(Decrease)</u> | <u>Impact on</u> <u>2021/22</u> <u>Programme</u> <u>Increase /</u> <u>(Decrease)</u> |
|-----------------------------|----------------------|-------------------|----------------------------------|--|--|--|--|--|
| | (1) £'000 | (2) £'000 | (3) £'000 | (4) £'000 | (5) £'000 | (6) £'000 | (7) £'000 | (8) £'000 |
| CORE PROGRAMME | | | | | | | | |
| Place | 137,940 | 113,563 | (24,377) | (18,392) | (4,133) | 0 | 0 | 0 |
| People | 19,669 | 12,496 | (7,173) | (2,565) | (3,307) | 0 | (150) | (1) |
| Corporate | 11,557 | 6,456 | (5,101) | (4,275) | (759) | 0 | 0 | 0 |
| TOTAL | 169,166 | 132,515 | (36,651) | (25,232) | (8,199) | 0 | (150) | (1) |
| TOTAL TO BE FINANCED | | <u>132,515</u> | | | | | | |

CAPITAL PROGRAMME 2016/17 – STATEMENT OF DETERMINATION OF CAPITAL FINANCE

| | Recommended Financing £000 | Recommended Financing £000 |
|--|----------------------------------|----------------------------------|
| SOURCES OF FINANCE | | |
| External Resources | | |
| Grants and Contributions | 97,615 | |
| Total External Sources | | 97,615 |
| Internal Resources | | |
| Useable Capital Receipts Applied | 18,385 | |
| Internal Borrowing | 14,678 | |
| Revenue Budgets and Earmarked Reserves | <u>1,837</u> | |
| | 34,900 | |
| Total Internal Sources | | 34,900 |
| Total Sources of Funding | | <u><u>132,515</u></u> |

| | | |
|----------------------------|--|----------------------|
| Capital Receipts | | |
| Balance at Start of Year | | 21,298 |
| Received During Year | | 9,223 |
| Applied to Financing | | <u>(18,385)</u> |
| Balance at Year End | | <u><u>12,136</u></u> |

Note

Analysis of balance of capital receipts at year end

| | |
|------------------------------------|----------------------|
| Airport Receipts earmarked for IID | 2,623 |
| General Receipts | <u>9,513</u> |
| | <u><u>12,136</u></u> |

DEBT (Monies Owed to the Authority) as at 31st March 2017

17.

- 17.1 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.
- 17.2 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.
- 17.3 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.
- 17.4 The County Council has a number of debtor systems which encompass Adult Care functions, Devon Pensions Fund items and Corporate services.
- 17.5 As at 31st March 2017, the situation was as follows :-

| | Corporate System | Adult Care Functions | Devon Pension Fund | Total |
|--|---|---|---|---|
| Total Invoiced Income for the Year | £194.116 million (£176.975 million at 31st March 2016) | £46.661 million (£42.694 million at 31st March 2016) | £8.485 million (£7.846 million at 31st March 2016) | £249.262 million (£227.515 million at 31st March 2016) |
| Outstanding debt older than 3 months | £3.053 million (£2.486 million at 31st March 2016) | £11.554 million (£10.527 million at 31st March 2016) | £0.080 million (£0.064 million at 31st March 2016) | £14.687 million (£13.077 million at 31st March 2016) |
| Percentage of Debt which is older than 3 months relative to whole year value | 1.57% (1.4% at 31st March 2016) | 24.7% (24.7% at 31st March 2016) | 0.94% (0.82% at 31st March 2016) | 5.89% (5.75% at 31st March 2016) |

- 17.6 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, albeit with an increase compared to outstanding balances at the end of 2015/16 financial year.
- 17.7 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 £8,500,823 (£8,027,845 at 31st March 2016) and reduce the percentage of outstanding debt to 6.5% (5.9% at 31st March 2016).

- 17.8 An 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 £716,737, with a bad debt provision of £441,295. The net debt was £275,442. Enforcement agents are used to recover related debt where appropriate.
- 17.9 Invoiced income in respect of the Devon Pension Fund is comparatively low in percentage terms and relates to a small number of debtors.
- 17.10 To mitigate the effect of non-recovery of debt, Provisions have been established to write-off corporate items which prove non-recoverable.

Mary Davis

Electoral Divisions: All

Local Government Act 2003

Contact for Revenue Enquiries:

- Mary Davis Tel No: 01392 383310
- Angie Sinclair Tel No: 01392 380711

Contact for Capital Enquiries:

- John Bougeard Tel No: 01392 383457

Background Paper Date 6th June 2017

Detailed financial working papers and systems

Executive Member: Councillor John Clatworthy