

**Joint Report of the County Treasurer and Chief Executive****2015/16 Budget**

**Recommendation :** that the Scrutiny Committee consider whether it wishes to draw to the attention of the Cabinet any observations on the proposals contained within the draft Revenue Budget 2015/16 and Capital Programme for 2015/16 to 2019/20.

1. Introduction and Commentary

- 1.1 At its meeting of 10th December 2014, Cabinet set Revenue Budget targets for 2015/16. The targets incorporate inflation, commitments and budget reductions required to set a budget within reduced funding levels provided by Government in the recent provisional financial settlement.
- 1.2 A number of major decisions remain to be taken. At this stage, the final outcome of the Local Government Finance Settlement is awaited and details of the council tax base, collection fund surpluses and tax base yield have yet to be confirmed. Information should be available by the time that County Council considers final budget proposals for 2015/16 on 19th February 2015. However, given the late notification of the provisional settlement and in line with arrangements from previous years, 26th February 2015 has been set aside for a second County Council budget meeting if required.
- 1.3 The draft budget attached to this report complies with the targets set by Cabinet on 10th December 2014 which total £437.7 millions. The total includes funding for commitments of £8.2 millions that mainly relates to additional expenditure to allow for service growth to cater for demographic changes such as increased children and adult service users and unavoidable cost pressures. A further £11.7 millions is included to meet the effect of inflationary pressures within the Authority's service provision. Savings of £45.9 millions and the removal of £0.5 millions one-off spending in 2014/15 are required to set a balanced budget.
- 1.4 The targets set for each service area have been subject to different pressures and influences. The People's Services budget has provided inflation and commitments of £16.0 millions with budget savings set at £32.1 millions. The Place budget provides for inflation and commitments of £2.7 millions with budget savings set at £9.3 millions and removal of one-off spending in 2014/15 of £0.5 millions. Corporate Services provides for inflation and commitments of £1.2 millions with budget savings set at £4.5 millions.
- 1.5 This report provides detailed budget proposals in respect of all Corporate Services, in line with the targets outlined in paragraph 1.1. The Budget Scrutiny day will provide Members with the opportunity to question further, budget issues for 2015/16 and beyond. In addition, detailed questions can be raised in advance of the Budget Scrutiny day by using the central DCC mailbox [scrutiny@devon.gov.uk](mailto:scrutiny@devon.gov.uk)

## 2. Influencing Factors for Cabinet Consideration

- 2.1 The Secretary of State for Communities and Local Government announced the Provisional Local Government Settlements for 2015/16 on 18th December 2014.
- 2.2 The Comprehensive Spending Review established the financial strategy for the national economy, with Local Government bearing substantial reductions in grant funding. The Autumn Statement published in December, although not increasing funding reductions for local government, confirms that budget reductions for 2015/16 remain. This year's General Election brings a degree of uncertainty, but all main political parties have indicated their intention to maintain public sector spending reductions in to the foreseeable future, to reduce the debt of the nation.
- 2.3 In terms of the County Council the Provisional Settlement for 2015/16 provides for a baseline funding level of £178.918 millions which includes £85.750 millions of Revenue Support Grant. The baseline funding level includes an additional £553,000 in recognition of the additional cost of providing services in rural areas. The Provisional Settlement is in line with expectations.
- 2.4 In terms of the level of funding in 2015/16 compared to 2014/15 the Secretary of State has quoted a 'spending power' increase of 0.5% for Devon against an average of 2.1% reduction nationally. The way in which 'spending power' is calculated does not give a true indication of the way Government Grant has diminished because it includes some redirected NHS money and council tax revenues. As a result it understates the real level of grant reduction. A fairer underlying measure is how the baseline funding level has reduced. On a like for like basis this has reduced by 14%.

## 3. Changes to the 2015/16 Corporate Services Base Budget

- 3.1 The major changes to the 2015/16 budget are as follows:-

	£'000
Adjusted Budget Approved by the Council for 2014/15	42,432
Inflation and Commitments	1,250
Budget reduction	(4,541)
Target Approved by Cabinet 10th December 2014	39,141

## 4. Service Specific Budget Issues

- 4.1 In order to deliver budget targets set by Cabinet, budget reductions of £4.541 millions are required.
- 4.2 In order to achieve this, significant budget reductions are required by way of rationalisation and restructuring of services, including revised management structures and other operational changes.
- 4.3 We also continue to look at ways of delivering services more effectively, utilising process mapping to help to engineer change and produce increased efficiencies and reduced costs.

- 4.4 At the same time we continue to explore alternate delivery models, develop partnership arrangements and make increased use of joint venture arrangements wherever appropriate.
- 4.5 In terms of other cost-cutting measures, work on cross-cutting strategies continues, with increasing property rationalisation, ongoing review of contracts and tenders and further staffing reductions.
- 4.6 In addition, some savings will arise as a result of budget appraisal reductions in People and Place, and further collaborative work is essential to ensure that strategies are complementary.
- 4.7 For Public Health, the grant remains ring fenced for 2015/16 and for 2016/17. The value of the grant for 2015/16 was announced on 9th September 2014 and remains unchanged at £22.060millions. This is disappointing, given that Devon receives one of the lowest levels of funding across the country, with the value per capita equating to £29 against a national average of £51.
- 4.8 In October 2015 commissioning responsibility for the Health Visitor Service transfers to the Council from NHS England. A further grant will be given to cover this responsibility.
- 4.9 In 2016/17 the Public Health grant will be revised subject to a "fair shares" formula which will be based on advice from the Advisory Committee on Resource Allocation (ACRA). The grant will include the Health Visitor allocation.
- 4.10 For Corporate Services as a whole, there are risks associated with the targets, not least the increasing demands placed by front-line services, also undergoing significant organisational change.
- 4.11 With transformational change taking place across several areas at the same time, the challenge of delivering considerable budget reductions whilst meeting increased operational demands is not insignificant.
- 4.12 It is evident that the level of demand in recent years has exceeded capacity, not least through increased pressure in child and adult safeguarding specifically. This adds significantly to the overall pressure on corporate services. The balance of risk therefore requires careful management, and this will be one of the main challenges for 2015/16.

## 5. Capital Programme

- 5.1 In recent years, Capital Programme New Starts have been restricted to those schemes where funding has been identified from external sources such as Grant and Contributions. Schemes requiring borrowing as a funding source have not been taken forward because of the additional pressure this brings to the Revenue budget.
- 5.2 However, the need to invest in Capital has been recognised. Consequently, a process to identify the highest priority schemes across the Authority has been undertaken and a programme of New Starts are recommended within the attached schedule, funded from Corporate Capital Receipts over the Capital Programme timescale.
- 5.3 Applying Capital Receipts as the funding source enables the capacity to undertake additional Capital investment without the adverse impact of creating additional capital financing cost burdens on the Revenue budget. This presents

an element of risk. If required receipts are not generated, other capital funding sources will need to be identified to finance required capital spending at the approved level.

5.4 Corporate Services will from 2015/16 undertake a major investment in ICT to support the transition to the Authority's new operating model. This programme of investment covers digital technologies, Business Intelligence Infrastructure and productivity tools. The Authority continues to invest in its Corporate Properties to implement the Estates Strategy.

## 6. Equality Impact Needs Assessment

6.1 Under the Equality Act 2010, the County Council has a legal duty to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations when making decisions about services. This duty applies to the eight 'protected characteristics' of age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation. Where relevant, Impact Assessments and consultations are carried out to consider how best to meet this duty and mitigate against the negative impact of service reductions. The results of public consultations are published via Tough Choices.

6.2 The report Meeting the Challenge - Budget 2015/16 Impact Assessment is an assessment of the potential impacts and mitigations for all service reductions since 2014/15. With the majority of savings strategies agreed last year, only a handful of new proposals are being put forward this year. The report includes a corporate overview of all new and ongoing savings strategies as well as links to detailed service level assessments and has been informed by recommendations of the Equality Reference Group, made up of key equality stakeholder organisations from the voluntary/community sector.

6.3 The Council's new vision Better Together was launched in May 2014. It presents a set of desired outcomes for Devon and proposes a new partnership with citizens and communities. A new 'operating model' describes how we will change our structure, processes and culture to meet these challenges. Better Together has five themes: resilient, healthy, prosperous, connected and safe. The 'resilience' theme, in particular, will help mitigate against the negative affect of public sector cuts.

Mary Davis

Phil Norrey

County Treasurer

Chief Executive

Electoral Divisions : All

Local Government Act 1972

### **List of Background Papers**

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Background Paper Date File Ref

Nil

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## **Corporate Services**

## **Chief Executive's Commentary**

The Corporate Services net budget for 2015/16 totals £39.141 millions, including unavoidable inflationary increases in respect of wage awards, contracts and premises of £1.230 millions.

There are also unavoidable commitments arising from the full year impact of legislative changes in respect of the new medical examiner (£150,000) alongside the removal of one-off commitments for Private Finance Initiative financing changes.

In order to deliver budget targets set by Cabinet, (including changes to meet inflation and commitments), budget reductions of £4.541 millions are required.

Significant budget reductions are therefore necessary, predominantly by way of rationalisation and restructuring of services, incorporating revised management structures and other fundamental operational changes.

In some areas work is being undertaken in terms of process mapping, which will help to engineer change and produce increased efficiencies and reduced costs.

We will also continue to develop new delivery models, alongside a further progression of partnership arrangements to bring down costs further.

Our work on cross-cutting strategies continues also, with increasing property rationalisation, ongoing review of contracts & tenders and further staffing reductions.

In addition, some savings will arise as a result of budget appraisal reductions in People and Place, and further collaborative work is essential to ensure that strategies are complementary.

For Public Health, reductions in commissioning are achieved by working closely with providers to achieve increasing value for money, and by creating alternative pathways to recovery within community settings, in this way also exploring additional sources of funding.

For Corporate Services as a whole there are risks associated with these targets, not least the increasing demands placed by front-line services also undergoing significant organisational transformation.

With the level of demand in recent years exceeding capacity, this adds significantly to the overall pressure on corporate services, not least because corporate services are often critical to the delivery of change programmes.

The balance of risk therefore requires careful management, and this will be one of the main challenges for 2015/16.

### ***Phil Norrey***

Chief Executive

For more information on the contents of this section of the budget book, please contact Martin Oram, Chief Accountant on 01392 382418 or email [martin.oram@devon.gov.uk](mailto:martin.oram@devon.gov.uk)

## How the 2015/16 Budget has been built up

	2014/15 Adjusted Budget	Changes	2015/16 Outturn Budget
	£'000	£'000	£'000
<b>Business Strategy and Support</b>	17,924	(1,305)	16,619
<b>Chief Executive, Legal and Communications</b>	5,515	9	5,524
<b>Human Resources</b>	5,169	(602)	4,567
<b>Public Health</b>	871	(951)	(80)
<b>Treasurer's Services</b>	12,953	(442)	12,511
<b>Total</b>	<b>42,432</b>	<b>(3,291)</b>	<b>39,141</b>

Reasons for changes in Revenue Budget	Change £'000
<b>Technical and Service Changes</b>	
Inflationary increases	1,230
Commitments in respect of Medical Examiner	150
Removal of one-off commitments in respect of Private Finance Initiative	(130)
	<b>1,250</b>
<b>Savings Requirements</b>	
Cash reduction	(3,291)
Inflation and pressures	(1,250)
	<b>(4,541)</b>
<b>Total</b>	<b>(3,291)</b>

<b>Savings Strategies Analysis</b>	
Staffing reductions	(1,754)
Public Health commissioning	(951)
Corporate Maintenance - savings arising from Budget Appraisal	(370)
Property Rationalisation	(187)
Increased income	(344)
Contractual savings	(209)
ICT delivery model and Network savings	(327)
Unfunded pensions - increased mortality rate	(242)
Other net savings	(157)
	<b>(4,541)</b>

## Staffing Data

	2014/15		2015/16		Total FTEs
	Adjusted Total	Changes	Revenue Funded	Externally Funded	
	FTEs	FTEs	FTEs	FTEs	
<b>Business Strategy and Support</b>	496	(16)	478	2	<b>480</b>
<b>Chief Executive, Legal &amp; Communications</b>	114	3	116	1	<b>117</b>
<b>Human Resources</b>	204	(6)	198	0	<b>198</b>
<b>Public Health</b>	31	0	0	31	<b>31</b>
<b>Treasurer's Services *</b>	295	(11)	180	104	<b>284</b>
<b>Total</b>	<b>1,140</b>	<b>(30)</b>	<b>972</b>	<b>138</b>	<b>1,110</b>

### Explanation of Movements

#### Business Strategy & Support

Transfer of Business Support staff to People re-ICS Virgin Care contract	(10)
Transfer of social care comms team to Customer relations from People	7
Transfer to Customer relations from Place	2
New posts approved in 2014/15 (Business solutions, customer relations and ICT temporary posts)	5
New posts in respect of ofsted and children's safeguarding	14
Staff transferred to Devon Norse under TUPE (Facilities Management) in 2014/15	(20)
Budget Appraisal reductions	(14)
	<b>(16)</b>

#### Chief Executive, Legal & Communications

New posts approved in 2014/15 (Assistant Solicitors, Conveyancing and Insurance)	4
Transfer of Communications & engagement staff from People & Place	6
Budget Appraisal reductions	(7)
	<b>3</b>

#### Human Resources

Transfers from People, Place and Corporate	2
Budget Appraisal reductions	(8)
	<b>(6)</b>

**Public Health** No change

#### Treasurer's Services

New posts for 2015/16 (Peninsula Pensions)	7
Budget Appraisal reductions	(18)
	<b>(11)</b>

**Total** **(30)**

\* Includes Devon Audit Partnership

## Analysis of Total Expenditure for 2015/16

	<b>Gross Expenditure</b>	<b>Grant and Contribution Income</b>	<b>External Income</b>	<b>Internal Income</b>	<b>Net Expenditure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Business Strategy and Support</b>	31,300	(8,795)	(3,274)	(2,612)	16,619
<b>Chief Executive, Legal and Communications</b>	8,510	0	(2,205)	(781)	5,524
<b>Human Resources</b>	18,716	0	(2,831)	(11,318)	4,567
<b>Public Health</b>	26,637	(26,569)	0	(148)	(80)
<b>Treasurer's Services</b>	20,006	0	(6,103)	(1,392)	12,511
<b>Total</b>	<b>105,169</b>	<b>(35,364)</b>	<b>(14,413)</b>	<b>(16,251)</b>	<b>39,141</b>

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

	<b>Gross Expenditure</b>	<b>Grant and Contribution Income</b>	<b>External Income</b>	<b>Internal Income</b>	<b>Net Expenditure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Business Strategy and Support</b>					
SCOMIS	3,700	0	(1,733)	(1,967)	0
<b>Treasurer's Services</b>					
Devon Audit Partnership	1,310	0	(1,310)	0	0
<b>Total</b>	<b>5,010</b>	<b>0</b>	<b>(3,043)</b>	<b>(1,967)</b>	<b>0</b>
<b>Grand total</b>	<b>110,179</b>	<b>(35,364)</b>	<b>(17,456)</b>	<b>(18,218)</b>	<b>39,141</b>

## Grants and Contributions

<b>Service</b>	<b>Funded by</b>	<b>Amount £'000</b>
Private Finance Initiative	Department for Communities and Local Government	6,938
Private Finance Initiative	Exeter Diocesan Board	1,857
Public Health	Department of Health	22,060
0-5 Childrens Services	Department of Health	4,509
<b>Total</b>		<b>35,364</b>

## Service Statistics and Other Information

### Service/Activity

	Unit of Measurement	2014/15	Change	2015/16
<b>BUSINESS STRATEGY AND SUPPORT</b>				
<b>Property</b>				
DCC owned operational properties (including schools)	No.	706	(41)	665
The estate valuation based on depreciated replacement costs or market value, (excluding Church Schools)	£m	823	(24)	799
High priority backlog of maintenance works	£m	53	(4)	49
<b>County Farms Estate</b>				
No of Farms	No.	75	(4)	71
Total acreage	Acres	9650	(40)	9610
<b>IT Infrastructure</b>				
Managed Desktops	No.	5,910	1,143	7,053
Networked Sites	No.	375	(52)	323
User accounts (DCC IT systems)	No.	7,150	(473)	6,677
		<b>2012/13 actual</b>	<b>Change</b>	<b>2013/14 actual</b>
<b>CHIEF EXECUTIVE, LEGAL AND COMMUNICATIONS</b>				
<b>Coroners Service</b>				
Caseload	No.	2,918	(38)	2,880
Total inquests opened	No.	341	(23)	318
Natural deaths reported with a Post Mortem	No.	493	64	557
<b>Registration Service</b>				
Certificates issued	No.	56,008	3,317	59,325
		<b>2013/14 actual</b>	<b>Change</b>	<b>2014/15 actual</b>
<b>PUBLIC HEALTH</b>				
Healthchecks offered	Individuals	33,153	12,461	45,614
Healthchecks received	Individuals	14,142	6,469	20,611
Adults referred to weight management services	Individuals	0	1,134	1,134
Adults completing weight management programme	Individuals	0	363	363
	Unit of Measurement	2014/15 estimates	Change	2015/16 estimates
<b>TREASURER'S SERVICES</b>				
Debtors raised p.a.	No.	89,000	0	89,000
Invoices paid p.a.	No.	457,000	0	457,000
Proportion paid using BACS	Percentage	95	0	95

## Business Strategy and Support

2014/15 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2015/16 Outturn Budget £'000</b>	2015/16 Net Changes £'000
<b>Business Infrastructure</b>					
2,292	Customer Services	2,479	(175)	<b>2,304</b>	12
(5,068)	Private Finance Initiatives	3,615	(8,812)	<b>(5,197)</b>	(129)
5,625	Business Services and Support	5,937	(616)	<b>5,321</b>	(304)
2,546	Facilities Management	4,791	(2,241)	<b>2,550</b>	4
5,395		16,822	(11,844)	<b>4,978</b>	(417)
<b>Estates</b>					
393	Estates Corporate	778	(370)	<b>408</b>	15
(273)	Farms	761	(1,054)	<b>(293)</b>	(20)
2,868	Building Maintenance	2,555	(23)	<b>2,532</b>	(336)
2,988		4,094	(1,447)	<b>2,647</b>	(341)
1,329	<b>Procurement</b>	1,650	(375)	<b>1,275</b>	(54)
8,212	<b>ICT</b>	8,734	(1,015)	<b>7,719</b>	(493)
<b>17,924</b>		<b>31,300</b>	<b>(14,681)</b>	<b>16,619</b>	<b>(1,305)</b>

<b>2014/15 £'000</b>	<b>Breakdown of Gross Income</b>	<b>2015/16 £'000</b>
(3,496)	Customer and Client Receipts	(3,274)
(6,938)	Government and EU Grants	(6,938)
(2,131)	Internal Recharges	(2,612)
(1,843)	Reimbursements	(1,857)
(14,408)		(14,681)

## Service Commentary

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

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

In terms of pressures, the two key challenges are; to deliver the budget appraisal agenda for the above services as these are vital to the delivery of People, Place and Corporate Services targets; to ensure efficient and effective service delivery to front-line services, despite increasing demands being placed on these services in support of the Children's Safeguarding Agenda.

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

	<b>Change £'000</b>
<b>Analysis of changes:</b>	
<b>Technical and Service Changes</b>	
Inflationary increases	572
Removal of one-off commitments in respect of Private Finance Initiative	(130)
<b>Savings requirements</b>	
Staffing reductions	(544)
Corporate Maintenance - savings arising from Budget Appraisal	(370)
Property Rationalisation initiatives	(187)
County Farms - rental reviews (net savings)	(20)
ICT Maintenance - savings arising from Budget Appraisal	(132)
SCOMIS - increased growth from educational marketplace & rationalisation	(199)
Contractual savings	(100)
Savings arising from new delivery model	(195)
<b>Total</b>	<b>(1,305)</b>

## Chief Executive, Legal and Communications

2014/15 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2015/16 Outturn Budget £'000</b>	2015/16 Net Changes £'000
936	<b>Legal Services</b>	1,849	(897)	<b>952</b>	16
1,328	<b>Media, Marketing and Communications</b>	1,425	(317)	<b>1,108</b>	(220)
1,467	<b>Coroners Service</b>	1,702	(2)	<b>1,700</b>	233
(322)	<b>Registration Service</b>	1,276	(1,627)	<b>(351)</b>	(29)
	<b>Other Services</b>				
207	Corporate Management	274	(64)	<b>210</b>	3
1,769	Cost of Democracy	1,854	(79)	<b>1,775</b>	6
130	Local Authority Subscriptions	130	0	<b>130</b>	0
2,106		2,258	(143)	<b>2,115</b>	9
<b>5,515</b>		<b>8,510</b>	<b>(2,986)</b>	<b>5,524</b>	<b>9</b>

<b>2014/15 £'000</b>	<b>2015/16 £'000</b>
<b>Breakdown of Gross Income</b>	
(2,102) Customer and Client Receipts	(2,205)
(631) Internal Recharges	(781)
<b>(2,733)</b>	<b>(2,986)</b>

## Service Commentary

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

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

<b>Analysis of changes:</b>	<b>Change £'000</b>
<b>Technical and Service Changes</b>	
Inflationary increases	133
New legislation in respect of Medical Examiner	150
<b>Savings requirements</b>	
Staffing reductions	(234)
Increased income	(40)
<b>Total Chief Executive, Legal and Communications</b>	<b>9</b>

## Human Resources

2014/15 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2015/16 Outturn Budget £'000</b>	2015/16 Net Changes £'000
<b>Human Resources</b>					
1,029	Management and Strategy	958	(34)	<b>924</b>	(105)
490	Employee Services	12,721	(12,452)	<b>269</b>	(221)
774	Performance	758	(27)	<b>731</b>	(43)
1,015	Personnel Services Operations	2,682	(1,636)	<b>1,046</b>	31
1,861	Workforce Development	1,597	0	<b>1,597</b>	(264)
<b>5,169</b>		<b>18,716</b>	<b>(14,149)</b>	<b>4,567</b>	<b>(602)</b>

<b>2014/15 £'000</b>	<b>2015/16 £'000</b>
<b>Breakdown of Gross Income</b>	
(2,944) Customer and Client Receipts	(2,831)
(9,246) Internal Recharges	(11,318)
<u>(12,190)</u>	<u>(14,149)</u>

## Service Commentary

Human Resources (HR) provide a comprehensive range of professional services to the Administration, Members, Officers and workforce of Devon County Council. This includes:-

- Maximising the skills, capacity and flexibility of the Officers, Managers and workforce
- Effective provision of learning and development to raise competency
- Succession planning and realising management talent and potential
- Providing employment services from the start of employment (e.g. recruitment) through to the end of employment (e.g. retirement) and during employment (e.g. performance management)
- Providing professional services during employment such as Wellbeing@Work, Skills Learning, Occupational Health, Counselling, Redeployment & Re-skilling, Health & Safety, Employee Reward and Payroll
- At a strategic level, looking at future employment trends, constraints and relevant legislation to design and implement solutions that support the Council's continued organisational development

In terms of pressures, the most significant is the challenge of delivering the Budget Appraisal agenda, at a time when there are increasing demands for HR services from front-line services that are themselves undergoing significant organisational change.

<b>HUMAN RESOURCES</b>	<b>Change</b>
<b>Analysis of changes:</b>	<b>£'000</b>
<b>Technical and Service Changes</b>	
Inflationary increases	173
Increased demand for disclosure & barring service checks (DBS)	58
Reductions in staffing & overheads	(58)
<b>Savings requirements</b>	
Staffing reductions	(577)
Reduced workforce development training programmes	(116)
Contractual savings	(82)
<b>Total</b>	<b>(602)</b>

## Public Health

2014/15 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2015/16 <b>Outturn Budget £'000</b>	2015/16 Net Changes £'000
	<b>Public Health</b>				
(22,060)	Public Health Income	0	(22,060)	<b>(22,060)</b>	0
5,926	Sexual Health	5,994	0	<b>5,994</b>	68
854	NHS Health Check Programme	903	0	<b>903</b>	49
120	Health Protection	153	0	<b>153</b>	33
87	National Child Measurement Programme	88	0	<b>88</b>	1
501	Public Health Expert Advice	392	0	<b>392</b>	(109)
676	Obesity	437	0	<b>437</b>	(239)
370	Physical Activity	326	0	<b>326</b>	(44)
6,612	Substance Misuse	6,226	(148)	<b>6,078</b>	(534)
1,401	Smoking and Tobacco	1,196	0	<b>1,196</b>	(205)
2,945	Children 5-19 Public Health Programmes	2,958	0	<b>2,958</b>	13
(2,568)		18,673	(22,208)	<b>(3,535)</b>	(967)
	<b>Miscellaneous Public Health</b>				
891	Community Safety, Violence Prevention	948	0	<b>948</b>	57
0	Mandated 0-5 Children's Services	4,509	(4,509)	<b>0</b>	0
1,109	Other Public Health	819	0	<b>819</b>	(290)
1,107	Support Services	1,093	0	<b>1,093</b>	(14)
332	Public Mental Health	595	0	<b>595</b>	263
3,439		7,964	(4,509)	<b>3,455</b>	16
<b>871</b>		<b>26,637</b>	<b>(26,717)</b>	<b>(80)</b>	<b>(951)</b>

2014/15 £'000	<b>Breakdown of Gross Income</b>	2015/16 £'000
(22,060)	Government and EU Grants	(26,569)
0	Internal Recharges	(148)
(22,060)		(26,717)

2014/15 £'000	<b>Grants Paid to External Organisations</b>	2015/16 £'000
10	Exmoor National Park	10
20	Dartmoor National Park	20
25	Devon Rape Crisis	50
70	Exeter Community Initiatives	70
10	Young Devon	10

## Service Commentary

Responsibility for some key public health functions transferred from the NHS into local authorities with effect from 1st April 2013. The Council is allocated a ring-fenced grant to help deliver against these responsibilities.

Since the transfer into the Council, Public Health have taken on strategic and commissioning responsibility for domestic violence services as well as commissioning new services for the County. These new services include NHS Healthchecks as well as programmes aimed at increasing physical activity and weight management.

During 2015/16 the responsibility for commissioning Health Visitor services will transfer in to the Council, under the responsibility of Public Health. These services are currently provided through the Integrated Children's Services contract that is delivered by Virgin Care Limited. This contracting arrangement will not change. The additional budgetary allocation to cover this transfer of responsibilities has not yet been confirmed.

<b>Public Health</b>	<b>Change</b>
<b>Analysis of changes:</b>	<b>£'000</b>
<b>Technical and Service Changes</b>	
Sexual Health - increased demand on services	68
NHS Health Check - increased activity	49
Health Protection - staffing changes	33
National Child Measurement Programme - minor staffing changes	1
Public Health Expert Advice - staffing reallocation	(109)
Obesity - priority shift to mental health	(239)
Physical Activity - procured service less than previous budget	(44)
Substance Misuse - service reduction and new ways of working	(534)
Smoking and Tobacco - reduced activity in commissioned services and other savings	(205)
Children 5-19 Programmes - staffing changes	13
Community Safety and Violence Prevention - staffing changes	57
Other Public Health - reduction in funding to districts and accident prevention savings	(290)
Support Services - general savings	(14)
Public Mental Health - priority new service for children and young people	263
<b>Total</b>	<b>(951)</b>

## Treasurer's Services

2014/15 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2015/16 <b>Outturn Budget £'000</b>	2015/16 Net Changes £'000
<b>Treasurer's Services</b>					
965	Corporate Management and Commissioning	1,851	(975)	<b>876</b>	(89)
1,700	Client Finance Services, Exchequer and VAT	4,592	(2,979)	<b>1,613</b>	(87)
2,447	People Finance Support	2,745	(441)	<b>2,304</b>	(143)
773	Place Finance Support	934	(277)	<b>657</b>	(116)
455	Strategic Financial Planning	613	(148)	<b>465</b>	10
6,340		10,735	(4,820)	<b>5,915</b>	(425)
<b>Other Services</b>					
147	External Audit	106	0	<b>106</b>	(41)
155	Bank Charges	177	0	<b>177</b>	22
6,311	Unfunded Pensions	8,988	(2,675)	<b>6,313</b>	2
6,613		9,271	(2,675)	<b>6,596</b>	(17)
<b>12,953</b>		<b>20,006</b>	<b>(7,495)</b>	<b>12,511</b>	<b>(442)</b>

2014/15 £'000	2015/16 £'000
<b>Breakdown of Gross Income</b>	
(2,696) 3rd Party Pensions Income	(2,675)
(3,283) Customer and Client Receipts	(3,428)
(1,452) Internal Recharges	(1,392)
(7,431)	(7,495)

## Service Commentary

The Treasurer provides financial advice and support to Members and to People, Place and Corporate Services. In addition it manages a range of other services, including external audit, bank charges and competition.

In terms of pressures, the most significant of these is delivering the Budget Appraisal agenda, at a time when there are increasing demands for financial support and advice from front-line services that are themselves undergoing significant organisational change.

<b>TREASURER'S SERVICES</b>	<b>Change</b>
<b>Analysis of changes:</b>	<b>£'000</b>
<b>Technical and Service Changes</b>	
Inflationary increases	352
<b>Savings requirements</b>	
Reduced contribution to Devon Audit Partnership	(27)
Reduction in External Audit fees	(41)
Increased income and other net changes	(85)
Unfunded pensions - increased mortality rate	(242)
Reduced staffing	(399)
<b>Total</b>	<b>(442)</b>

## Capital Programme

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

Project	Total Scheme Approval	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Business Strategy And Support</b>						
<b>Information and Communications Technology</b>						
Data Classification - digital delivery, open data & mobile public access	600	0	200	400	0	0
Digital Communications & Transactions - to provide a 'Digital by Default' infrastructure	600	200	200	200	0	0
Supporting Infrastructure - key local network switches & equipment to support mobile computing developments	600	200	200	200	0	0
System Strategies - business intelligence infrastructure	600	0	200	400	0	0
User Access & Productivity Tools - mobile technology, devices & implementation of productivity tools	2,300	1,700	600	0	0	0
		<b>2,100</b>	<b>1,400</b>	<b>1,200</b>	<b>0</b>	<b>0</b>
<b>Corporate Property Estate</b>						
Barnstaple Accommodation Improvement	1,529	1,250	0	0	0	0
Barnstaple Civic Centre – future liabilities	600	600	0	0	0	0
County Hall - Renew electrical & power lighting systems	140	0	0	140	0	0
Energy and sustainability	710	710	0	0	0	0
Property Enabling Budget		150	150	150	150	150
Strategic Centre improvement (County Hall heating system)	812	768	44	0	0	0
Strategic Centres Accommodation – annex utilisation (County Hall, Exeter)	60	60	0	0	0	0
Strategic Centres Accommodation Improvement Programme – Exeter	475	475	0	0	0	0
		<b>4,013</b>	<b>194</b>	<b>290</b>	<b>150</b>	<b>150</b>
<b>Total</b>		<b>6,113</b>	<b>1,594</b>	<b>1,490</b>	<b>150</b>	<b>150</b>
<b>Financed by:</b>						
Borrowing - Unsupported		2,328	44	140	0	0
Capital Receipts - General		3,785	1,550	1,350	150	150
<b>Total</b>		<b>6,113</b>	<b>1,594</b>	<b>1,490</b>	<b>150</b>	<b>150</b>

\* Scheme Approvals have been included for individual projects.

This table does not show expenditure on capital projects currently programmed in financial year 2014/15 which may be deferred to 2015/16 owing to changes in project delivery timescales.

Devon's County Farms Estate will be delivering capital schemes in 2015/16 and beyond with funds allocated during 2014/15.

## Corporate Service – Risk Assessment

Service	Budget 2015/16 £000	Risk and Impact	Mitigation
Facility Management - Premises	2,550	Property rationalisation – service prioritisation targets are predicated on the achievement of significant savings in property rationalisation, achievement of which is dependent on the organisations commitment to deliver a property disposal programme.	Work closely with elected Members & senior officers in this respect.
Business Strategy & Support	16,619	Increasing demands for support for Children & Adults at risk, services subject to organisational change and changes in service plans place increasing pressure on this service.	Work closely with service heads across the authority to ensure consistency of approach.
Legal Services	952	Legal is a demand led service and as such subject to external influences, not least the current economic climate. The service also needs to be flexible in responding to the priorities of the County Council as a whole. In this it is important to ensure that the necessary skills & knowledge are available in order to respond to changes in legislation & processes.	There is little scope for management action to alleviate financial pressures except at the expense of other services. We are continuing to work closely with colleagues to ensure that we manage the situation to the best of our ability.
Coroners Service	1,700	There is a risk of unavoidable additional costs in medical, analysts, funeral directors and mortuary facility fees. This partly arises from problems in commissioning pathology services, increased fees generally, increases in charges set by the Home Office and some increase in workload.	We are continuing to work closely with colleagues across the region conducting ongoing review of commissioning processes and joint working arrangements with a view to curtailing expenditure and producing additional efficiencies and economies in this respect.
Treasurer's Services and Human Resources	10,482	Increasing demands for financial and HR support & advice, not least from services subject to organisational change and changes in service plans, place increasing pressure on the capacity of this service at a	Work closely with service heads across the authority to ensure consistency of approach, smarter working practices and

		senior level.	increased use of information systems.
Unfunded Pensions	6,313	The budget established is predicated on reductions in costs arising as a result of mortality rates. However, expenditure patterns are somewhat uneven and as such it is difficult to predict spending levels with any degree of certainty.	There is little scope for management action to alleviate financial pressures except at the expense of other services. We will therefore continue to monitor this closely.
Public Health - Healthchecks	903	This service is still subject to considerable volatility. Healthchecks are not being delivered at national target level, and the budget reflects the delivery model not the targeted level.	Careful contract monitoring and management to enable providers to manage demand for the service within allocated budget
Public Health - Sexual Health	5,994	The demand on sexual health services continues to escalate with an element of services provided out of area through open access clinics in other local authority areas, over which the County Council has limited visibility or control	Careful negotiation with in-area providers to ensure that value for money is achieved and where possible exposure to increased demand is capped.
Public Health - Substance Misuse	6,078	The budget for this service has been cut by £534,000 as a combination of exploring new ways of working and reducing spend.	Tight monitoring of activity and spend as well as ongoing activity to work more closely with other commissioners to reduce costs and drive new partnerships.
0-5 Children's Services	4,509	The commissioning responsibility for this service transfers to the Council from October 2015. Enforcement of the mandated commissioning route for elements of the service, could pose a risk to these elements. Additionally the budgetary allocation may be less than the service has cost in previous years.	Negotiation with partners to ensure that the contract for 2015/16 is within the funding allocated, and to ensure that the commissioning responsibilities across partners are fulfilled and a full service is delivered.

## Abbreviations

Abbreviations used within the budget:

ACL	Adult & Community Learning
ACRA	Advisory Committee on Resource Allocation
ADF	Advanced Design Fees
ADVA	Against Domestic Violence and Abuse
AONB	Area of Outstanding Nature Beauty
ASYE	Assessed and Supported Year in Employment (for children's social workers)
BACS	Bankers automated clearing services (electronic processing of financial transactions)
BCF	Better Care Fund - formerly known as the Integration Transformation Fund, a national arrangement to pool existing NHS and Local Government funding starting in April 2015.
BDUK	Broadband Development UK
CCG	Clinical Commissioning Group
CDWM	Capital Development & Waste Management
CFR	Capital Financing Requirement
CIL	Community Infrastructure Levy
CME	Children Missing Education
CofE	Church of England
CSW	Careers South West
DAF	Devon Assessment Framework
DBS	Disclosure & barring service
DCC	Devon County Council
DCLG	Department for Communities and Local Government
DCSB	Devon Children Safeguarding Board
DDA	Disability Discrimination Act
DFC	Devolved Formula Capital
DfT	Department for Transport
DoH	Department of Health
DOLS	Deprivation of Liberty Safeguards
DPLS	Devon Personalised Learning Service
DRO	Devon Records Office
DSG	Dedicated Schools Grant
E&E	Economy & Enterprise
ECH	Extra Care Housing
EESI	Energy Efficiency Schools Initiative
EfW	Energy from Waste
EU	European Union
EY	Early Years

FABLAB	Fabrication Laboratory at Exeter Central Library
FACS	Fair Access to Care Services
FIS	Family Intervention Services
FM	Facility Management
H&TM	Highways & Traffic Management
HORSA	Hutting Operation for the Raising of the School Leaving Age
HR	Human Resources
HRMS	Human Resource Management System
ICS	Integrated Children's Service
ICT	Information & Communications Technology
IDF	Infrastructure Development Fund
IID	Investing in Devon funds
IT	Information Technology
IYSS	Integrated Youth Support Service
KS1	Key Stage 1
KS2	Key Stage 2
LAC	Looked after children
LAG	Local Action Group
LD	Learning Disability
LIBOR	London Interbank Offered Rate
LTP	Local Transport Plan
MARAC	Multi-Agency Risk Assessment Conference
MASH	Multi Agency Safeguarding Hub
MMF	Money Market Funds
MRP	Minimum Revenue Provision
MTCP	Medium Term Capital Programme
MUGAS	Multi Use Games Area
MUMIS	Major Unforeseen Maintenance Indemnity Scheme
NDL	North Devon Link
NEWDCCG	North East and West Devon Clinical Commissioning Group
NHB	New Homes Bonus
NHS	National Health Service
NVZ	Nitrate Vulnerable Zone
OFSTED	Office for Standards & Education, Children's Services and Skills
P&T	Permanency and Transition
PAN	Published Admission Number
PEGASEAS	Promoting effective governance of the Channel seas
PFI	Private Finance Initiative
PROW	Public Rights of Way
PRU	Pupil Referral Unit
PT&E	Planning Transportation & Environment
PWLB	Public Works Loans Board
RFID	Radio Frequency Identification (self service kiosks and tags in libraries)
RGF	Regional Growth Fund
RHE	Residential Homes for the Elderly
RO	Residence Orders

S106	Funding from developers resulting from planning obligations authorised by section 106 of the Town and Country Planning Act 1990
s256	Section 256 of the National Health Act - allows CCGs to enter into arrangements with local authorities to carry out activities with health benefits
SCOMIS	Schools Management Information Service
SDLR	South Devon Link Road
SEN	Special Education Needs
SfC	Services for Communities
SGO	Special Guardianship Orders
TCS	Transport Co-ordination Services
TSS	Trading Standards
TUPE	Transfer of Undertaking (protection of employment)
VELP	Vehicle Equipment Loan Pool
VMS	Variable Message Sign
WEEE	Waste Electrical & Electronic Equipment
YJB	Youth Justice Board
YOT	Youth Offending Team