

## Joint Report of the County Treasurer and Chief Executive

### 2016/17 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 2016/17 and Capital Programme for 2016/17 to 2020/21.

#### **1. Introduction and Commentary**

- 1.1 At its meeting of 13th January 2016, Cabinet set Revenue Budget targets for 2016/17. 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 2016/17 on 18th February 2016. However, given the late notification of the provisional settlement and in line with arrangements from previous years, 25th February 2016 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 13th January which total £443.5 millions. The total includes funding for budget pressures of £34.2 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 £9.7 millions is included to meet the effect of inflationary pressures within the Authority's service provision. Savings of £34.3 millions are required to set a balanced budget.
- 1.4 The targets set for each service area have been subject to different pressures and influences. The People's Services budget has provided inflation and pressures of £36.1 millions with budget savings set at £19.9 millions. The Place budget provides for pressures and commitments of £6.1 millions with budget savings set at £9.5 millions. Corporate Services provides for inflation and pressures of £1.7 millions with budget savings set at £4.9 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 2016/17 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 Finance Settlement for 2016/17 on 17th December 2015. This was a day earlier than last year, but, unlike previous years the Autumn Spending Review gave little indication as to the size of the settlement or even how many years it would cover.
- 2.2 This is the first year of a new Government with new intentions towards funding Local Government. The Provisional Finance Settlement is the first signal of those intentions. It was widely anticipated that the Settlement would provide figures for one year only and would be followed by a consultation on changes to grant distribution methodology. This has not happened. Instead the Government has gone ahead with some radical changes to grant distribution but also provided grant figures for individual Authorities over a four year period from 2016/17 to 2019/20.
- 2.3 The impact of this revised grant distribution methodology is that Shire Counties have collectively lost funding in 2016/17 of just over £160.6 millions. Conversely, Metropolitan Districts and Inner London Authorities have gained funding of £92.6 millions and £53.4 millions respectively. Within the allocation to County Councils and Upper Tier Authorities there has been a further re-distribution so that funding has flowed from Councils with a higher tax base to Councils with a lower tax base. It is thought that this is to try to compensate those Authorities dealing with Adult Social Care pressures who would raise less income from a 2% precept.
- 2.4 For Devon County Council this means that in 2016/17 government funding (core funding) will reduce from £179.8 millions in 2015/16 to £151.6 millions in 2016/17. This is a reduction of £28.2 millions, nearly 15.7%. This is slightly higher than the average reduction for SCT (Society of County Treasurers) member authorities which is 14.6%. In 2016/17 some specific grants have been included in the funding base of £151.6 millions. If these are excluded to give a more accurate, like for like comparison, then the reduction is 17.4% for Devon compared with an average of 16.6% for Shire Counties.

## **3. Changes to the 2016/17 Corporate Services Base Budget**

- 3.1 The major changes to the 2016/17 budget are as follows:-

	£'000
Adjusted Budget Approved by the Council for 2015/16	36,716
Inflation and Pressure	1,705
Budget reduction/Savings	(4,935)
Target Approved by Cabinet 13th January 2016	33,486

## **4. Service Specific Budget Issues**

- 4.1 In order to deliver budget targets set by Cabinet, budget reductions of £4.935 millions are required.
- 4.2 To achieve this, significant budget reductions are required in respect of staffing, incorporating restructuring of services, revised management structures and

other fundamental operational changes. For some services process mapping has helped to engineer change and produce increased efficiencies and reduced costs.

- 4.3 Work on cross-cutting strategies continues also, with increasing property rationalisation, Contractual savings and reductions arising as a result of budget appraisal plans in People and Place. In terms of the latter, further collaborative work is essential to ensure that strategies are complementary.
- 4.4 At the same time we continue to develop new delivery models, alongside a further progression of partnership arrangements and increased use of joint venture arrangements, wherever appropriate, in order to bring down costs further.
- 4.5 We have also increased income targets, utilising increased demand in respect of the Registration Service, and growth from the educational marketplace by way of the Schools Management Information Service (SCOMIS).
- 4.6 For Public Health, the grant remains ring fenced for 2016/17 and 2017/18. It now includes full year funding for the Health Visitor Service, for which commissioning responsibility transferred to the Council from NHS England from October 2015. In overall terms we know that Public health funding for local authorities will be reduced 'delivering average annual real-terms savings of 3.9% over the next 5 years'. However, the value of grant to individual authorities for 2016/17 is not due to be announced until mid-January 2016, and may be affected by changes in the formulae share. At present 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.
- 4.7 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.
- 4.8 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.
- 4.9 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 has been offset by additional savings in other areas, and has added significantly to the overall pressure on corporate services.
- 4.10 The balance of risk therefore requires careful management, both for Public Health, where funding pressures are likely to impact on preventative measures, and for Corporate Services as a whole. This will be one of the main challenges for 2016/17.

## **5. Capital Programme**

- 5.1 The Council's capital programme has been produced to maximise investment in the county's infrastructure and assets and to support service delivery and priorities.
- 5.2 Corporate Services will continue its 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. Two new schemes have been included within County Farms. This will ensure the County is able to meet its statutory and legislative

requirements within the County Farms estate which includes compliance with Water Resources regulations and Silage, Slurry and Agricultural Fuel Oil Regulations.

## **6. Equality Impact 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 are carried out to consider how best to meet this duty and mitigate against the negative impact of service reductions. The Equality Act 2010 and other relevant legislation does not prevent the Council from taking difficult decisions which result in service reductions or closures for example, it does however require the Council to ensure that such decisions are:
- Informed and properly considered with a rigorous, conscious approach and open mind.
  - Taking due regard of the effects on the protected characteristics with the need to ensure nothing results in unlawful discrimination in terms of access to, or standards of, services or employment as well as considering any opportunities to advance equality and foster good relations.
  - Proportionate (negative impacts are proportionate to the aims of the policy decision).
  - Fair
  - Necessary
  - Reasonable, and
  - Those affected have been adequately consulted.
- 6.2 The report 'Budget 2016/7 Impact Assessment' is an assessment of the potential impacts for new savings strategies. With the majority of savings strategies agreed last year, only a handful of new proposals are being put forward this year. Previous years assessments are available at <https://new.devon.gov.uk/impact/> under 'Published Assessments'. The report for 2015/16 provides a detailed analysis of the cumulative impact of cuts on communities.
- 6.3 The Council's vision Better Together and 'operating model' describe how we will change our structure, purpose, processes and culture to meet our key challenges and future opportunities. Better Together has five themes: resilient, healthy, prosperous, connected and safe. Increasingly changes to budgets and how our work is delivered should be viewed not simply as changes the Council is making but as part of a wider local system. The impacts of changes alongside future opportunities and mitigations should be viewed alongside that wider perspective.

Mary Davis

County Treasurer

Electoral Divisions : All

Local Government Act 1972

**List of Background Papers**

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Background Paper Date File Ref

Nil

Date Published 13th January 2016

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Chief Executive

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## **Corporate Services**

## **Chief Executive's Commentary**

The Corporate Services net budget for 2016/17 totals £33.486 millions, including unavoidable inflationary increases in respect of wage awards, contracts and premises of £1.040 millions.

There are also unavoidable pressures arising from changes in contracted rates for National Insurance and changes in respect of the National Living Wage, at a combined cost of £0.665 millions.

In order to deliver budget targets set by Cabinet, (including changes to meet inflation and commitments), budget reductions of £4.935 millions are required.

Significant budget reductions are therefore necessary, predominantly by way of staffing reductions. This incorporates restructuring of services, revised management structures and other fundamental operational changes. For some services process mapping has helped to engineer change and produce increased efficiencies and reduced costs.

Work on cross-cutting strategies continues also, with increasing property rationalisation, Contractual savings and reductions arising as a result of budget appraisal reductions in People and Place. In terms of the latter, further collaborative work is essential to ensure that strategies are complementary.

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

In addition, we have also sought to increase income wherever possible, utilising increased demand in respect of the Registration Service, and similarly from the educational marketplace by way of the Schools Management Information Service (SCOMIS).

For Public Health, the grant now includes full year funding for the Health Visitor Service, for which commissioning responsibility transferred to the Council from NHS England from October 2015. However, for 2016/17 there is some uncertainty over funding levels for Public Health, with changes in the formulae share anticipated, alongside reductions in the overall level of Public Health funding for local authorities. As such it is likely that this will impact on our ability to fund preventative measures.

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 2016/17.

### ***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 2016/17 Budget has been built up

	2015/16 Adjusted Budget	Changes £'000	2016/17 Outturn Budget £'000
<b>Business Strategy and Support</b>	15,174	(633)	14,541
<b>Chief Executive, Legal and Communications</b>	5,531	(597)	4,934
<b>Human Resources</b>	3,263	(481)	2,782
<b>Public Health</b>	147	0	147
<b>Treasurer's Services</b>	12,601	(1,519)	11,082
<b>Total</b>	<b>36,716</b>	<b>(3,230)</b>	<b>33,486</b>

Reasons for changes in Revenue Budget	Change £'000
<b>Technical and Service Changes</b>	
Inflationary increases	955
National Living Wage	36
National Insurance increases	629
Other pressures	85
	<b>1,705</b>
<b>Savings Requirements</b>	<b>(4,935)</b>
<b>Total</b>	<b>(3,230)</b>

<b>Savings Strategies Analysis</b>	
Staffing reductions	(1,836)
Medical Examiner	(350)
Corporate Maintenance - savings arising from Budget Appraisal	(300)
Property Rationalisation	(123)
Increased income	(1,096)
Contractual savings	(269)
ICT delivery model and Network savings	(150)
Unfunded pensions - increased mortality rate	(652)
Other net savings	(159)
	<b>(4,935)</b>

## Staffing Data

	2015/16		2016/17		Total FTEs
	Adjusted Total	Changes	Revenue Funded	Externally Funded	
	FTEs	FTEs	FTEs	FTEs	
<b>Business Strategy and Support</b>	480	(8)	472	0	<b>472</b>
<b>Chief Executive, Legal &amp; Communications</b>	117	(7)	109	1	<b>110</b>
<b>Human Resources</b>	169	(7)	162	0	<b>162</b>
<b>Public Health</b>	31	0	0	31	<b>31</b>
<b>Treasurer's Services *</b>	288	(23)	162	103	<b>265</b>
<b>Total</b>	<b>1,110</b>	<b>(45)</b>	<b>905</b>	<b>135</b>	<b>1,040</b>

### Explanation of Movements

#### Business Strategy & Support

Transfer to People (Business Support)	(1)
New posts approved in 2015/16 (Business support for front-line services, IT project manager)	4
New posts in respect of children's safeguarding	2
Restructuring reductions	(13)
	<b>(8)</b>

#### Chief Executive, Legal & Communications

New posts approved in 2015/16 (Litigation)	1
Restructuring reductions	(8)
	<b>(7)</b>

#### Human Resources

Restructuring reductions	(7)
	<b>(7)</b>

#### Public Health

No change	<b>0</b>
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#### Treasurer's Services

Restructuring reductions	(23)
	<b>(23)</b>

<b>Total</b>	<b>(45)</b>
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\* Includes Devon Audit Partnership

## Analysis of Total Expenditure for 2016/17

	<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>	29,159	(8,808)	(3,427)	(2,383)	14,541
<b>Chief Executive, Legal and Communications</b>	8,076	0	(2,356)	(786)	4,934
<b>Human Resources</b>	16,901	0	(2,882)	(11,237)	2,782
<b>Public Health</b>	147	0	0	0	147
<b>Treasurer's Services</b>	19,894	0	(6,514)	(2,298)	11,082
<b>Total</b>	<b>74,177</b>	<b>(8,808)</b>	<b>(15,179)</b>	<b>(16,704)</b>	<b>33,486</b>

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

	<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	3,786	0	(1,933)	(1,853)	0
<b>Treasurer's Services</b>					
Devon Audit Partnership	1,240	0	(1,240)	0	0
<b>Total</b>	<b>5,026</b>	<b>0</b>	<b>(3,173)</b>	<b>(1,853)</b>	<b>0</b>
<b>Grand total</b>	<b>79,203</b>	<b>(8,808)</b>	<b>(18,352)</b>	<b>(18,557)</b>	<b>33,486</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	1,870
Public Health	Department of Health	to be confirmed
Public Mental Health	Better Care Fund	to be confirmed
<b>Total</b>		<b>8,808</b>

## Service Statistics and Other Information

### Service/Activity

	Unit of Measurement	2015/16	Change	2016/17
<b>BUSINESS STRATEGY AND SUPPORT</b>				
<b>Property</b>				
DCC owned operational properties (including schools)	No.	665	(67)	598
The estate valuation based on depreciated replacement costs or market value, (excluding Church Schools)	£m	799	(20)	779
High priority backlog of maintenance works	£m	49	0	49
<b>County Farms Estate</b>				
No of Farms	No.	71	(2)	69
Total acreage	Acres	9610	14	9624
<b>IT Infrastructure</b>				
Managed Desktops	No.	7,053	201	7254
Networked Sites	No.	323	(45)	278
User accounts (DCC IT systems)	No.	6,677	(615)	6062
		<b>2013/14 actual</b>	<b>Change</b>	<b>2014/15 actual</b>
<b>CHIEF EXECUTIVE, LEGAL AND COMMUNICATIONS</b>				
<b>Coroners Service</b>				
Caseload	No.	2,880	(31)	2,849
Total inquests opened	No.	318	(17)	301
Natural deaths reported with a Post Mortem	No.	557	(28)	529
<b>Registration Service</b>				
Certificates issued	No.	59,325	3,348	62,673
<b>PUBLIC HEALTH</b>				
		<b>2014/15 actual</b>	<b>Change</b>	<b>2015/16 forecast</b>
Healthchecks offered	Individuals	45,614	9,386	55,000
Healthchecks received	Individuals	20,611	5,389	26,000
Adults referred to weight management services	Individuals	1,134	2,018	3,152
Adults completing weight management programme	Individuals	363	1,928	2,291
	Unit of Measurement	2015/16 estimates	Change	2016/17 estimates
<b>TREASURER'S SERVICES</b>				
Debtors raised p.a.	No.	89,000	(7,000)	82,000
Invoices paid p.a.	No.	457,000	(30,000)	427,000
Proportion paid using BACS	Percentage	95	3	98

## Business Strategy and Support

2015/16 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2016/17 Outturn Budget £'000</b>	2016/17 Net Changes £'000
<b>Business Infrastructure</b>					
831	Customer Services	872	(8)	<b>864</b>	33
(6,810)	Private Finance Initiatives	1,790	(8,808)	<b>(7,018)</b>	(208)
5,325	Business Services and Support	6,024	(385)	<b>5,639</b>	314
2,578	Facilities Management	4,886	(2,323)	<b>2,563</b>	(15)
1,924		13,572	(11,524)	<b>2,048</b>	124
<b>Estates</b>					
468	Estates Corporate	855	(310)	<b>545</b>	77
(293)	Farms	754	(1,072)	<b>(318)</b>	(25)
2,532	Building Maintenance	2,314	(26)	<b>2,288</b>	(244)
2,707		3,923	(1,408)	<b>2,515</b>	(192)
1,275	<b>Procurement</b>	1,641	(375)	<b>1,266</b>	(9)
9,268	<b>ICT</b>	10,023	(1,311)	<b>8,712</b>	(556)
<b>15,174</b>		<b>29,159</b>	<b>(14,618)</b>	<b>14,541</b>	<b>(633)</b>

<b>2015/16 £'000</b>	<b>Breakdown of Gross Income</b>	<b>2016/17 £'000</b>
(3,390)	Customer and Client Receipts	(3,427)
(6,938)	Government and EU Grants	(6,938)
(2,668)	Internal Recharges	(2,383)
(1,857)	Reimbursements	(1,870)
(14,853)		(14,618)

## 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>Analysis of changes:</b>	<b>Change £'000</b>
<b>Technical and Service Changes</b>	
Inflationary increases	542
County Farms development review	25
Corporate premises delayed review	60
National living wage (Facilities Management)	36
National Insurance increases	221
<b>Savings requirements</b>	
Staffing reductions	(572)
Corporate Maintenance - savings arising from Budget Appraisal	(300)
Contractual savings (PFI)	(210)
Property Rationalisation initiatives	(157)
County Farms - rental reviews (net savings)	(50)
Facilities Management savings	(40)
SCOMIS - increased growth from educational marketplace	(50)
Savings arising from new IT delivery model	(138)
<b>Total</b>	<b>(633)</b>

## Chief Executive, Legal and Communications

2015/16 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2016/17 <b>Outturn Budget</b> £'000	2016/17 Net Changes £'000
1,108	<b>Media, Marketing and Communications</b>	1,232	(275)	<b>957</b>	(151)
1,700	<b>Coroners Service</b>	1,365	(12)	<b>1,353</b>	(347)
	<b>Other Services</b>				
210	Corporate Management	277	(64)	<b>213</b>	3
1,778	Cost of Democracy	1,822	(79)	<b>1,743</b>	(35)
130	Local Authority Subscriptions	130	0	<b>130</b>	0
2,118		2,229	(143)	<b>2,086</b>	(32)
956	<b>Legal Services</b>	1,955	(889)	<b>1,066</b>	110
(351)	<b>Registration Service</b>	1,295	(1,823)	<b>(528)</b>	(177)
<b>5,531</b>		<b>8,076</b>	<b>(3,142)</b>	<b>4,934</b>	<b>(597)</b>

2015/16 £'000	<b>Breakdown of Gross Income</b>	2016/17 £'000
(2,205)	Customer and Client Receipts	(2,356)
(777)	Internal Recharges	(786)
<b>(2,982)</b>		<b>(3,142)</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	77
National Insurance increases	80
<b>Savings requirements</b>	
Staffing reductions	(229)
Medical Examiner	(350)
Increased income	(136)
Contractual savings	(27)
Savings in support & overheads	(12)
<b>Total Chief Executive, Legal and Communications</b>	<b>(597)</b>

## Human Resources

2015/16 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2016/17 Outturn Budget £'000</b>	2016/17 Net Changes £'000
<b>Human Resources</b>					
170	Employee Services	12,766	(12,387)	<b>379</b>	209
1,000	Management and Strategy	678	(34)	<b>644</b>	(356)
731	Performance	805	(79)	<b>726</b>	(5)
1,046	Personnel Services Operations	2,652	(1,619)	<b>1,033</b>	(13)
316	Workforce Development	0	0	<b>0</b>	(316)
<b>3,263</b>		<b>16,901</b>	<b>(14,119)</b>	<b>2,782</b>	<b>(481)</b>

<b>2015/16 £'000</b>	<b>Breakdown of Gross Income</b>	<b>2016/17 £'000</b>
(2,831)	Customer and Client Receipts	(2,882)
(11,318)	Internal Recharges	(11,237)
(14,149)		(14,119)

## Service Commentary

Human Resources (HR) provide a comprehensive range of professional services to the Administration, Members, Officers and workforce of Devon County Council together with support to schools and some external bodies provided under separate contracts. 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, and reshaping the HR service to meet the changing demands of the County Council 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	93
National Insurance increases	99
<b>Savings requirements</b>	
Staffing reductions	(568)
Reduced workforce development training programmes	(105)
<b>Total</b>	<b>(481)</b>

## Public Health

2015/16 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2016/17 Outturn Budget £'000	2016/17 Net Changes £'000
	<b>Miscellaneous Public Health</b>				
948	Community Safety, Violence Prevention				
776	Other Public Health				
1,093	Support Services				
2,817					
	<b>Public Health</b>				
43	Health At Work				
153	Health Protection				
4,513	Mandated 0-5 Children's Services				
88	National Child Measurement Programme				
903	NHS Health Check Programme				
437	Obesity				
392	Public Health Advice to NHS				
(26,573)	Public Health Income				
326	Physical Activity				
595	Public Mental Health				
5,994	Sexual Health				
2,958	Children 5-19 Public Health Programmes				
1,196	Smoking and Tobacco				
6,305	Substance Misuse				
(2,670)					
<b>147</b>				<b>147</b>	<b>0</b>

2015/16 £'000	2016/17 £'000
<b>Breakdown of Gross Income</b>	
(26,573)	Government and EU Grants
0	Reimbursements
(26,573)	

2015/16 £'000	2016/17 £'000
<b>Grants Paid to External Organisations</b>	
10	Exmoor National Park
20	Dartmoor National Park
50	Devon Rape Crisis
70	Exeter Community Initiatives
10	Young Devon

## 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 Health checks as well as programmes aimed at increasing physical activity and weight management.

During 2015/16 the responsibility for commissioning Health Visitor services transferred to the Council, under the responsibility of Public Health. These services continue to be provided through the Integrated Children's Services contract that is delivered by Virgin Care Limited.

**Public Health  
Analysis of changes:**

**Change  
£'000**

**Technical and Service Changes**

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**Total**

**0**

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**The 2016/17 Outturn Budget has been left blank as the value of grant to individual Authorities has not yet been announced.**

## Treasurer's Services

2015/16 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	<b>2016/17 Outturn Budget £'000</b>	2016/17 Net Changes £'000
<b>Other Services</b>					
177	Bank Charges	155	0	<b>155</b>	(22)
6,363	Unfunded Pensions	8,483	(3,335)	<b>5,148</b>	(1,215)
106	External Audit	106	0	<b>106</b>	0
6,646		8,744	(3,335)	<b>5,409</b>	(1,237)
<b>Treasurer's Services</b>					
1,613	Client Finance Services, Exchequer and VAT	5,396	(3,530)	<b>1,866</b>	253
915	Corporate Management and Commissioning	1,685	(971)	<b>714</b>	(201)
640	Place Finance Support	795	(264)	<b>531</b>	(109)
2,322	People Finance Support	2,608	(536)	<b>2,072</b>	(250)
465	Strategic Financial Planning	666	(176)	<b>490</b>	25
5,955		11,150	(5,477)	<b>5,673</b>	(282)
<b>12,601</b>		<b>19,894</b>	<b>(8,812)</b>	<b>11,082</b>	<b>(1,519)</b>

<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Breakdown of Gross Income</b>	
(2,675) 3rd Party Pensions Income	(2,495)
(3,428) Customer and Client Receipts	(4,019)
(1,374) Internal Recharges	(2,298)
<u>(7,477)</u>	<u>(8,812)</u>

## 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	243
National Insurance increases	229
<b>Savings requirements</b>	
Reduction in Bank charges	(22)
Unfunded pensions - increased mortality rate & other net savings	(652)
Unfunded pensions - other recharges	(840)
Reduced staffing	(477)
<b>Total</b>	<b>(1,519)</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 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Business Strategy And Support</b>						
<b>Information and Communications Technology</b>						
Data Classification - digital delivery, open data & mobile public access	600	200	400	0	0	0
Digital Communications & Transactions - to provide a 'Digital by Default' infrastructure	600	200	200	0	0	0
Supporting Infrastructure - key local network switches & equipment to support mobile computing developments	600	200	200	0	0	0
System Strategies - business intelligence infrastructure	600	200	400	0	0	0
User Access & Productivity Tools - mobile technology, devices & implementation of productivity tools	2,300	600	0	0	0	0
		<b>1,400</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>County Farms Estate</b>						
Dungeons Farm (Cullompton) NVZ compliant slurry store	205	14	0	0	0	0
Fairfield Farm (Denbury) NVZ compliant slurry store	175	22	0	0	0	0
North Hele Farm (Buckland Brewer) NVZ compliant slurry store	330	85	0	0	0	0
SSAFO compliant slurry stores		900	0	0	0	0
Decent Homes standards and Energy Act		500	0	0	0	0
Thorndon Farm NVZ compliant slurry store	357	143	0	0	0	0
Waterford Farm (Musbury) NVZ compliant slurry store	160	7	0	0	0	0
		<b>1,671</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Corporate Property Estate</b>						
Barnstaple Accommodation Improvement Programme	1,529	226	0	0	0	0
Compliance (Disability Discrimination Act)		42	0	0	0	0
Energy and Sustainability	980	154	0	0	0	0
Property Enabling Budget		150	150	150	150	150
Strategic Centre Improvement - County Hall renew electrical & power lighting systems	140	0	140	0	0	0
Strategic Centre Improvement - County Hall heating distribution system	225	100	0	0	0	0
Strategic Centre Improvement - County Hall heating plant	812	43	0	0	0	0
		<b>715</b>	<b>290</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Total</b>		<b>3,786</b>	<b>1,490</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Financed by:</b>						
Borrowing - Unsupported		435	140	0	0	0
Capital Receipts - General		3,351	1,350	150	150	150
<b>Total</b>		<b>3,786</b>	<b>1,490</b>	<b>150</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 2015/16 which may be deferred to 2016/17 owing to changes in project delivery timescales.



## Corporate Service – Risk Assessment

Service	Budget 2016/17 £000	Risk and Impact	Mitigation
Facility Management - Premises	2,563	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	14,541	Increasing demands for support for Children & Adults at risk, services subject to organisational change and changes in service plans place increasing pressure on this service.	Work closely with service heads across the authority to ensure consistency of approach.
Legal Services	1,066	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	1,703	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	8,465	Increasing demands for financial and HR support & advice, not least from services subject to organisational change and changes in service plans, place increasing pressure on the capacity of this service at a senior level.	Work closely with service heads across the authority to ensure consistency of approach, smarter working practices and increased use of information systems.
Public Health - Grant Allocation		The actual value of the grant is not known. An allocation of less than the budget that has been prepared will cause considerable service reduction in the medium term and may not be achievable in 2016/17.	The medium term plan includes re-procurement of all large areas of spend (sexual health, children's services and substance misuse) which will lead to savings being achieved.
Public Health - Sexual Health		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 has ensured that value for money is achieved and where possible exposure to increased demand is capped.

## Abbreviations

Abbreviations used within the budget:

ACC	Adult Care Commissioning
ACL	Adult & Community Learning
AONB	Area of Outstanding Nature Beauty
ASC	Adult Social Care
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 - a national arrangement to pool existing NHS and Local Government funding, which started in April 2015.
BDUK	Broadband Delivery UK
CCG	Clinical Commissioning Group
CDWM	Capital Development & Waste Management
CIPFA	The Chartered Institute of Public Finance & Accountancy
C of E	Church of England
CSR	Comprehensive Spending Review
CSW	Careers South West
DAF	Devon Assessment Framework
DBS	Disclosure & barring service
DCC	Devon County Council
DCLG	Department for Communities and Local Government
DDA	Disability Discrimination Act
DEFRA	Department for Environmental Food & Rural Affairs
DFC	Devolved Formula Capital
DPLS	Devon Personalised Learning Service
DSG	Dedicated Schools Grant
E&E	Economy & Enterprise
EESI	Energy Efficiency Schools Initiative
EFA	Education Funding Agency
EfW	Energy from Waste
EH	Early Help
ESPL	Exeter Science Park Ltd
EU	European Union
EY	Early Years
FABLAB	Fabrication Laboratory at Exeter Central Library
FGC	Family Group Conferencing
FM	Facilities Management
FTE	Full Time Equivalent
HTM	Highways & Traffic Management
HORSA	Hutting Operation for the Raising of the School Leaving Age
HR	Human Resources
ICT	Information & Communications Technology
IID	Investing in Devon funds
ILF	Independent Living Fund

IT	Information Technology
KS1	Key Stage 1
KS2	Key Stage 2
LA	Local Authority
LAG	Local Action Group
LEP	Local Enterprise Partnership
LIBOR	London Interbank Offered Rate
LLPA	Lead Local Flood Authority
LOBO	Lender Option Borrower Option
LTP	Local Transport Plan
MARAC	Multi-Agency Risk Assessment Conference
MASH	Multi Agency Safeguarding Hub
MIL	Making it Local
MMF	Money Market Funds
MRP	Minimum Revenue Provision
MTCP	Medium Term Capital Programme
MTFS	Medium Term Financial Strategy
MUMIS	Major Unforeseen Maintenance Indemnity Scheme
NDL	North Devon Link
NEWDCCG	Northern, Eastern and Western Devon Clinical Commissioning Group
NHS	National Health Service
OFSTED	Office for Standards & Education, Children's Services and Skills
OP & D	Older People and Disability
PE	Physical Education
PEGASEAS	Promoting effective governance of the Channel seas
PFI	Private Finance Initiative
PTE	Planning Transportation & Environment
PWLB	Public Works Loans Board
REAL	Rural Enterprise and Local Livelihoods
RDPE	Rural Development Programme of England
RFID	Radio Frequency Identification (self service kiosks and tags in libraries)
RSG	Revenue Support Grant
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
SEACS	Sustainable Energy across a Common Space
SEN	Special Education Needs
SEND	Special Educational Needs and Disabilities
SfC	Services for Communities
TUPE	Transfer of Undertaking (protection of employment)
VAT	Value Added Tax
VELP	Vehicle Equipment Loan Pool
VMS	Variable Message Sign
WEEE	Waste Electrical and Electronic Equipment Regulation
YISP	Youth Inclusion and Support Panel

