

Phil Norrey
Chief Executive

To: The Chair and Members of the
Cabinet

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

(See below)

Your ref :
Our ref :

Date : 3 September 2019
Please ask for : Karen Strahan, 01392 382264

Email: karen.strahan@devon.gov.uk
:

CABINET

Wednesday, 11th September, 2019

A meeting of the Cabinet is to be held on the above date at 10.30 am in the Committee Suite - County Hall to consider the following matters.

P NORREY
Chief Executive

A G E N D A

7 Budget Monitoring - Month 4 (Pages 1 - 6)

Report of the County Treasurer (CT/19/87) on the Budget Monitoring Position at Month 4, attached.

Electoral Divisions(s): All Divisions

18 A382 Corridor Improvements - Phase 1 Financial Considerations (Pages 7 - 8)

[An item to be considered by the Cabinet in accordance with the Cabinet Procedure Rules and Regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 with the consent of the relevant Scrutiny Chair.

Joint report of the Head of Planning, Transportation and Environment, and Chief Officer for Highways, Infrastructure Development and Waste on the Financial Considerations for Phase 1 of the A382 Corridor Improvements (PTE/19/30), attached for Members of the Cabinet.

Electoral Divisions(s): Bovey Rural; Newton Abbot North; Newton Abbot South


Notice of all items listed above have been included in the Council's Forward Plan for the required period, unless otherwise indicated. The [Forward Plan](#) is published on the County Council's website.

Notice of the decisions taken by the Cabinet will be sent by email to all Members of the Council within 2

working days of their being made and will, in the case of key decisions, come into force 5 working days after that date unless 'called-in' or referred back in line with the provisions of the Council's Constitution. The Minutes of this meeting will be published on the Council's website, as indicated below, as soon as possible.

Members are reminded that Part II Reports contain confidential information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s).

Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Democratic Services Officer at the conclusion of the meeting for disposal.

Membership
Councillors J Hart (Chair), S Barker, R Croad, A Davis, R Gilbert, S Hughes, A Leadbetter, J McInnes and B Parsons
Cabinet Member Remits
Councillors Hart (Policy, Corporate and Asset Management), Barker (Resources), Croad (Community, Public Health, Transportation & Environmental Services), Davis (Infrastructure Development & Waste), R Gilbert (Economy & Skills) S Hughes (Highway Management), Leadbetter (Adult Social Care & Health Services), McInnes (Children's Services & Schools) and Parsons (Organisational Development & Digital Transformation)
Declaration of Interests
Members are reminded that they must declare any interest they may have in any item to be considered at this meeting, prior to any discussion taking place on that item.
Access to Information
Any person wishing to inspect the Council's / Cabinet Forward Plan or any Reports or Background Papers relating to any item on this agenda should contact Karen Strahan, 01392 382264. The Forward Plan and the Agenda and Minutes of the Committee are published on the Council's Website and can also be accessed via the Modern.Gov app, available from the usual stores.
Webcasting, Recording or Reporting of Meetings and Proceedings
<p>The proceedings of this meeting may be recorded for broadcasting live on the internet via the 'Democracy Centre' on the County Council's website. The whole of the meeting may be broadcast apart from any confidential items which may need to be considered in the absence of the press and public. For more information go to: http://www.devoncc.public-i.tv/core/</p> <p>In addition, anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chair. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chair or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.</p> <p>Members of the public may also use Facebook and Twitter or other forms of social media to report on proceedings at this meeting. An open, publicly available Wi-Fi network (i.e. DCC) is normally available for meetings held in the Committee Suite at County Hall. For information on Wi-Fi availability at other locations, please contact the Officer identified above.</p>
Questions to the Cabinet / Public Participation
<p>A Member of the Council may ask the Leader of the Council or the appropriate Cabinet Member a question about any subject for which the Leader or Cabinet Member has responsibility.</p> <p>Any member of the public resident in the administrative area of the county of Devon may also ask the Leader a question upon a matter which, in every case, relates to the functions of the Council. Questions must be delivered to the Office of the Chief Executive Directorate by 12 noon on the fourth working day before the date of the meeting. The name of the person asking the question will be recorded in the minutes. For further information please contact Karen Strahan on 01392 382264 or look at our website</p>
Emergencies
In the event of the fire alarm sounding leave the building immediately by the nearest available exit, following the fire exit signs. If doors fail to unlock press the Green break glass next to the door. Do not stop to collect personal belongings, do not use the lifts, do not re-enter the building until told to do so.
Mobile Phones
Please switch off all mobile phones before entering the Committee Room or Council Chamber
<p>If you need a copy of this Agenda and/or a Report in another format (e.g. large print, audio tape, Braille or other languages), please contact the Information Centre on 01392 380101 or email to: centre@devon.gov.uk or write to the Democratic and Scrutiny Secretariat at County Hall, Exeter, EX2 4QD.</p>
 Induction loop system available

NOTES FOR VISITORS

All visitors to County Hall, including visitors to the Committee Suite and the Coaver Club conference and meeting rooms are requested to report to Main Reception on arrival. If visitors have any specific requirements or needs they should contact County Hall reception on 01392 382504 beforehand. Further information about how to get here can be found at: <https://new.devon.gov.uk/help/visiting-county-hall/>. Please note that visitor car parking on campus is limited and space cannot be guaranteed. Where possible, we encourage visitors to travel to County Hall by other means.

SatNav – Postcode EX2 4QD

Walking and Cycling Facilities

County Hall is a pleasant twenty minute walk from Exeter City Centre. Exeter is also one of six National Cycle demonstration towns and has an excellent network of dedicated cycle routes – a map can be found at: <https://new.devon.gov.uk/travel/cycle/>. Cycle stands are outside County Hall Main Reception and Lucombe House

Access to County Hall and Public Transport Links

Bus Services K, J, T and S operate from the High Street to County Hall (Topsham Road). To return to the High Street use Services K, J, T and R. Local Services to and from Dawlish, Teignmouth, Newton Abbot, Exmouth, Plymouth and Torbay all stop in Barrack Road which is a 5 minute walk from County Hall. Park and Ride Services operate from Sowton, Marsh Barton and Honiton Road with bus services direct to the High Street.

The nearest mainline railway stations are Exeter Central (5 minutes from the High Street) and St David's and St Thomas's both of which have regular bus services to the High Street. Bus Service H (which runs from St David's Station to the High Street) continues and stops in Wonford Road (at the top of Matford Lane shown on the map) a 2/3 minute walk from County Hall, en route to the RD&E Hospital (approximately a 10 minutes walk from County Hall, through Gras Lawn on Barrack Road).

Car Sharing

Carsharing allows people to benefit from the convenience of the car, whilst alleviating the associated problems of congestion and pollution. For more information see: <https://liftshare.com/uk/community/devon>.

Car Parking and Security

There is a pay and display car park, exclusively for the use of visitors, entered via Topsham Road. Current charges are: Up to 30 minutes – free; 1 hour - £1.10; 2 hours - £2.20; 4 hours - £4.40; 8 hours - £7. Please note that County Hall reception staff are not able to provide change for the parking meters.

As indicated above, parking cannot be guaranteed and visitors should allow themselves enough time to find alternative parking if necessary. Public car parking can be found at the Cathedral Quay or Magdalen Road Car Parks (approx. 20 minutes walk). There are two disabled parking bays within the visitor car park. Additional disabled parking bays are available in the staff car park. These can be accessed via the intercom at the entrance barrier to the staff car park.



Fire/Emergency Instructions

In the event of a fire or other emergency please note the following instructions. If you discover a fire, immediately inform the nearest member of staff and/or operate the nearest fire alarm. On hearing a fire alarm leave the building by the nearest available exit. The County Hall Stewardesses will help direct you. Do not stop to collect personal belongings and do not use the lifts. Assemble either on the cobbled car parking area adjacent to the administrative buildings or in the car park behind Bellair, as shown on the site map above. Please remain at the assembly point until you receive further instructions. Do not re-enter the building without being told to do so.

First Aid

Contact Main Reception (extension 2504) for a trained first aider.

BUDGET MONITORING 2019/20 **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.

Recommendation:

- a) That the month 4 budget monitoring forecast position is noted; and**
- b) That the Spending Round 2019 is noted.**

1. Introduction

- 1.1. This report outlines the financial position and forecast for the Authority at month 4 (to the end of July) of the financial year. It also updates Members on the Chancellor's Spending Round 2019.
- 1.2. The total projected overspend at month 4 is £4.3 millions. However, this assumes that the projected Special Educational Needs and Disabilities (SEND) funding shortfall of £15.8 millions is not dealt with this financial year and thus has no impact on the outturn position. It also assumes that planned contributions to reserves of £8 millions are not made this financial year. These two issues are dealt with more fully in the report. It should be noted that without these two adjustments the projected overspending would be £28.1 millions.

2. Revenue Expenditure Adult Care and Health Services

- 2.1. Adult Care and Health services are forecast to overspend by £6.7 millions. This position includes £982,000 of management actions yet to be delivered but which are still considered achievable.
- 2.2. Adult Care Operations is forecasting to overspend by £5.7 millions. The pressure is primarily the result of residential and nursing price and volume pressures. Client numbers for these areas are 79 higher than the budgeted level of 1,995 giving rise to an overspending of £1.6 millions. The remaining projected overspending of £4.1 millions is due to higher costs having to be paid for services provided pressure being price related.
- 2.3. Adult Commissioning and Health is forecast to underspend by £197,000
- 2.4. Mental Health is forecasting an overspend of £1.2 millions, primarily the result of higher client numbers, residential services have 28 clients over the budgeted level of 151.
- 2.5. A number of savings initiatives have been proposed by the service to try and mitigate these pressures. They are currently under review and a detailed action plan is

Agenda Item 7

expected to be put in place. The impact of this recovery plan is not currently included within the forecast position.

3. Revenue Expenditure Children's Services

- 3.1. Children's services are forecasting an overspending of £4.8 millions. However, this figure takes no account of a projected funding shortfall of £15.8 millions on SEND as explained in sections 3.8 and 3.9 of this report.
- 3.2. Children's Social Care is forecast to overspend by £3.1 millions. The total overspending on children's placements is forecast to be £1.2 millions. Supported accommodation in particular is driving this pressure. A lack of sufficiency in the residential market is leading to young people being placed in alternative settings with high cost support packages. Disabled Children's Services are forecast to overspend by just over £1 million. A significant proportion of this forecast is associated with one exceptionally high cost placement.
- 3.3. The Atkinson Secure Children's Home is forecasting an overspend of £245,000. Recruitment and retention issues at the establishment have had an adverse impact upon occupancy levels. There has been an improvement in recent months, but the lost income has resulted in the projected overspending.
- 3.4. All other costs which include Staffing, Quality Assurance Reviewing and Safeguarding Service and strategic management budgets are forecasting an overspend of £551,000.
- 3.5. The non-Dedicated Schools Grant (DSG) element of Education and Learning is forecasting an overspend of £1.7 millions. Pressures within school transport continue due to rising costs associated with contract changes and additional Special Education Needs (SEN) personalised transport routes linked to continued growth in numbers.
- 3.6. The DSG High Needs Block, Special Education Needs and Disabilities (SEND) is forecasting a funding shortfall of £15.8 millions for the current financial year. The High Needs block continues to be under significant pressure with placements in Independent Special Schools being the main area of overspending. The number of students with Education and Health Care Plans continues to grow along with the complexity of need of pupils and numbers of those not able to attend school due to medical conditions all creating further pressures within the SEND High Needs Block.
- 3.7. Like many other local authorities with education responsibilities the pressures being experienced within the DSG are becoming unmanageable against the current levels of funding. There have been many representations to Government on this issue. As outlined in section 8 of this report the Government has announced additional funding for SEND in 2020/21 but nothing as yet for the current year. Given this funding uncertainty and the size of the projected deficit it is suggested that the deficit is not dealt with at the end of this financial year but held on the balance sheet as a negative reserve. This would allow the deficit to be managed across several years and give time for Service Managers and Schools to develop recovery plans. It would also give time for Government, if it was so minded, to review this area and put funding streams on a more sustainable footing. Many Authorities have adopted this approach. It is not

a solution, but it is a mechanism that gives more time for a solution to be found. The size of the reserve will have to be monitored to ensure that it stays within a level that is manageable within the overall financial resources of the Council.

4. Revenue Expenditure Highways, Infrastructure Development and Waste

- 4.1. Highways, Infrastructure Development and Waste is forecasting an underspend of £540,000 at month 4.
- 4.2. Highways Network management and Infrastructure Development are forecasting an overspend of £400,000. This pressure is the result of income not being generated as early in the year as planned partially offset by higher than budgeted recovery of capital recharges.
- 4.3. Waste management is forecasting an underspend of £940,000. Final reconciliation payments for 2018/19 recycled materials processed through recycling centres have now been completed benefiting the authority by £640,000 and third-party income allocations are expected to generate a one-off benefit of £300,000.

5. Revenue Expenditure Other Services

- 5.1. Communities, Public Health, Environment and Prosperity (COPHEP) are forecasting a small underspend of £6,000. Corporate Services are forecasting an overspend of £2.8 millions. The cross-council savings initiatives target of £1.9 millions is currently not expected to be met this year. Digital Transformation and Business Support are forecasting an overspend of £575,000, this reflects the expectation that £662,000 of management action will still be delivered. County Solicitor and HR are forecasting a pressure of £302,000 the majority of which relates to delays in the implementation of the new payroll system.
- 5.2. Non- service items are forecast to underspend by £9.4 millions. This will be achieved by not making the planned £3 millions transfer to the budget management reserve or the planned £5 millions contribution to the service transformation reserve this year. In addition it recognises an underspend on capital financing and interest of £585,000, an improved position around general grant and other income of £468,000 and an underspend on other expenditure which totals £381,000.

6. Capital Expenditure

- 6.1. The approved capital programme for the Council is £147.2 millions. This figure incorporates amounts brought forward from 2018/19 of £29.5 millions, and in year additions of £6.8 millions. Of this increase £6.0 millions is externally funded.
- 6.2. The year-end forecast is £131.7 millions, producing forecast slippage of £15.5 millions.
- 6.3. The main areas of slippage can be attributed to variations and programme delays in Planning and Transportation (£9.8 millions net slippage) which reflects the complexity of the major schemes within this service.

Agenda Item 7

- 6.4. Historic trends suggest further slippage is likely, which is mainly due to fluctuations and variations of major projects. Wherever possible slippage is offset by the accelerated delivery of other approved schemes within the capital programme.

7. Debt Over 3 Months Old

- 7.1. Corporate debt stood at £5.5 millions, being 3.1% of the annual value of invoices, against the annual target of 1.9%. The balance of debt owed will continue to be pursued with the use of legal action where appropriate to do so.

8. Spending Round 2019

- 8.1. On Wednesday 4th September the Chancellor, Sajid Javid, presented the Spending Review to Parliament. As always, 'the devil is in the detail, but the key headlines for the County Council are outlined below:

8.1.1. **Social Care** - £1.5 billion extra. However, within the Government document supporting the Spending Review it is clear this is £1 billion Grant and £0.5 billion of powers to raise 2% from Council Tax as a Social Care Precept. Depending on the distribution formula use for the grant element the Authority's portion of £1.5 billions is £22-23 millions of which about £8 millions would come from a 2% increase in Council tax with the balance coming as Government grant.

8.1.2. **Schools Funding** – £7.1 billion extra by 2022/23. Every secondary school will be allocated a minimum of £5,000 per pupil next year, and every primary school will be allocated at least £3,750 per pupil increasing to £4,000 per pupil the following year. This is approximately £20 millions of additional funding for Devon's schools over the 2 years. £11.7 millions in 2020/21 and a further £9.5 millions in 2021/22. This would see 135 schools (36%) benefit in 2020/21.

8.1.3. **Special Educational Needs and Disabilities SEND** - £700 millions extra. The County Council's share of this is approximately £8.6 millions.

8.1.4. **Core Funding** – There is no information within the Spending Review other than the usual inflationary increase in Business Rates funding and a headline that no Government Department's funding will be cut next year, and every Department will receive an increase at least in line with inflation. The Provisional Local Government Settlement is expected in December as normal.

9. Conclusion

- 9.1. As sections 1 to 7 of this report make clear Education Services and Social care services provided to both Adults and Children are operating under huge financial strain. The need for those services is very great and growing both in terms of cost and complexity. This is taking place against a background of unprecedented political uncertainty. The Council will need to show great resolve and ingenuity to make sure that it maintains the correct balance between funding services sufficiently and retaining its financial sustainability.

Mary Davis, County Treasurer

Electoral Divisions: All

Cabinet Member: Councillor Stuart Barker

Local Government Act 1972: List of Background Papers

Contact for Enquiries: Mary Davis

Tel No: (01392) 383310 Room: 199

Date Published: 5th September 2019

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

