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To: The Chair and Members  
of the Cabinet

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Date: 29 April 2024

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## **CABINET**

Wednesday, 8th May, 2024

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

Donna Manson  
Chief Executive

## **A G E N D A**

8 Revenue and Capital Outturn 2023/2024 (Pages 1 - 42)

Report of the Director of Finance and Public Value (DFP/24/56) presenting the outturn for 2023/2024. This Report is now available to view.

*Electoral Divisions(s): All Divisions*

*Members are reminded that Part II Reports contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). They need to be disposed of carefully and should be returned to the Democratic Services Officer at the conclusion of the meeting for disposal.*



# Revenue and Capital Outturn 2023/24

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## 2023/24 Revenue & Capital Outturn

### Report of the Director of Finance and Public Value

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

#### Recommendations:

It is recommended that:

- a) Members note the key Operating Principles of the Authority to deliver financial sustainability and continue to support the priority focus on improving financial management, control, accountability and capability across services.
- b) Members note that the draft outturn for 2023/24, after carry forwards and contributions to and from balances, reserves and provisions, shows an increase in the General Fund Balance of £55,000 against the approved revenue budget.
- c) The 2023/24 revenue outturn be approved, including transactions on earmarked reserves and provisions, spending against budget, treatment of over and under spending and the implications for balances, as set out in the tables and the narrative of the report.
- d) Any variances in the final returns from Districts for business rates grants and pooling gain be taken to the Business Rates Risk Management Reserve.
- e) The 2023/24 capital outturn be approved including spending against budget and proposed carry forwards, in accordance with the tables.
- f) The use of capital finance as set out in the Determination of Capital Finance section 11 of the report be approved.
- g) A total of £9.8 million is set aside from revenue resources as Minimum Revenue Provision for the repayment of capital borrowing.
- h) The Prudential Indicators as set out in section 10 of this report be noted.
- i) The total monies owing to the Council as at 31st March 2024 be noted.

#### 1. Summary

- 1.1 One of our key Operating Principles is to strengthen our financial sustainability and resilience. We continue to drive forward cultural change to improve accountability and control for delivering agreed financial targets and building collaboration and partnerships. We are committed to investing in systems, processes, and training to ensure we have modern tools and skills to improve performance. An example is the implementation of a new finance system and supporting business processes that will launch in the summer.
- 1.2 Overall, the Authority has performed well financially this year and has achieved a balanced outturn position. This is despite the ongoing challenge to meet the cost and complexity of needs of demand-led people services in the care sector which remains a challenge, and the need to increase investment in the conditions of our road infrastructure to tackle potholes.
- 1.3 The budget was set with the need to deliver significant savings. Extensive amount of work has been undertaken by strategic and directorate leadership teams with their services and

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with support from Finance colleagues, to deliver planned savings including the additional £10 million agreed by Cabinet in September.

- 1.4 Whilst good progress has been made it has not always been possible to deliver to plan, however Directorates have identified alternative measures to mitigate this, and the Authority has also received one off additional income which has helped delivered a balanced position for the year. Improvements in our treasury management investments and a prudent change to the provision for capital debt repayment have also made a significant contribution to the overall balanced outturn position.
- 1.5 One of the key priorities during the year has been to tackle the increasing deficit position relating to Special Educational Needs and Disabilities (SEND). The DSG SEND Deficit is accounted for separately to the General Fund reserve balance under statutory regulations. Effective partnership working and negotiation with the Department for Education (DfE) has led to significant additional funding to the Authority through the Government's Safety Valve Programme aimed at improving performance and reducing the cumulative deficit.
- 1.6 The Authority is starting to make inroads in addressing the increasing financial pressures faced through SEND. Despite earlier indications that the deficit could increase by as much as £45 million this year the year end position is an increase of £39.1 million, demonstrating that improvements are starting to impact. The Deficit of £39.1 million is £12.9 million more than budgeted.
- 1.7 The success in reaching agreement with the DfE through the Safety Valve programme in March has enabled a strong financial intervention that reverses the trend of a growing deficit. The 2023/24 DSG SEND outturn takes the cumulative deficit to £164.6 million. In line with the Safety Valve agreement the Authority has contributed just under £11.2 million from the General Fund (£1.2 million more than originally planned) which brings the cumulative deficit down to £153.4 million. The additional £39.1 million DSG funding secured from the DfE in March further reduces the cumulative deficit to £115.4 million at the end of the financial year – a net reduction of £10 million in the year and a welcome improvement in the financial resilience of the Authority. More detail is provided in Section 5.
- 1.8 The Month 10 forecast reported to Cabinet in March was a breakeven position. At outturn, after carry forwards and transfers to and from reserves there was a small increase in the General Fund balance of £55,000 in 2023/24 on a net Budget of £607.7 million. This a significant improvement on the £13.6 million forecast overspend at Month 6, reported to Cabinet on 8<sup>th</sup> November. This financial result reflects the strong focus of the Authority's strategic and leadership teams, Cabinet and Scrutiny, with extensive support from Finance services, on meeting budget targets and maintaining the financial strategy of living within our means. It must be recognised that the final position is also helped by a one-off £8 million windfall through the Connecting Devon and Somerset broadband contract clawback income, and additional grant funding awarded in year for Adult Social Care.
- 1.9 The indicative underspend position at the end of the year is £5.2 million. This has enabled the Authority to fund an increase in the provision for non-recovery of income (bad debt) by £931,000, an additional £1.2 million contribution to the cumulative DSG SEND Deficit on top of the £10 million previously planned, a carry forward of £2 million to support additional highways maintenance and drainage to help prevent potholes, and a transfer of £1.1 million to earmarked reserves to further support ongoing financial sustainability including through modernisation and improvement in services.
- 1.10 The General Fund balance has been maintained at £16 million. Total earmarked reserves, excluding schools and non-schools carry forwards, has been maintained at just over £101 million after a net reduction of £6.5 million to support planned costs in the year. This reduction is £10 million lower than budgeted. The combined balance of £117m is therefore

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higher than projected when the 2023/24 Budget was approved in February 2023, and this also helps to maintain the financial resilience of the Authority.

- 1.11 Within services there are overspends reported primarily to the budgets for Integrated Adult Social Care and to Children and Young People's Futures, for which section 2 provides further detail. For the 2023/24 Budget, significant investment was made to enable improvement in Children's and Young People's Futures services. The recent Monitoring visit has recognised that the investment is starting to make a difference and we are now seeing improvement in this area. The improvement in services over time should help to reduce costs over the medium term.
- 1.12 Investment in road infrastructure remains a pressure with total spend on highways safety defects ('potholes') reaching £9.3 million of which £1.8 million has been allocated to the capital programme through changing the capitalisation policy. The resulting £7.5 million exceeds the budget by £3.8 million. In a separate report the Cabinet is asked in May 2024 to increase the 2024/25 capital programme by £10 million to accelerate improvements in road infrastructure quality. Through utilising the underspend position in 2023/24 it is possible to carry forward a further £2 million of revenue funding to undertake increased highways and drainage maintenance as preventative work to reduce the volume of potholes occurring, as referred above.
- 1.13 Detailed explanations of the final financial position for each service area are given in section 2 of this report.
- 1.14 In summary, the Authority has operated within budget overall, maintained adequate reserves, reduced the DSG deficit and reduced the total level of external borrowing, all factors that make a positive contribution to managing financial risk and performance and meeting the financial sustainability priority.

## 2. Spending

### Integrated Adult Social Care

- 2.1 The final budget for the Integrated Adult Social Care (IASC) service is £349 million. The outturn position for the Integrated Adult Social Care service is an overspend of £2.4 million (0.7%), a favourable movement of £478,000 from the anticipated outturn, as reported to Cabinet at Month 10.
- 2.2 The reported position for Integrated Adult Social Care includes £16.4 million of savings achieved against the Budgeted target of £30.6 million. Other initiatives were brought in to reduce the gap achieving a further £4.7 million, of which £1.7 million came from additional income. A further savings target of £4.9 million was agreed at Cabinet in September and was fully achieved through additional income, alternative sources of funding and staff savings. In total £28.0 million is reported against an overall Target of £35.5 million in year, with a resulting underachievement of £7.5 million.
- 2.3 Adult Care Operations outturn is £956,000 overspent, which reflects increasing complexity, ongoing pressures on unit rates and higher residential placements volumes. Year-end client numbers for older people residential services are 93 more than originally budgeted, and there is a reduction in nursing placements of 30. There is an increase in community placements of 18, partially driven by the reduction in residential placements, but also due to improved market sufficiency in the Personal Care market. These pressures have been partially offset by one off grant monies, additional income and underspends on staffing budgets which reflect ongoing difficulty in recruiting care management staff.

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- 2.4 Adult Commissioning and Health outturn is £1.5 million overspent. This is due predominantly to the delay in the delivery of saving plans in this financial year and the liability for the apprenticeship levy match funding on the HSSAP programme. Mental Health showed little variation, despite supporting 95 more clients than originally budgeted for across Residential and Support Living. General management of provider fee rates and demand management are the most important issues financially and are under review with our Partners.

## Children and Young People's Futures

- 2.5 The overall position for Children's and Young People's Futures is an overspend of £7.6 million (3.7%) against the final Budget of £207.4 million. This excludes the Dedicated Schools Grant funding and activity.
- 2.6 Within this overall position, the outturn for Children's Social Care and Health & Wellbeing including the Public Health Nursing Service is a net overspend of £5.2 million.
- 2.7 Whilst the number children in our care reduced by 2.3% during the year, a larger proportion of them have significant complex needs meaning they require a higher level of support. Of the £7.8 million overspend on placements, £6 million relates to the type of accommodation and support provided. Court backlogs and use of external professional legal support resulted in an overspend on legal costs of £1 million.
- 2.8 Both locally and nationally, recruiting high quality social workers remains a challenge. The service has worked hard to reduce the reliance on agency staff and the number of staff returning to or transitioning to the Authority from agency is increasing in line with the recognition of improved practice and performance. As at March 2024, 48% of the front line workforce are agency workers. This is an improvement overall during the year with, for example, social workers roles in Assessment, Children and Families, Corporate Parenting and Disabled Children's services seeing a reduction in agency workers since July 2023 from 52% to 45%.
- 2.9 The Public Health Nursing Service underspent by just under £1million mainly due to staff vacancies and lower IT costs. This service is funded by the ring-fenced Public Health Grant and this underspend helps to offset costs in other Public Health services in the year.
- 2.10 The service budgeted to make savings of £8.2 million in the year. It has delivered £3.8 million in total, together with £2.2 million through additional income and alternative sources of funding. The service has also been unable to meet the additional in year savings requirement of £2.2 million as its share of the £10 million target agreed in September 2023.
- 2.11 For Education Learning and Inclusions Services (General Fund) the final position is an overspend of £2.4 million. The most significant overspend is Educational Psychologists (£1.5 million) for agency staff costs and reduced traded income as activity has necessarily focussed more on non-traded priority service requirements. In addition, £819,000 relates to non-deliverable savings for Education's share of the £10 million savings agreed by Cabinet in September 2023 towards the DSG SEND accumulated deficit.
- 2.12 Education and Learning spending on schools is funded from the Dedicated Schools Grant (DSG). The outturn position is made up of individual school balances totalling £18.1 million, and ringfenced balances of £3.9 million.
- 2.13 The DSG Deficit was originally budgeted at £26.2 million when the budget was approved in February 2023. The actual deficit reported for the year, prior to the effects of the Safety Valve agreement (see below), is £39.1 million, which is an overspend against budget of £12.9 million. This provisionally results in a cumulative DSG Deficit to £164.6 million. However, the Authority reached agreement with the DfE in March and is now part of the Safety Valve



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Intervention Programme. Through this agreement the Authority has contributed £11.2 million from the General Fund towards the accumulated deficit, reducing it to £153.4 million. In addition, the Authority received Additional DSG funding of £38 million on 28 March 2024 as the DfE's initial contribution to reduce cumulative deficit. These measures combine to reduce the overall cumulative DSG Deficit to £115.4 million at the end of 2023/24.

- 2.14 There continues to be increased demand on high needs. In particular, the growing demand on Education Health Care Plans (EHCP) and SEN placements within the independent sector. This is being reflected nationally in relation to High Needs funding demands.
- 2.15 There is a government requirement to show DSG surplus and deficit balances (excluding individual schools balances) as a DSG adjustment account, per the statutory instrument, therefore the deficit does not affect the General Fund working balance except, now, for the agreed General Fund contributions through the Safety Valve plan.

## Public Health, Communities and Prosperity

- 2.16 The final Budget for Public Health, Communities and Prosperity is £32.9 million, and the outturn position shows an overall underspend of £1.5 million (4.5%) after taking into account the carry forward of grants and contributions and other carry forward requests.
- 2.17 Communities and other services underspent by £652,000 after allowing for carry forward requests. Vacancy management savings and overhead recovery from externally funded activities have contributed £462,000 of this figure, with the remainder having been generated from delayed activity in community grant schemes, savings from contractual arrangements and other operational savings.
- 2.18 The Economy Enterprise and Skills service area is underspent by £871,000. Of this total, £266,000 has been achieved from expenditure savings and additional income from industrial parks. A further £196,000 is the result of efficiency savings from contractual arrangements with Careers South West and Civica. Other vacancy management and operational savings have contributed to the overall underspend position.
- 2.19 Public Health overspent by £50,000 against the Public Health Grant. As this is a ring-fenced grant, this amount has been funded from the statutory Public Health Reserve.

## Corporate Services

- 2.20 The final 2023/24 Budget for Corporate Services is £45.8 million with a net overall underspend of £990,000 (2.1%) reported for the year after considering the carry forward of grants and contributions and other carry forward requests.
- 2.21 Legal and Democratic Services has overspent by £229,000 largely due to costs associated with a complex inquest and pressures within Legal Services, driven by a combination of increased demand from Children's Social Work and difficulty in recruiting permanently employed lawyers. This has been offset in part by income generated from the continuing demand for ceremonies delivered by the Registration Service.
- 2.22 Digital Transformation and Business Support is showing an underspend of £1 million. This is mainly attributable to delayed projects within the current ICT Roadmap and active contract management to fix or renegotiate prices to mitigate inflationary rises. Savings from increased income generation and vacancy management across the service has exceeded costs of accelerated works and fees within Facilities Management and Estates.
- 2.23 People and Culture has underspent by £229,000 due to a combination of increased income generation and active vacancy management.

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- 2.24 The Finance and Public Value service is showing a small overspend of £29,000. Increased audit fees alongside high inflationary rates for unfunded pensions have been mostly offset by increased income generation by the Procurement Team and active vacancy management across the teams.

## Climate Change, Environment and Transport

- 2.25 The overall position for Climate Change, Environment and Transport after carry forward requests is an underspend of £1.7 million. This is a variance of 1.8% compared to the final Budget which totals £91.6 million for the year.
- 2.26 The Highways and Infrastructure Development service has overspent the budget allocation by £270,000. The significant increase in potholes throughout the year caused Highways safety reaction expenditure to increase by over £3 million above the budget. This has been mitigated in part by a change in policy to allow pothole patches greater than 0.5 square metres in size to be funded from the capital programme. Vacancy management savings and increased Highways licence fee income has further reduced the overall pressure within this service area.
- 2.27 Expenditure of £7 million has been charged to the on-street parking account during the year. This includes items such as operating costs for on-street parking and enforcement activities, public transport support and highways cyclical maintenance works. Income totalling £8 million has been generated, leaving a shortfall against expenditure of £300,000. The balance of the reserve has reduced from £1.9 million to £1.6 million as at March 2024.
- 2.28 Planning has delivered an underspend of £705,000. Savings of approximately £500,000 have been achieved through active vacancy management and cost recovery from staff time recharges, with a further £200,000 delivered through an increase in planning application income and a reduction in project expenditure.
- 2.29 The Transport Operation, Environment and Waste service area has underspent by £1.3 million. Inflationary pressures within Waste have been offset by a combination of continued lower household waste tonnages and one-off contractual items, generating an underspend of £660,000. Savings totalling £420,000 have been achieved within the Environment and Transport services from a reduction in expenditure on project activities and increased income from staff time recharges.

## Other Items

- 2.30 The overall cost of the national staff pay award for 2023/24 was £1.7 million more than the budget estimate in February 2023. The increasing pay costs have resulted in an overspend of £110,000 for the Apprenticeship Levy and pension contributions were also £608,000 higher than budgeted.
- 2.31 During 2023/24 the Authority allocated £25.6m of the Integrated Care Agreement budget on payments to the NHS for interventions that address demand across the health and care system, leaving a balance of £1.5 million to carry forward to support eligible costs in 2024/25. As outlined in section 3 of this report, the Better Care Fund has overspent this year by £1.8 million and the Authority's share is 50%.
- 2.32 Increases in the Bank of England base rates compared to historical lows experienced over the past decade have influenced cash investments performance resulting in additional income of almost £4.3 million more than budget.
- 2.33 The Authority took the opportunity to repay borrowing (LOBOs - Lender Option, Borrower Option) of £46.5 million when the lender gave notice that it was going to increase interest rates. Although some short term borrowing was needed to offset this for cash flow purposes

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(£13 million at 31<sup>st</sup> March 2024), the overall reduction in interest costs in 2023/24 was £690,000. The Authority no longer has any LOBOs, and all external borrowing is at fixed rates. Total external borrowing as at 31<sup>st</sup> March 2024 is £474.4 million, which is a reduction of £33.5 million during the year.

- 2.34 The Capital Financing Charges are below budget by £2.5 million. This is mainly due to a change in approach to calculating the Minimum Revenue Provision (MRP) which is the annual charge to the revenue budget for the repayment of previous capital borrowing. This charge for 2023/24 is £2.1 million below budget for the year.
- 2.35 Transformation savings have not been fully delivered against the below the line budget, leaving a shortfall after contingencies of £2.3 million. This is mitigated through planned savings being reported within services such as through centralisation and pooling of business support staff.
- 2.36 Overall, there has been a favourable movement of £2.1 million on business rates funding (pooling gain and levy distribution).
- 2.37 The Authority has yet to be informed of its final share of the business rates pooling gain. Based on the Q3 estimates from districts there is a favourable variance of additional income of £1.4 million. When the Authority is notified of the final position any variance from this outturn report will be taken to/from the Business Rates Risk Management Reserve.
- 2.38 The national business rates levy account is held by Government to help manage the risk if any local authorities incur business rates losses to such an extent where they enter the "safety net." When DLUHC decides that the balance on previously collected levies is no longer needed it distributes to all local authorities. In March 2024 DLUHC distributed £100 million nationally and the Authority's share is £861,000.
- 2.39 The Connecting Devon and Somerset Broadband contract awarded to BT in January 2013 included a clawback clause to return investment to the public sector funding partners where the take up levels of the new wholesale broadband infrastructure exceeded the rate set by BT. This investment has been accruing during the post-deployment stage of the contract in an interest-bearing investment fund held by BT. The Authority's share of this investment fund is proportionate to the original investment made to the programme. This has resulted in income of just over £7.9 million being accounted for in 2023/24. Of this sum, £5.7 million has been received with the remaining balance has been estimated at £2.2 million subject to final calculations.
- 2.40 The Local Service Support Grant includes the Extended Travel Scheme grant which has increased by £130,000, and there are other small grant variations.
- 2.41 At its meeting in September 2023 the Cabinet agreed to reduce all Directorate budgets by an apportioned share of £10 million. The break-even outturn position includes this additional saving which means that the Authority can contribute almost £11.2 million to the DSG SEND deficit, as agreed with the Department for Education as part of the Safety Valve agreement, without calling on reserves. The DfE has paid the Authority £38 million in March 2024, being part of an overall package of £95 million over several years. This additional funding must be used to reduce the SEND deficit.
- 2.42 The authority assesses the likelihood of collecting all income owed from debtors, i.e., people and other parties that owe money to the Authority. The provision for any such losses, generally known as bad debts, has prudently been increased by £931,000.

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## 3. Better Care Fund

- 3.1 The Better Care Fund (BCF), which is a pooled budget between the NHS Integrated Care Board and the Authority, for 2023/24 totals £131.2 million which is reporting an overspend of £1.8 million (1.4%). The overspending is attributable to the growing cost and volume within the community equipment service and the decision to continue with some schemes from the previous financial year that were originally grant funded, partly offset by the costs and volumes of the hospital discharge programme not being as great as had been budgeted. In accordance with Schedule 3 of the Section 75 BCF framework partnership agreement, if there is an overspend in the revenue pool, partners will meet the overspend amount on an equal shares basis. For more information on the Better Care Fund, please see the table on page 23.

## 4. General Balances

- 4.1 During 2023/24 the working balance has increased by £55,000 leaving the balance at 31st March 2024 of just over £16 million.

## 5. Earmarked Reserves

- 5.1 At the beginning of the financial year, earmarked reserves (excluding schools and non-schools carry forwards) stood at just under £107.6 million. During the year earmarked reserves have decreased by just under £6.5 million to just over £101 million. The reason for this movement is explained below:

	£000	£000
<b>Budget Book (February 2023)</b>		
Planned use of Public Health Reserve	(4,180)	
Planned use of other earmarked reserves	(12,318)	
	<hr/>	
Budgeted reduction in earmarked reserves		(16,498)
Public Health reserves not required		4,130
Underspend on budget management reserve		1,260
Underspend on service transformation reserve		2,525
Outturn contribution to service transformation reserve		1,100
Underspend on other reserves		1,001
		<hr/>
<b>Net reduction in earmarked reserves</b>		<b>(6,482)</b>

<b>Use of reserves 2023/24</b>	<b>£000</b>
IT replacement - finance and adult social care systems	2,475
Hospital Discharge Funding for Better Care Fund (approved by Cabinet)	2,000
Safety Valve Staffing Investment	1,315
Staffing restructures	781
Highways schemes funded from On Street Parking	305
Regeneration and Recovery	213
Highways Ash Dieback	164
Public Health reserve	50
Other	279
	<hr/>
<b>Total use of reserves</b>	<b>7,582</b>

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5.2 Government regulations require that any negative DSG balance be held as a DSG Adjustment Account and not netted off from our Reserves. Initially these regulations were to be applied to the three financial years to 31 March 2023 but this statutory requirement has been extended for a further three years to 31 March 2026. The negative reserve has reduced in 2024/24 through a combination of additional support from the Department for Education (Safety Valve) and a contribution from the Authority's revenue account. The following table sets out the balances on this ring-fenced account.

## Dedicated Schools Grant Adjustment Account

	<b>1 April 2023</b>	<b>Movement</b>	<b>31 March 2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
High Needs Block - SEND	(125,437)	10,018	(115,419)
De-delegated, Central and Early Years Block and Growth Fund	6,675	(2,804)	3,871
<b>Total (Deficit)</b>	<b>(118,762)</b>	<b>7,214</b>	<b>(111,548)</b>

The movement on the High Needs Block is detailed in the following table:

	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening SEND Deficit 1 April 2023			(125,437)
Budgeted deficit - February 2023	(26,227)		
In year overspend	(12,916)		
		(39,143)	(39,143)
Cumulative Deficit before support			(164,580)
less DSG Safety Valve support	38,000		
less Authority's revenue contribution	11,161		
		49,161	49,161
<b>Net reduction in DSG SEND Deficit</b>		<b>10,018</b>	
Closing SEND Deficit 31 March 2024			<b>(115,419)</b>

Details of earmarked reserves are on page 14.

# Revenue Outturn Summary 2023/24

	Final Approved Budget	Spending	Variations (Under) / Over	Grant C/Fwd to 24/25 from 23/24	Transfer to DSG Adj'ment Account	Other C/Fwd to 24/25 from 23/24	Transfer To/ (From) Reserves	Recomm- ended Outturn	(Increase) /Decrease in Balances
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £000	(6) £'000	(7) £'000	(8) £'000	(9) £'000
1 Integrated Adult Social Care	348,983	350,967	1,984	465				351,432	2,449
2 Children and Young People's Futures - General Fund	207,358	213,553	6,195	1,430		24		215,007	7,649
3 Children and Young People's Futures - DSG	27,455	6,625	(20,830)	18,102	2,728			27,455	0
4 Public Health, Communities and Prosperity	32,892	23,212	(9,680)	7,647		605	(50)	31,414	(1,478)
5 Corporate Services	45,804	44,814	(990)					44,814	(990)
6 Climate Change, Environment and Transport	91,568	82,148	(9,420)	7,610		100		89,858	(1,710)
7 Central Contingency - Apprenticeship levy	770	880	110					880	110
8 Pension Contribution Discount	(1,073)	(465)	608					(465)	608
9 Pay Award	(1,712)	0	1,712					0	1,712
<b>10 TOTAL FOR SERVICES</b>	<b>752,045</b>	<b>721,734</b>	<b>(30,311)</b>	<b>35,254</b>	<b>2,728</b>	<b>729</b>	<b>(50)</b>	<b>760,395</b>	<b>8,350</b>
11 Budget Carry Forward Fund	(85,265)		85,265	(43,388)	(6,675)	(35,202)		(85,265)	0
<b>12 NON-SERVICE ADJUSTMENTS</b>									
13 Integrated Care Agreement	27,130	25,600	(1,530)			1,530		27,130	0
14 Additional iBCF Funding	(919)	0	919					0	919
15 Capital Financing Charges	38,611	36,073	(2,538)					36,073	(2,538)
16 Capital Financing Charges - PFI	12,694	12,694	0					12,694	0
17 Investment Income on Balances	(3,750)	(8,030)	(4,280)					(8,030)	(4,280)
18 Levies and Contributions to Outside Bodies:									
19 Environment Agency	656	647	(9)					647	(9)
20 Inshore Fisheries Conservation Authority	359	359	0					359	0
21 Direct Revenue Financing	391	391	0					391	0
22 Schools contribution to capital expenditure	(386)	(386)	0					(386)	0
23 Bad Debt Provision	0	931	931					931	931
24 Income generation initiatives and review of balances	(670)	(457)	213					(457)	213
25 Transformation & Best Value	(5,000)	0	5,000					0	5,000
26 New Burdens Contingency	916	0	(916)					0	(916)
27 Transformation Investment and Contingency	1,846	82	(1,764)					82	(1,764)
28 Contribution to DSG SEND Deficit	10,000	0	(10,000)		11,161			11,161	1,161
29 Other	(54)	21	75					21	75
30 Business Rates - Government Grants	(25,605)	(25,509)	96					(25,509)	96
31 Business Rates - Levy Surplus Grant	0	(861)	(861)					(861)	(861)
32 Business Rates - Pooling Gain	(1,500)	(2,875)	(1,375)					(2,875)	(1,375)
33 Domestic Abuse Duty Grant	(1,454)	(1,454)	0					(1,454)	0
34 Education Statutory retained duties - schools contribution	(1,476)	(1,490)	(14)					(1,490)	(14)

## Revenue Outturn Summary 2023/24

	Final Approved Budget	Spending	Variations (Under) / Over	Grant C/Fwd to 24/25 from 23/24	Transfer to DSG Adj'ment Account	Other C/Fwd to 24/25 from 23/24	Transfer To/ (From) Reserves	Recomm- ended Outturn	(Increase) /Decrease in Balances
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £000	(6) £'000	(7) £'000	(8) £'000	(9) £'000
35 Local Service Support Grant	(975)	(1,106)	(131)					(1,106)	(131)
36 New Homes Bonus Grant	(963)	(963)	0					(963)	0
37 Rural Services Delivery Grant	(8,744)	(8,744)	0					(8,744)	0
38 Adult Social Care Reform / Market Sustainability Grant	(8,373)	(8,373)	0					(8,373)	0
39 Adult Social Care Discharge Fund	(4,084)	(4,084)	0					(4,084)	0
40 Services Grant	(4,152)	(4,152)	0					(4,152)	0
41 Social Care Support Grant	(54,015)	(54,015)	0					(54,015)	0
42 Schools Improvement Grant	(640)	(640)	0					(640)	0
43 Improved Better Care Fund	(29,127)	(29,127)	0					(29,127)	0
44 Adult Social Care Winter Pressures Grant	(1,677)	(1,678)	(1)					(1,678)	(1)
45 Other Grants	0	(37)	(37)					(37)	(37)
46 Connecting Devon Clawback	0	(7,974)	(7,974)					(7,974)	(7,974)
47 Supporting Communities	1,854	1,642	(212)			212		1,854	0
<b>48 Sub Total</b>	<b>607,673</b>	<b>638,219</b>	<b>30,546</b>	<b>(8,134)</b>	<b>7,214</b>	<b>(32,731)</b>	<b>(50)</b>	<b>604,518</b>	<b>(3,155)</b>
49 Routine Spending from Earmarked Reserves	12,318	7,532	(4,786)					7,532	(4,786)
50 Spending from Public Health reserve	4,180	0	(4,180)					0	(4,180)
51 Routine Use of Earmarked Reserves	(12,318)	0	12,318				(7,532)	(7,532)	4,786
52 Use of Public Health reserve	(4,180)	0	4,180					0	4,180
53 Contribution to highways maintenance	0	0	0	2,000				2,000	2,000
54 Contribution Service Transformation Reserve	0	0	0				1,100	1,100	1,100
<b>55 TOTAL</b>	<b>607,673</b>	<b>645,751</b>	<b>38,078</b>	<b>(6,134)</b>	<b>7,214</b>	<b>(32,731)</b>	<b>(6,482)</b>	<b>607,618</b>	<b>(55)</b>

# Agenda Item 8

## Revenue Outturn 2023/24

### Working Balances

	Balance 1st April 2023 (1)	Contrib'ns (2)	Spending (3)	Balance 31st March 2024 (4)
	£'000	£'000	£'000	£'000
1 Working Balances	15,981			<b>15,981</b>
2 External Support for Revenue Spending		607,673		
3 Net Revenue Spending			(607,618)	<b>55</b>
<b>4 Total County Fund</b>	<b>15,981</b>	<b>607,673</b>	<b>(607,618)</b>	<b>16,036</b>

### Earmarked Reserves

	Balance 1st April 2023 (1)	Contrib'ns from Budget & Transfers (2)	Contrib'ns from/(to) Outturn (3)	Spending (4)	Balance 31st March 2024 (5)
	£'000	£'000	£'000	£'000	£'000
<b>General Earmarked Reserves</b>					
1 Budget Management	46,360		0	(3,671)	<b>42,689</b>
2 Business Rates Risk Management	17,233				<b>17,233</b>
3 Business Rates Pilot	631			(40)	<b>591</b>
4 Emergency	19,089				<b>19,089</b>
5 Climate Change Emergency	1,509				<b>1,509</b>
6 Service Transformation	6,889		1,100	(3,303)	<b>4,686</b>
7 Regeneration and Recovery	833			(213)	<b>620</b>
<b>8 Total General Reserves</b>	<b>92,544</b>	<b>0</b>	<b>1,100</b>	<b>(7,227)</b>	<b>86,417</b>
<b>Special Purpose Reserves</b>					
9 Affordable Housing	130				<b>130</b>
10 On Street Parking	1,859			(305)	<b>1,554</b>
11 Public Health	12,991			(50)	<b>12,941</b>
<b>12 Total Special Purpose Reserves</b>	<b>14,980</b>	<b>0</b>	<b>0</b>	<b>(355)</b>	<b>14,625</b>
<b>13 Total Earmarked Reserves</b>	<b>107,524</b>	<b>0</b>	<b>1,100</b>	<b>(7,582)</b>	<b>101,042</b>
14 Schools Carry Forward	20,780		18,102	(20,780)	<b>18,102</b>
15 Non Schools Carry Forward	57,810		21,623	(57,810)	<b>21,623</b>
	<b>78,590</b>	<b>0</b>	<b>39,725</b>	<b>(78,590)</b>	<b>39,725</b>
<b>16 Total Reserves &amp; Carry Forwards</b>	<b>186,114</b>	<b>0</b>	<b>40,825</b>	<b>(86,172)</b>	<b>140,767</b>
17 DSG Adjustment Account (SEND)	(125,437)	10,000	39,161	(39,143)	<b>(115,419)</b>
18 Dedicated Schools Grant, Early Years, Growth Fund	6,675		3,871	(6,675)	<b>3,871</b>
<b>19 Total DSG (Deficit)</b>	<b>(118,762)</b>	<b>10,000</b>	<b>43,032</b>	<b>(45,818)</b>	<b>(111,548)</b>



## Revenue Outturn 2023/24

### Funding Revenue Spending

	£'000	£'000
1 Total revenue spending		607,618
2 Increase in General Fund Balance		55
<b>3 Net Revenue Budget</b>		<b>607,673</b>
<b>4 Financed by:</b>		
5 Revenue Support Grant	<b>(669)</b>	
6 Business Rates Retention Scheme - Local Element	<b>(21,566)</b>	
7 Business Rates Retention Scheme - Top Up	<b>(83,428)</b>	
8 Business Rates Collection Fund Deficit	<b>(716)</b>	
9 Council Tax - distribution of previous year surplus	<b>(9,489)</b>	
10 Council Tax - precepts on District Councils	<b>(491,805)</b>	
<b>11 Total financing</b>		<b>(607,673)</b>

### Provisions

	<b>Balance 1st April 2023 (1)</b>	<b>Contrib'ns (2)</b>	<b>Spending (3)</b>	<b>No longer Required (4)</b>	<b>Remaining 31st March 2024 (5)</b>
	£'000	£'000	£'000	£'000	£'000
1 Doubtful debts provision	3,291	1,663	(235)	(130)	<b>4,589</b>
2 Insurance	10,364	2,998	(3,268)	(1,603)	<b>8,491</b>
3 Social Care	2,586	1,213	(33)	(1,049)	<b>2,717</b>
4 Skills Accelerator Programme	0	423	0	0	<b>423</b>
<b>Total</b>	<b>16,241</b>	<b>6,297</b>	<b>(3,536)</b>	<b>(2,782)</b>	<b>16,220</b>

# Agenda Item 8

## Revenue Outturn 2023/24 – Recommended Action

### Integrated Adult Social Care

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds to 2024/25 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds to 2024/25 (5) £'000	Final Outturn (Under) / Over (6) £'000
Integrated Adult Social Care Operations	319,723	320,679		956		956
Integrated Adult Social Care Commissioning	29,260	30,288	465	1,493		1,493
<b>Revenue Outturn</b>	<b>348,983</b>	<b>350,967</b>	<b>465</b>	<b>2,449</b>	<b>0</b>	<b>2,449</b>

#### VARIATIONS BETWEEN BUDGET AND SPEND

	£'000	£'000
<u>Integrated Adult Social Care Operations</u>		
Older People - care home placements with higher unit costs and increased numbers of residential placements and community based packages throughout the year	966	
Additional one off grant income used to offset increased spend and activity	(8,301)	
Disability Services, including autistic spectrum conditions - overall higher costs per service user and increased community based packages	3,968	
Non delivery of Savings Strategies across Integrated Adult Social Care current year	5,077	
Countywide teams and other operational budgets - additional income and hard to recruit qualified posts	(754)	
		956
<u>Integrated Adult Social Care Commissioning</u>		
Disputed Grant funding	455	
Staffing savings part year shortfall	231	
Better Care Funding	(1,396)	
Proud to care management action savings	(114)	
Contract efficiency savings not delivered	2,317	
		1,493
		<u>2,449</u>

#### CARRY FORWARD PROPOSALS

#### CONTRIBUTION (TO) / FROM OUTTURN

0

2,449

# Agenda Item 8

## Revenue Outturn 2023/24 – Recommended Action

### Children and Young People's Futures

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwd in 2024/25 (3) £'000	Variations (Under)/Over (5) £'000	Recommended Action Other c/fwds in 2024/25 (6) £'000	Final Outturn (Under)/Over (7) £'000
Children's Social Care and Health & Wellbeing	149,372	153,819	795	5,242	0	5,242
Education Learning and Inclusions Services (General Fund)	57,986	59,734	635	2,383	24	2,407
<b>Children's Social Care &amp; Education General Fund</b>	<b>207,358</b>	<b>213,553</b>	<b>1,430</b>	<b>7,625</b>	<b>24</b>	<b>7,649</b>
<b><u>VARIATIONS BETWEEN BUDGET AND SPEND</u></b>					£'000	£'000
<u>Children's Social Care</u>						
Children Looked After: Increased costs associated with more complex care arrangements					7,418	
Children Looked After: Shortbreaks provision; changes in fostering and kinship number and cost of allowances					470	
Legal fees and disbursements: increase in case numbers and use of external professionals					996	
Support for Disabled Children: Shortbreaks transformation					(356)	
Adopt South West Regional Adoption Agency: Reduced interagency fees					(342)	
Staffing: Use of agency staff to cover front line posts offset by vacancies, delays in overseas recruitment and other variations					(621)	
Alternative sources of funding and additional income					(2,233)	
Other budget variations					(90)	
						5,242
<u>Education Learning and Inclusions Services (General Fund)</u>						
Infrastructure, Legal, Management and non-deliverable savings					985	
School Improvement & Inclusion: Education Psychology costs, reduced trading & SEND agency costs offset by increased income					1,194	
Personalised Transport: increased costs for children with SEND requiring transport					200	
School/College Transport: increased contractor costs due to fuel and cost of living inflation					1,046	
School/College Transport: S106 income, Refugee grant funding, Rebate and income generated					(977)	
Early Years: staff vacancies, secondments, efficiencies and unused grant					(99)	
Other budget variations					34	
						2,383
						<b>7,625</b>
<b><u>CARRY FORWARD PROPOSALS</u></b>						
Music and Libraries: dilapidation funding for Willand site					24	
						24
<b><u>CONTRIBUTION (TO)/FROM OUTTURN</u></b>						<b>7,649</b>

# Agenda Item 8

## Revenue Outturn 2023/24 – Recommended Action

### Children's Services - Dedicated Schools Grant

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwd in 2024/25 (3) £'000	DSG Adjustment Account (4) £'000	Variations (Under)/Over (5) £'000	Recommended Action Other c/fwds in 2024/25 (6) £'000	Final Outturn (Under)/Over (7) £'000
Education & Learning - DSG: Individual Schools Balances	22,260	3,694	18,102	463	0	0	0
Education & Learning - DSG: Schools De-delegated, Central School Services & Early Years	2,493	369	0	2,124	0	0	0
Education & Learning - DSG: High Needs (Excluding Special & Hospital Schools) - Government advice for Deficit Reserve	2,702	2,562	0	141	0	0	0
<b>Education &amp; Learning - Dedicded Schools Grant</b>	<b>27,455</b>	<b>6,625</b>	<b>18,102</b>	<b>2,728</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>VARIATIONS BETWEEN BUDGET AND SPEND</u></b>						£'000	£'000
<b><u>Education &amp; Learning - DSG: Individual Schools Balances</u></b>							
Schools delegated budgets (including Special and Hospital schools)						(18,102)	
Schools Growth Fund						(463)	
DSG Adjustment Account: Growth Fund						463	
DSG Adjustment Account: Schools Balances						18,102	0
<b><u>Education &amp; Learning - Dedicated Schools Grant: Schools De-delegated, Central School Services &amp; Early years</u></b>							
Schools de-delegated budgets and centrally retained services for schools						(2,051)	
Early education for 2,3 & 4 years olds - take up of provision, planned carry forward of funding and Early grants income						(73)	
DSG Adjustment Account: De-delegated, Central Provisions & Early Years						2,124	0
<b><u>Education &amp; Learning - Dedicated Schools Grant: High Needs (Excluding Special &amp; Hospital Schools) - Government advice for Deficit Reserve</u></b>							
High Needs : Increased demand and cost in Independent SEN placements and Alternate Provision						12,916	
High Needs: Alternative Provision SEMH Partnership funding ringfenced						(870)	
High Needs: SEN Early Years Carry forwards						(414)	
DSG Adjustment Account: High Needs						1,284	
DSG Adjustment Account: DSG Deficit						(12,916)	0
<b><u>CARRY FORWARD PROPOSALS</u></b>							<b>0</b>
<b><u>CONTRIBUTION (TO)/FROM OUTTURN</u></b>							<b>0</b>
<b><u>Memo: DSG SEND Deficit Reconciliation</u></b>						£'000	
DSG SEND Deficit as at 31 March 2023						125,437	
DSG Deficit identified at 2023/24 budget prep						26,227	
Increased in year DSG Deficit						12,916	
Additional DSG Contribution from DfE						(38,000)	
General Fund Contribution						(11,161)	
DSG SEND Deficit as at 31 March 2024							<b>115,419</b>

# Agenda Item 8

## Revenue Outturn 2023/24 – Recommended Action

### Public Health, Communities and Prosperity

	Recommended Action							<b>Final Outturn (Under)/Over (7) £'000</b>
	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds in 2024/25 (3) £'000	Variations (Under) / Over (4) £'000	Other c/fwds to 2024/25 (5) £'000	Take to / (from) Reserves (6) £'000		
Citizen Engagement	1,246	1,291	0	45	0	0	<b>45</b>	
Communities and other services	24,893	16,319	7,317	(1,257)	605	0	<b>(652)</b>	
Economy, Enterprise and Skills	6,753	5,552	330	(871)	0	0	<b>(871)</b>	
Public Health	0	50	0	50	0	(50)	<b>0</b>	
<b>Revenue Outturn</b>	<b>32,892</b>	<b>23,212</b>	<b>7,647</b>	<b>(2,033)</b>	<b>605</b>	<b>(50)</b>	<b>(1,478)</b>	
<b><u>VARIATIONS BETWEEN BUDGET AND SPEND</u></b>						£'000	£'000	
<u>Citizen Engagement</u>								
In year staffing adjustments						45	45	
<u>Communities and other services</u>								
Vacancy management and overhead recovery from externally funded activities						(462)		
Community grant schemes - impact of delayed activity						(79)		
Savings from contractual arrangements						(62)		
Other savings and minor staffing adjustments						(49)		
Locality budgets not spent						(180)		
Slippage in Domestic Violence statutory grant activities						(425)	(1,257)	
<u>Economy, Enterprise and Skills</u>								
Improved efficiency in delivery of Growth Hub activities						(72)		
Vacancy management and increased income from externally funded activities						(160)		
Savings from Career South West and Civica contractual arrangements						(196)		
Savings and additional income in Industrial Parks, Skypark and Ilfracombe						(266)		
Operational savings from infrastructure projects and activities						(177)	(871)	
							<b>(2,083)</b>	
<b><u>CARRY FORWARD PROPOSALS</u></b>								
Locality budgets							180	
Domestic Ause Statutory Duty grant							425	
							<b>605</b>	
<b><u>CONTRIBUTION (TO) / FROM OUTTURN</u></b>							<b>(1,478)</b>	

# Agenda Item 8

## Revenue Outturn 2023/24 – Recommended Action

### Corporate Services

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds to 2024/25 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds to 2024/25 (5) £'000	Final Outturn (Under) / Over (6) £'000
Legal and Democratic Services	6,378	6,607		229		229
Transformation and Business Services	20,217	19,198		(1,019)		(1,019)
People and Culture	4,664	4,435		(229)		(229)
Finance and Public Value	14,545	14,574		29		29
<b>Revenue Outturn</b>	<b>45,804</b>	<b>44,814</b>	<b>0</b>	<b>(990)</b>	<b>0</b>	<b>(990)</b>

#### VARIATIONS BETWEEN BUDGET AND SPEND

	£'000	£'000
<u>Legal and Democratic Services</u>		
Legal Services - increased staffing costs (children's safeguarding demand combined with recruitment difficulties)	182	
Coroners - complex inquests, additional staffing	469	
Registration Services - vacancy management and increased income generation	(307)	
Other minor variations	(115)	229
<u>Transformation &amp; Business Services</u>		
Increased cost of facilities management, building maintenance & estates	287	
ICT Roadmap - project work paused, technical stock adjustment	(210)	
ICT contracts - proactive management	(712)	
Increased income generation	(322)	
Staff vacancy management	(97)	
Other minor variations	35	(1,019)
<u>People and Culture</u>		
Increased income generation	(74)	
Staff vacancy management	(96)	
Other minor variations	(59)	(229)
<u>Finance and Public Value</u>		
External audit fees	71	
Unfunded Pensions	159	
Staff vacancy management	(57)	
Increased income generation	(72)	
Other minor variations	(72)	29
		(990)
<b>CARRY FORWARD PROPOSALS</b>		0
<b>CONTRIBUTION (TO) / FROM OUTTURN</b>		<b>(990)</b>

# Agenda Item 8

## Revenue Outturn 2023/24 – Recommended Action

### Climate Change, Environment and Transport

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds in 2023/24 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds in 2023/24 (5) £'000	Final Outturn (Under)/ Over (6) £'000
Highways and Infrastructure Development	32,800	32,299	771	270	0	270
Planning	5,781	2,288	2,788	(705)	0	(705)
Transport Operations, Environment and Waste	52,987	47,561	4,051	(1,375)	100	(1,275)
<b>Revenue Outturn</b>	<b>91,568</b>	<b>82,148</b>	<b>7,610</b>	<b>(1,810)</b>	<b>100</b>	<b>(1,710)</b>

#### VARIATIONS BETWEEN BUDGET AND ACTUALS

##### Highways and Infrastructure Development

Increased requirement for Highways safety defects expenditure	3,782					
Change in policy to fund pothole patches > 0.5m <sup>2</sup> from capital	(1,750)					
Cyclic maintenance works funded from revenue budget	1,000					
Impact of mild winter on gritting operations and reductions in winter fleet costs	(279)					
Highways Network Management - increased income and impact of vacancy management	(2,431)					
Other minor variations	(52)					
						270

##### Planning

Vacancy management savings and cost recovery from staff time recharges	(475)					
Reduced expenditure from County Hall travel plan and road safety projects	(167)					
Additional Planning income	(63)					
						(705)

##### Transport Operations, Environment and Waste

Waste disposal - impact of inflationary pressures on gate fees, mitigated by lower tonnages	968					
Energy from Waste facilities - reduced tonnages and one-off contractual items	(505)					
Recycling - impact of lower tonnages	(807)					
Waste Management operational savings	(316)					
Reduced expenditure on Environment projects	(356)					
Environment partnerships match funding and project slippage	(104)					
Income from cost recovery of Environment staff recharges	(172)					
Increased expenditure on concessionary travel, offset by income from Transport staff recharges and fleet savings	(83)					
						(1,375)

(1,810)

#### CARRY FORWARD PROPOSALS

Match funding for partnership agreements for projects					100	100
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#### CONTRIBUTION (TO) / FROM OUTTURN

(1,710)

# Agenda Item 8

## Budget Adjustments 2023/24

	Original Budget £000	2023/24 Brought Forward	Virements £000	Final Budget £000
Integrated Adult Social Care	339,302		9,681	348,983
Children and Young People's Futures	208,603	22,726	3,484	234,813
Public Health, Communities and Prosperity	21,395	11,400	97	32,892
Corporate Services	44,848		956	45,804
Climate Change, Environment and Transport	81,900	7,978	1,690	91,568
Central Contingency - Apprenticeship levy	770			770
Pension Contribution Discount	(3,377)		2,304	(1,073)
Pay Award	3,240		(4,952)	(1,712)
<b>Total Service budgets</b>	<b>696,681</b>	<b>42,104</b>	<b>13,260</b>	<b>752,045</b>
Budget Carry Forward Fund		(85,265)		(85,265)
DSG Adjustment (Non SEND)		6,675	(6,675)	0
Improved Better Care Fund C/F		6,652	(6,652)	0
Improved Better Care Fund In-Year			(919)	(919)
Integrated Care Agreement		27,130		27,130
Capital Financing	38,611			38,611
Capital Financing PFI	12,694			12,694
Interest on Balances	(3,750)			(3,750)
Direct Revenue Financing			391	391
Schools contribution to capital expenditure			(386)	(386)
Council Tax Support Partnership	50		(50)	0
Income generation initiatives and review of balances	(770)		100	(670)
Transformation & Best Value	(5,000)			(5,000)
New Burdens Contingency	5,000		(4,084)	916
Citizen Advice Bureau additional grant	100		(100)	0
Growing Communities Together	150		(150)	0
Transformation Investment and Contingency	2,000		(154)	1,846
Cabinet in-year savings			10,000	10,000
DA Act Grant Funding mis-match			(54)	(54)
Highways, Draining and Patching	2,000	500	(2,500)	0
Social Care Capacity Productivity Grant		350	(350)	0
COVID-19 Clinically Extremely Vulnerable Exp		275		275
COVID-19 Outbreak Management Exp		1,498		1,498
COVID-19 Wellbeing for Education Return Grant		81		81
Household Support Fund 4			(10,130)	(10,130)
Household Support Fund 4 Exp			10,130	10,130
Spending from Reserves	12,318			12,318
Spending from Public Health reserve	4,180			4,180
Use of Reserves	(12,318)			(12,318)
Use of Public Health reserve	(4,180)			(4,180)
<b>Levies</b>				
Flood Defence	656			656
Inshore Fisheries	359			359
	<b>52,100</b>	<b>(42,104)</b>	<b>(11,583)</b>	<b>(1,587)</b>
<b>Non Service Budgets</b>	<b>748,781</b>	<b>0</b>	<b>1,677</b>	<b>750,458</b>
Business Rates - Government Grants and Pilot	(27,105)			(27,105)
Domestic Violence - new legislation	(1,454)			(1,454)
Education Statutory retained duties - schools contributio	(1,476)			(1,476)
School Improvement Grant	(640)			(640)
Local Service Support Grant	(975)			(975)
New Homes Bonus	(963)			(963)
Rural Services Delivery Grant	(8,744)			(8,744)
Adult Social Care Reform / Market Sustainability Grant	(8,373)			(8,373)
Services Grant	(4,152)			(4,152)
Social Care Support Grant	(54,015)			(54,015)
Adult Social Care Discharge Fund	(4,084)			(4,084)
Improved Better Care Fund	(29,127)			(29,127)
Adult Social Care Winter Pressures			(1,677)	(1,677)
<b>TOTAL</b>	<b>607,673</b>	<b>0</b>	<b>0</b>	<b>607,673</b>



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## Better Care Fund S.75 Pooled Fund Memorandum Account

For the period 1st April 2023 to 31st March 2024

Gross Funding	Total £'000	NHS Devon ICB		Devon County Council	
		Revenue £'000	Capital £'000	Revenue £'000	Capital £'000
Contributions Received	(122,855)	(74,683)	(39,207)	(8,965)	
Prior year carry forward	(8,304)	0	(8,304)	0	
<b>TOTAL FUNDING</b>	<b>(131,159)</b>	<b>(74,683)</b>	<b>(47,511)</b>	<b>(8,965)</b>	

Expenditure	Total £'000	NHS Devon ICB		Devon County Council	
		Revenue £'000	Capital £'000	Revenue £'000	Capital £'000
Care Act duties	101	121	(20)	0	
Dementia Diagnosis	81	81	0	0	
Disabled Facilities Grant	8,965	0	0	8,965	
Enabling services	1,910	1,853	57	0	
Enhanced Community Equipment Services	9,819	6,929	2,890	0	
Enhanced Support for Carers	4,538	2,599	1,939	0	
Frailty & Community Care	37,645	36,900	745	0	
Hospital Discharge Services	15,397	6,624	8,773	0	
Improved Better Care Fund grant	29,127	0	29,127	0	
Rapid Response	3,303	3,008	295	0	
Single Point of Co-ordination	426	420	6	0	
Social Care Reablement	873	873	0	0	
Step-Up, Step-Down Care	3,520	3,554	(34)	0	
Support to social care	17,292	12,640	4,652	0	
<b>TOTAL EXPENDITURE</b>	<b>132,997</b>	<b>75,602</b>	<b>48,430</b>	<b>8,965</b>	
<b>NET OVER/(UNDER) SPEND</b>	<b>1,838</b>	<b>919</b>	<b>919</b>	<b>0</b>	

Risk share from partners are as follows:	Total £'000	NHS Devon ICB		Devon County Council	
		Revenue £'000	Capital £'000	Revenue £'000	Capital £'000
NHS Devon ICB	919	919			
Devon County Council	919		919		
	1,838	919	919	0	
Capital funding carried forward	0				
	<b>1,838</b>	<b>919</b>	<b>919</b>	<b>0</b>	

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## Allowances paid to Devon County Councillors

### UNDER THE MEMBERS ALLOWANCES SCHEME FOR THE YEAR ENDING 31st MARCH 2024

Note: Basic & Special Responsibility Allowances and some elements of travelling & subsistence allowances are subject to taxation.

<u>Elected members</u>			Special Responsibility Allowance	Mileage and Subsistence Expenses
Surname	Inits	Basic Allowance		
		£	£	£
Adams	T	13,939.09	0.00	0.00
Asvachin	M	13,939.09	0.00	0.00
Atkinson	Y	13,939.09	0.00	0.00
Aves	S	13,939.09	8,724.35	0.00
Bailey	J	13,939.09	0.00	0.00
Barnes	D	13,939.09	0.00	0.00
Berry	EJ	13,939.09	0.00	134.62
Biederman	F	13,939.09	3,484.59	509.25
Bradford	J	13,939.09	0.00	189.71
Brazil	JC	13,939.09	5,254.46	1,621.02
Brook	FJ	13,939.09	6,970.02	0.00
Bullivant	P	13,939.09	4,859.04	183.28
Channon	C	13,939.09	0.00	27.40
Chesterton	R	13,939.09	0.00	0.00
Chubb	I	13,939.09	0.00	1,028.63
Connett	A	13,939.09	0.00	0.00
Cox	D	13,939.09	0.00	0.00
Crabb	P	13,939.09	0.00	0.00
Croad	RF	13,939.09	20,909.11	2,962.55
Davis	AV	13,939.09	20,909.11	4,580.36
Dewhurst	A	13,939.09	10,175.34	0.00
Gent	H	13,939.09	0.00	0.00
Gilbert	R	13,939.09	20,909.11	2,022.61
Gribble	G	13,939.09	0.00	487.36
Hall	I	13,939.09	4,657.33	696.46
Hannaford	R	13,939.09	1,450.99	0.00
Hart	TJ	13,939.09	34,848.20	1,363.40
Hartnell	M	13,939.09	0.00	389.81
Hawkins	JD	13,939.09	3,484.59	1,126.09
Hellyer	L	13,939.09	3,484.59	696.92
Henderson	P	13,939.09	0.00	913.32
Hodgson	J	13,939.09	0.00	0.00
Hughes	S	13,939.09	20,909.11	2,230.40
Khan	S	13,939.09	0.00	0.00
Leadbetter	AR	13,939.09	20,909.11	3,058.25
Leaver	C	13,939.09	1,696.70	1,028.09
Letch	F	13,939.09	0.00	575.48

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<b><u>Elected members</u></b>			<b>Special Responsibility Allowance</b>	<b>Mileage and Subsistence Expenses</b>
<b>Surname</b>	<b>Inits</b>	<b>Basic Allowance</b>		
		£	£	£
Maskell	P	13,939.09	0.00	352.48
McGeough	D	13,939.09	0.00	218.80
McInnes	JR	13,939.09	27,878.20	2,902.70
Morrish	J	13,939.09	6,970.02	451.77
Peart	R	13,939.09	0.00	0.00
Prowse	GJ	13,939.09	10,114.68	0.00
Radford	RF	13,939.09	0.00	0.00
Randall Johnson	S	13,939.09	10,175.34	0.00
Roome	I	13,939.09	0.00	185.91
Samuel	L	13,939.09	12,272.19	2,067.41
Sanders	PR	13,939.09	5,087.62	1,582.36
Saywell	A	13,939.09	20,909.11	2,136.18
Scott	R	13,939.09	3,484.59	238.38
Sellis	D	13,939.09	0.00	173.75
Slade	C	13,939.09	4,054.00	547.25
Squires	M	13,939.09	0.00	500.83
Thomas	D	13,939.09	0.00	0.00
Trail	J	13,939.09	0.00	614.72
Twiss	P	13,939.09	20,909.11	1,159.80
Whitton	C	13,939.09	6,970.02	0.00
Wilton-Love	J	13,939.09	0.00	578.27
Wrigley	M	13,939.09	4,362.12	259.64
Yabsley	J	13,939.09	3,484.59	925.65
<b>Totals</b>		<b>836,345.40</b>	<b>330,307.34</b>	<b>40,720.91</b>

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## Capital

### 6. The Capital Programme Outturn 2023/24

- 6.1 The approved Capital Programme for 2023/24 totalled £263.6 million. This figure includes £54.7 million brought forward from 2022/23 and £35.8 million of other additions approved during 2023/24.
- 6.2 Spend for the year totals £158.6 million resulting in an outturn variance of £105 million (actual spend in 2022/23 was £147.2 million with a variance of £83.7 million). The majority of this variance is reported in the Climate Change, Environment and Transport element of the Programme and relates to large infrastructure projects that span multiple years, with budget being reprofiled into 2024/25 or later. This is explained further in sections 2 and 3 of this report.
- 6.3 The following table summarises the 2023/24 Capital Programme expenditure and its financing:

**Table 1 – 2023/24 Capital Outturn Summary**

<b>Capital Expenditure</b>	<b>Budget</b>	<b>Actual Spend</b>	<b>Variation</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Children & Young People's Futures	6,527	3,231	(3,296)
Climate Change, Environment & Transport	225,130	139,722	(85,408)
Finance & Public Value	185	144	(41)
Integrated Adult Social Care	9,502	9,010	(492)
Legal & Democratic Services	52	17	(35)
Public Health, Communities & Prosperity	10,672	743	(9,929)
Transformation, Performance & Resources	11,544	5,778	(5,766)
<b>Total</b>	<b>263,612</b>	<b>158,645</b>	<b>(104,967)</b>

  

<b>Capital Financing</b>	<b>Budget</b>	<b>Actual Spend</b>	<b>Variation</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Receipts Applied	2,604	0	(2,604)
Internal Borrowing	29,481	13,696	(15,785)
External Grants and Contributions	230,456	144,452	(86,004)
Revenue Budgets	1,071	497	(574)
<b>Total</b>	<b>263,612</b>	<b>158,645</b>	<b>(104,967)</b>

- 6.4 In March 2024 the following income was secured for the financial year 2024/25, after the 2024/25 budget was considered and approved by Council in February. This income is in the process of being added to the capital programme to fund capital expenditure, subject to the terms and conditions of that funding, and therefore has no impact on the above outturn position:
- High Needs (Special Needs) additional capital allocation: £13.1 million of which £4.0 million is allocated to 2024/25 and £9.1 million is allocated to 2025/26.
  - Local Electric Vehicle Infrastructure (LEVI): £7.1 million of which £346,000 is allocated to 2024/25 and the remaining £6.7 million is allocated to later years.

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- Safer Road Funding improvements on A361 between Ilfracombe and Barnstaple, North Devon: £5.0 million of which £600,000 is allocated to 2024/25 and £4.4 million is allocated to later years.
- Mallison Bridge, Exeter: £1.4 million, of which £565,000 is allocated to 2024/25 and £850,000 is allocated to 2025/26.
- Traffic Signals £640,000 of which £455,000 is allocated to 2024/25 and £185,000 is allocated to 2025/26.
- Zero Emission Bus Regional Areas 2 (ZEBRA 2) scheme: £5.3 million, for which funding has yet to be allocated to financial years.

## 7. Variation between the delivered Capital Programme and Budget

- 7.1 The 2023/24 variation between budget and actual spend totalled £105 million.
- 7.2 It is recommended that a net budget of £74.3 million is carried forward into the 2024/25 Capital Programme. This figure includes £76 million carry forward for spend next year, less £1.7 million which was brought forward to the 2023/24 budget from approved future years' capital budget, as schemes experienced an accelerated delivery.
- 7.3 It is also recommended that £22.2 million be carried forward into 2025/26 and future years to represent up to date expectations for timing of planned capital investment.
- 7.4 The remaining £8.5 million has been released from the capital programme in 2023/24 as a net underspend. £4.9 million of this balance is in relation to the grant funded Home Upgrade Phase 2 project, which has experienced significant delivery challenges across many Local Authorities. This scheme will continue into 2024/25 to deliver retrofits to homes within the existing pipeline.
- 7.5 An analysis of variations to budget and the planned carry forwards is set out in the following table:

**Table 2 – Summary of Carry Forwards**

<b>Programme Variation</b>	<b>Total Variation 2023/24</b>	<b>Accelerated Delivery / 2023/24</b>	<b>Net (Under) / Over spend 2023/24</b>	<b>Total Carry Forward</b>	<b>* Carry forward to 2024/25</b>	<b>Carry forward to 2025/26 and future years</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children & Young People's Futures	3,296	0	(263)	<b>3,033</b>	2,961	72
Climate Change, Environment & Transport	85,408	1,728	(8,158)	<b>78,978</b>	57,358	21,620
Finance & Public Value	41	0	(18)	<b>23</b>	23	0
Integrated Adult Social Care	492	0	0	<b>492</b>	0	492
Legal & Democratic Services	35	0	0	<b>35</b>	35	0
Public Health, Communities & Prosperity	9,929	0	(39)	<b>9,890</b>	9,890	0
Transformation, Performance & Resources	5,766	0	(5)	<b>5,761</b>	5,761	0
<b>Total</b>	<b>104,967</b>	<b>1,728</b>	<b>(8,483)</b>	<b>98,212</b>	<b>76,028</b>	<b>22,184</b>
<b>Financed By:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Receipts Applied	2,604	0	0	<b>2,604</b>	2,604	0
Internal Borrowing	15,785	0	(1,118)	<b>14,667</b>	13,746	921
External Grants and Contributions	86,004	1,728	(7,265)	<b>80,467</b>	59,205	21,263
Revenue Budgets	574	0	(100)	<b>474</b>	473	0
<b>Total</b>	<b>104,967</b>	<b>1,728</b>	<b>(8,483)</b>	<b>98,212</b>	<b>76,028</b>	<b>22,184</b>

\* 2024/25 Medium Term Capital Programme will be reduced by the value of Accelerated Delivery £1.728 million

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- 7.6 The delivery of the 2023/24 Capital Programme has been affected increasingly over time, across all services, by the difficulty in sourcing materials and labour, and delays in tender and procurement. A summary of the main projects contributing to the outturn variance is explained in more detail in the next section of this report for each directorate.

## 8. 2023/24 Capital Programme Delivery

### Children and Young People's Futures

- 8.1 The final budget for the 2023/24 Children and Young People's Futures capital programme is £6.5 million. £3.2 million has been spent in 2023/24, mainly funded by the Devolved Formula Capital (DFC) grant, resulting in an in-year variance of £3.3 million. DFC provides capital funding to allow schools to prioritise the needs of buildings and grounds and provides investment in capital equipment including ICT.
- 8.2 Spend in the year included £371,000 relating to the conclusion of the second phase of significant improvements to the Atkinson Secure Children's Home.

### Climate Change, Environment and Transport - Investment 2023/24

- 8.3 The final budget for the 2023/24 Climate Change, Environment and Transport capital programme is £225.1 million. £139.7 million has been invested during the year, of which £132.6 million (95%) is funded by external grants and contributions.
- 8.4 £5.5 million has been spent on capital maintenance of around 90 schools and £12 million on school expansions aimed at providing sufficient capacity. Schools expansion projects at Seaton Primary school, Axminster Primary school, and additional accommodation at Great Torrington School have delivered 136 new places in 23/24. Work continues on Exmouth Community College and Sherford Vale Primary School expansion projects which will provide a further 472 places, on completion in 24/25.
- 8.5 £6.4 million has been spent specifically on providing SEND places, representing 93% of the final SEND capital budget of £6.9 million. Projects completed during the year include Lampard School, Okehampton Special School and Marland Day school, which together provide 140 new places, and the land purchase for the South West Devon Special School.
- 8.6 Spend on highways infrastructure amounted to £71.6 million, representing 95% of the final budget for this programme of works. This included £58.6 million spend on capital structural maintenance of the road network in Devon, which is the longest in England at over 8,000 miles. In the past few years, the resilience of the road network has been reduced through the impact of climate change. The Highway service has responded to this challenge by directing the limited capital finance resources towards this need. Over £10 million has supported a programme of proactive patching treatments across the county.
- 8.7 £39.1 million has been invested in further developing Devon's transport and highways infrastructure. This includes £13.6 million spend on the North Devon Link Road project, which will achieve final completion in 25/26 through a total expected investment of £67.6 million, and £6.7 million on South West Exeter Highways Infrastructure Fund (SWEHIF) projects. Other spend in this area included:
- £8.2 million on bridges and structures including the completion of Courtlands Boardwalk, on the Exe Estuary Trail.
  - £3.8 million on conversion to LED street lighting in the drive towards net zero.

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- £2.3 million has been invested in flood defences.
- £2.8 million in carbon reduction initiatives, including £2.5 million investment in providing energy efficient retrofits to low-income homes via the Sustainable Warmth and Home Upgrade Phase 2 project.

## Climate Change, Environment and Transport - Carried forward to 2023/24

- 8.8 The majority of slippage in the overall capital programme, at £79.0 million, falls within this Directorate. Slippage in this directorate is not unusual considering the size of the capital programme in this area, and the scale and complexity of major projects. However, the slippage is larger than in recent years. 57% of this relates to the two most significant projects, namely North Devon Link Road and the South-West Exeter Housing Infrastructure fund.
- 8.9 The North Devon Link Road project incurred a £25.5 million variance, of which the majority is to be carried forward to 2024/25. The main contractor works are expected to complete in next financial year and the two remaining junctions have been staggered due to continuing resource issues. Extreme weather has reduced the ability to complete roadworks, drainage and surfacing as anticipated, and therefore led to slippage on some high value works.
- 8.10 The South West Exeter Housing Infrastructure Fund incurred a variance of £20.3 million. £6.6 million is to be carried forward to 2024/25 and £13.7 million to 2025/26. Future costs include Chudleigh Road realignment and a Community Hub building. Planning permission for the electricity sub-station has been denied, which has resulted in the Authority requesting approval from Homes England for it to be removed from the project, as delivery cannot be made within the HIF funding period.
- 8.11 Other slippage includes:
- Plymouth and South Devon Freeport: £5.0 million variance, which is to be carried forward to 2024/25.
  - Destination Exmouth Levelling Up Fund (LUF): £4.0 million variance, of which £118,000 is to be carried forward to 2024/25 and the remaining £3.9 million to 2025/26.
  - West Devon Transport Hub LUF scheme: £2.2 million variance, which is carried forward to 2025/26.
  - Bus Service Improvement Plan (BSIP): £2.9 million variance, which is to be carried forward to 2024/25.
  - School expansion budgets: £2.5 million variance, of which £2 million is to be carried forward to 2024/25 and £467,000 to 2025/26.
  - School maintenance projects: £3.3 million variance, which is to be carried forward to 2024/25.

## Public Health, Communities & Prosperity

- 8.12 £743,000 has been invested in projects within the Public Health, Communities and Prosperity directorate in 2022/23. This mainly relates to road adoption works at the Okehampton East Business Park and the redevelopment and modernisation of Bideford Art Centre.
- 8.13 Delays or complications in procurement have slowed projects during 2023/24 with around £949,000 being carried forward for libraries and for our business park projects, as well as

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£437,000 for the Devon & Somerset Superfast Broadband programme, which is expected to complete over the next two years.

- 8.14 Investment and Strategic Land transactions totalling £8.5 million are in negotiation but are expected to complete in full in 2024/25.

## Transformation and Business Services

- 8.15 £5.8 million has been invested in 2023/24 in ICT and Digital and building improvements, which includes £3.7 million in the Devon County Council ICT Replacement and Renewal programme and £2.1 million capital investment in our existing corporate and County Farms estate as well as strategic asset acquisitions.
- 8.16 The main elements of the Devon County Council ICT Replacement and Renewal Programme were paused early on in 2023/24 to ensure best value and more detailed options appraisal were undertaken. Funding of £4.3 million has therefore been carried forward to 2024/25 to complete the programme.

## **9. Capital Financing**

- 9.1 As shown in Table 1 total capital expenditure of £158.6 million has been financed by £13.7 million of internal borrowing, £144.5 million of external grants and contributions and £497,000 of contribution from revenue budgets. Overall, 91% of the programme has been financed using external funding.
- 9.2 Following the approval of the capital strategy in February 2024, funding for projects totalling £13 million was switched from capital receipts to internal borrowing. The purpose of this was to maximise capital receipts available for the purposes of the SEND Safety Valve. Internal borrowing was therefore expected to be higher than originally budgeted. The impact has been mitigated through the surrender of budgets totalling £1 million at outturn, and the deferral of projects totalling £14.7 million to 2024/25 and 2025/26.
- 9.3 There was also a decrease in the requirement for funding from Revenue budgets; this is mainly attributable to slippage in projects funded from school's revenue budget share.
- 9.4 External funding will need to be carried forward as unspent funds; this is mainly attributable to major schemes within Climate Change, Environment and Transport which reflects the complex nature of projects in these service areas, as well as the impact of the challenging economic climate on scheme deliverability.
- 9.5 Capital receipts of £7 million were delivered during 2023/24 through surplus asset disposal and the repayment of a long term debtor resulted in a net increase to the capital receipts reserve of £49,000. Capital Receipts were not used to fund any capital financing requirement for 2023/24, due to the need to maximise receipts available to fund the anticipated requirement of the SEND safety valve. The residual balance of capital receipts relating to Investing in Devon have been transferred into the general reserve. The capital receipts reserve is shown in the following table:



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<b>Capital Receipts</b>	<b>Total Capital Receipts</b>
	<b>£'000</b>
<b>Opening Balance 1st April 2023</b>	<b>9,848</b>
Received in year	7,017
Repayment of Long Term Debtor	49
Applied to finance capital spend	0
<b>Closing Balance 31st March 2024</b>	<b>16,914</b>

## 10. Prudential Indicators

- 10.1 The prudential indicators are produced in line with the national code of practice that was drawn up by the Chartered Institute of Public Finance and Accountancy. This requires local authorities to monitor its overall debt level via a set of “prudential indicators,” in order to form a judgement about affordable, prudent and sustainable levels of debt. The definition of debt for the Prudential Indicators that were calculated and agreed within the Capital Programme for 2023/24 includes both borrowing and other long-term liabilities such as PFI schemes.
- 10.2 The indicators are set annually when the budget is agreed, and we report the final position of the indicators against the estimate within the outturn report. The indicators are adjusted after the budget is agreed for technical accounting changes. In 2023/24 no prudential indicators were breached.

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## 11. Capital Financing Requirement (CFR)

11.1 The Capital Financing Requirement reflects the cumulative capital expenditure that the authority has yet to finance. It is alternatively known as the underlying need to borrow.

31st March 2023		31st March 2024
£000		£000
686,653	<b>Opening Capital Financing Requirement</b>	676,215
686,653		676,215
	<b>Capital Investment</b>	
122,860	Property, Plant and Equipment	130,320
0	Heritage Assets	0
649	Intangible Assets	1,022
	Revenue Expenditure Funded from Capital under	
23,657	Statute	27,303
0	Capital Loans	0
0	Share Capital	0
	<b>Sources of Finance</b>	0
(7,993)	Capital Receipts	(701)
(134,647)	Government Grants and other contributions	(144,452)
		0
	<b>0 Sums set aside from revenue:</b>	0
(1,030)	Direct revenue contributions	(497)
(8)	External contribution - debt repayments	(2)
	Statutory provision for the financing of capital	
(14,149)	investment	(12,050)
0	Capital provision	0
4,537	Creation of Long Term Provision	4,314
(4,314)	Provision remaining at year end	(4,098)
676,215	Closing Capital Financing Requirement	677,374
		0
	<b>Explanation of Movements in Year</b>	0
	Increase in underlying need to Borrow (unsupported by	
6,197	government financial assistance)	13,695
0	Reduction in Capital Loans	(701)
223	Decrease in Capital Provision	216
(2,590)	(Reduction)/ Increase in PFI liability	(2,217)
(14,268)	Increase in the provision for repayment of debt	(9,834)
(10,438)	Increase/(decrease) in Capital Financing Requirement	1,159

### Authorised Limit and the Operational Boundary for External Debt

11.2 External borrowing totals £474.4 million and other Long Term Liabilities total £99.2 million. The actual external debt for 2023/24 was therefore £573.6 million. Lender Option Borrower Option (LOBO) loans of £46.5 million were repaid during the year. Of the external borrowing at 31st March, £13 million related to short term borrowing.

11.3 The authorised limit for external debt of £870.4 million was not breached.

11.4 The operational boundary for external debt of £775.4 million was not breached.

## Ratio of Financing Cost to Net Revenue Stream

11.5 This key ratio shows the percentage of the net revenue budget which is used to finance debt. The long term commitment is that the capital finance charges excluding the capital financing costs included within the PFI and other PFI type of arrangements do not go above 6% of net revenue stream. On an annual basis the authority, when assessing the affordability of the programme, estimates the relevant percentage, and the following tables shows the year end variance against original estimates. The Actual outturn was lower than original variances which is a good outcome for the Authority.

	<u>Including PFI Charges</u>	<u>Excluding PFI Charges</u>
Total Financing Costs	£40.8 millions	£28 millions
Net Revenue Stream	£607.7 millions	£607.7 millions
Actual	6.71%	4.62%
<b>Original Estimates</b>	<b>8.11%</b>	<b>5.74%</b>
Variance	-1.40%	-1.12%

## 12. Determination of Capital Finance

12.1 The Authority is required to determine its use of capital finance as defined by capital control legislation. The following use of capital finance sources, as outlined in the table shown on page 32 is proposed.

12.2 That internal borrowing totalling £13.7 million is used as authorisation to finance capital expenditure.

12.3 That expenditure of £144.5 million is funded from government grants and external contributions to meet expenditure in 2023/24 for capital purposes.

12.4 That no useable capital receipts are applied to meet expenditure in 2023/24 for capital purposes.

12.5 That the remaining capital expenditure of £497,000 is met from revenue, mainly schools' revenue budget share.

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## Debt (Monies owed to the Council) as at 31st March 2024

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

- 13.1 The Authority collects income from a wide range of sources to fund its services. Large elements of income are received automatically from Government and District Councils in respect of general grant funding, a share of National Non-Domestic Rates and Council Tax.
- 13.2 Technology is also used to receive income via the telephone and the Internet. Debt recovery agents continue to be used where non-sensitive debt has proved difficult to collect.
- 13.3 Income is also received from the raising of invoices to users of a service. Accounts are credited with the income value with immediate effect. However, it is often the case that debtors take time to settle accounts and there is a time delay between accounting transactions and cash income.
- 13.4 The Authority has a number of debtor systems which encompass Adult Care functions, Devon Pension Fund items and Corporate Services.
- 13.5 The following table sets out the debt position as at 31 March 2024. Figures in brackets show the position as at 31 March 2023 for comparison:

	<b>Corporate Services</b>	<b>Adult Care Functions</b>	<b>Devon Pension Fund</b>	<b>Total</b>
<b>Total Invoiced Income for 2023/24</b>	£211.3 million (£240 million)	£72 million (£63 million)	£8.7 million (£8.8 million)	£292 million (£312.2 million)
<b>Outstanding debt older than 3 months</b>	£3.7 million (£4.1 million)	£38 million (£27.7 million)	£124,000 (£258,000)	£41.8 million (£32 million)
<b>Percentage of Debt which is older than 3 months relative to whole year value</b>	1.74% (1.73%)	52.80% (43.67%)	1.42% (2.94%)	14.33% (10.27%)

- 13.6 Increased resourcing and improvements to systems and working practices have improved the situation in respect of Corporate debt. It is anticipated that further system enhancements and continued improvements to working practices will see this trend continue throughout 2024/25.
- 13.7 Within the Adult Care Functions, significant elements of care debt are underwritten by property charges. At year end, £10.2 million of the debt over 3 months was secured by legal charge, leaving £27.8 million (£18.5 million as at March 2023) of debt unsecured. While the percentage for outstanding debt is 52.80%, removing those debts secured by legal charge results in the KPI figure of 38.67%. Client Financial Services, the team responsible for

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managing Adult Social Care debt, has a new management team in place and is currently undergoing a major business transformation. We expect to see the debt position improve over time as new processes and ways of working are implemented.

- 13.8 The On-Street Parking system records monies owed for this service area. The nature of the individual debt is low value. At the year-end, gross debt totalled £1.3 million, with a bad debt provision of £746,000. The net debt was £576,000. Enforcement agents are used to recover related debt where appropriate.
- 13.9 The level of debt in respect of invoiced income for the Devon Pension Fund is comparatively low in percentage terms and relates to a small number of debtors. Total invoiced income for 2023/24 has slightly reduced compared to 2022/23.
- 13.10 To mitigate the effect of non-recovery of debt, general provisions have been established to write-off items which prove non-recoverable. At the year-end, these total £2.8 million.

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## Abbreviations

Abbreviations used within the outturn report:

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.
C/F	Carry Forward
CFR	Capital Financing Requirement
COVID-	Coronavirus Disease
DCC	Devon County Council
DfT	Department for Transport
DLUHC	Department for Levelling Up, Housing and Communities (formerly MHCLG - Ministry of Housing, Communities and Local Government )
DSG	Dedicated Schools Grant
EDDC	East Devon District Council
EU	European Union
HR	Human Resources
HRMS	Human Resources Management System
HSSAP	Health and Social Care Skills Accelerator Programme
ICB	Integrated Care Board
ICT	Information & Communications Technology
KPI	Key Performance Indicator
LED	Light Emitting Diode
LTP	Local Transport Plan
MRP	Minimum Revenue Provision
NHS	National Health Service
NNDR1	National Non-Domestic Rates Return budget
NNDR3	National Non-Domestic Rates Return outturn
PFI	Private Finance Initiative
PTE	Part-time Equivalent (15 hours)
S106	Funding from developers resulting from planning obligations authorised by section 106 of the Town and Country Planning Act 1990
ScoMIS	Schools Management Information Service

## Glossary of Terms

Some of these terms are not used within the Outturn report but have been included as background information.

### BUDGET

A budget is approved annually by the Council and sets out the council tax requirement for the next financial year. This council tax precept funds the planned spending programme which is presented net of income from grants, fees and charges and other sources. The budget does not include any of the adjustments needed to comply with financial reporting standards and, as such, is not truly comparable with the results as shown in the statement of accounts for the same period.

### CAPITAL EXPENDITURE

Capital expenditure is expenditure on the construction, acquisition, development or improvement of property, plant and equipment and of intangible assets (principally, software licenses). Under legislation it may be financed from capital sources or from funds set aside from revenue. It is to be distinguished, however, from revenue expenditure funded from capital under statute (REFCUS) which is charged as revenue expenditure in the comprehensive income and expenditure account and only matched with its capital funding by transfer in the movement in reserves statement.

### CAPITAL RECEIPTS

Capital receipts are income received from the sale of property, plant and equipment or intangible assets. They are available only to finance new capital expenditure or to repay debt. Until this occurs they are held on the capital receipts reserve.

### CIPFA

CIPFA (The Chartered Institute of Public Finance and Accountancy) is the lead body for setting standards in public sector accounting practice.

### CONTRIBUTIONS

Contributions are receivable from health authorities, other local authorities and other non-governmental bodies in respect of the Council's functions carried out independently. They are distinguishable from fees and charges income, which is received under a contract of supply. The same distinction applies to contributions paid by the Council. Contributions receivable are distinguished from grant income only in that grants are received from UK or EU governments (or their agencies).

### DEBT

External debt consists of borrowing and other long-term liabilities (such as Private Finance Initiatives and other similar contracts). The **Authorised Limit** to debt represents the level at which the Council is able to borrow and enter into other long-term liabilities. Additional borrowing beyond this level is prohibited unless the limit is revised by the Council.

The **Operational Boundary** is based on the anticipated level of external debt needed during the year. Variations in cash flow may lead to occasional short term breaches of the Operational Boundary that are acceptable.

### DEDICATED SCHOOLS GRANT (DSG) ADJUSTMENT ACCOUNT

This is a new unusable reserve which holds negative (deficit) balances from the expenditure against the Dedicated Schools Grant. It has been established as a result of new statutory regulations which came into force from November 2020, whereby a local council must not charge any deficit in respect of its schools' budget to its revenue account. Instead any such deficit should be charged to a separate account - the DSG Adjustment Account - in effect removing it from the General Fund and

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earmarked reserves. These regulations are in force for three years 2020/21, 2021/22 and 2022/23 and do not set out what will happen after March 2023.

## GENERAL FUND

The general fund is the usable revenue reserve which finances the Council's working capital. It represents the cumulative net budget surplus after appropriations to or from earmarked reserves and consists of two elements: the county fund and reserves held by schools under delegated management. The county fund balance is evaluated under the Council's risk management strategy as the amount required to fund operations without borrowing before the first precept payments are received.

## GOVERNMENT GRANTS

These are sums of money paid UK or EU governments, or their agencies, in order to fund the activities of the Council. Grants in support of local government services may be for general application or, where restricted to specified services, ring-fenced. The amount of grant income credited to the comprehensive income and expenditure account for the year represents the value received (or due to be received) in the year less any such amounts which are repayable by virtue of a condition which has not been satisfied. Outstanding conditions are normally satisfied in the following year in which case the liability is transferred to income at that stage.

The following bodies (shown together with their common abbreviations) award grants to the Council and are the sources of income in the analysis of government grants:

CSPN	= County Sports Partnership Network
CWDC	= Children's Workforce Development Council
DBERR	= Department for Business, Enterprise and Regulatory Reform
DCMS	= Department for Culture, Media & Sport
DEFRA	= Department for Environment, Food & Rural Affairs
DfE	= Department for Education
DfT	= Department for Transport
DHSC	= Department of Health and Social Care, formerly DH - Department of Health, now with Social Care responsibilities
DIUS	= Department for Innovation, Universities and Skills
DLUHC	= Department for Levelling Up, Housing and Communities (formerly Ministry of Housing, Communities and Local Government)
DTI	= Department of Trade & Industry
DWP	= Department for Work & Pensions
ESFA	= Education and Skills Funding Agency - combination of EFA - Education Funding Agency and SFA Skills Funding Agency
EU	= European Union
HEFCE	= Higher Education Funding Council for England
HLF	= Heritage Lottery Fund
HO	= Home Office
MoD	= Ministry of Defence
NE	= Natural England



P4S	= Partnership for Schools
PSA	= Public Service Agreement
SCITT	= School Centred Initial Teacher Training
SDF	= Sustainable Development Fund
TDA	= Training and Development Agency
YJB	= Youth Justice Board

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

These standards are issued by the International Accounting Standards Board. They are adapted under the auspices of CIPFA so as to apply to local authorities and consolidated in the Code of Practice on Local Authority Accounting (The Code).

## **MINIMUM REVENUE PROVISION (MRP)**

MRP represents the minimum amount that, under government regulations, must be appropriated from the general fund each year in order to fund the repayment of existing debt.

## **OUTTURN**

Outturn represents the annual results of the revenue and capital programmes which the Council reports in order to account for its use of public funds under government legislation. It is reported in the same terms as the budget under which council tax funding was originally raised. The outturn report is not subject to external audit and does not apply the Code, nor does it include a balance sheet. As such it is not truly comparable with the statement of accounts.

## **PRECEPTS & LEVIES**

A levy is a charge made by one statutory body on another in order to meet the net cost of its services. A precept is a charge made by a statutory body upon the council tax collection fund of a billing authority.

## **PRIVATE FINANCE INITIATIVE (PFI)**

PFI contracts, and also public-private partnerships (PPP), typically involve a private sector operator constructing or enhancing assets used in the provision of a public service, and operating and maintaining those assets for a specified period of time on behalf of the authority after which the assets pass to the authority for little or no incremental consideration. Under the Code, contractual charges made by the operator on the authority fall under two headings, finance lease (to finance construction or enhancement) and service provision (to finance operation and maintenance), and each heading is accounted for accordingly over the period of each contract. In cases where no asset is to pass to the Balance Sheet, all charges are made annually to the comprehensive income and expenditure account. Under the finance lease model, the liability remains with the Authority even where assets subsequently vest in schools on a change of status.

## **PROPERTY, PLANT AND EQUIPMENT**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are included in the balance sheet under the heading of property, plant and equipment. Such assets are carried at current value and are regularly revalued in order to ensure that this remains the value at which they are reported annually. Where there is no market-based evidence of current value (because of the specialist nature of an asset), depreciated replacement cost is used as an estimate of current value. Depreciation is charged annually by reference to the

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remaining useful life of an asset or of each class of component making up that asset. Surplus assets are valued at fair value.

## **PROVISIONS**

A provision is a liability of uncertain timing or amount. It is recognised when there is a present obligation (whether legal or constructive) as a result of a past event where a transfer of economic benefit is likely to result and a reliable estimate of this transfer can be made.

## **RELATED PARTIES**

Parties are considered to be related if one party has the ability either to control the other party or to exercise significant influence over it in making financial or operating decisions. Parties are also related if they are subject to common control. Related parties include subsidiaries, associates, joint ventures, and possibly other entities or individuals. Central government is a related party by this definition. Related parties attract additional disclosure requirements in order to identify the extent to which the authority may exercise or be subject to influence or control. The statement of accounts includes the following in this respect:

- Details of significant government grants and the awarding bodies;
- Transactions with subsidiary and associated companies;
- Transactions with the pension fund.
- Transactions with related individuals not applicable to other members of the community (for example, members and chief officers)

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

REFCUS is revenue expenditure that is funded from capital either because it is capital in nature (but does not result in an asset) or because capital financing has been allowed by specific regulation. REFCUS is included accordingly in the comprehensive income and expenditure account and appropriated from general fund to capital adjustment account in the movement in reserves statement.

## **SECTION 151 OFFICER**

The section 151 officer is the council officer designated under that section of the Local Government Act 1972 to take overall control of the financial affairs of the Council and to take personal responsibility for its financial administration. At Devon County Council the Section 151 Officer is the Director of Finance.

## **SUBSIDIARY**

A subsidiary is an entity which is under the control of the authority. This means that investment by the authority is such that it has decisive power over the entity, has the ability to direct all its substantial activities and enjoys rights (or suffers exposure) to variable returns. Investment takes account of contractual connections, participation in governance and executive interchange as well as the level of financial investment.

## **UNUSABLE RESERVES**

Unusable reserves are reserves that the authority is not able to utilise to provide services. These reserves fall into two categories, namely: revaluation balances and adjustment accounts. Revaluation gains held under the first category only become available for use when the assets to which they relate are disposed of and the gain realised as a capital receipt. In the second category, each reserve is named after the adjustment variously required to report the comprehensive income and expenditure account under the accounting basis. These adjustments are realised only by reversal

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and thus constitute timing differences. By these adjustments, the general fund continues to be stated under the funding basis required by regulation.

## **USABLE RESERVES**

Usable reserves are reserves available to the authority for the provision of services although there may be statutory limitations on the type of use in each case. Reserves usable for capital expenditure consist of the capital receipts reserve (which may also be applied in the repayment of borrowings) and capital grants unapplied. Usable revenue reserves consist of the general fund together with any earmarked reserves set aside from general fund for specified future expenditure.

## **VIREMENT**

The process of transferring money from one budget heading/line to another.

***Angie Sinclair***

***Director of Finance and Public Value***

Electoral Divisions: All

Local Government Act 2003

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