

# Revenue and Capital Outturn 2019/20



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## 2019/20 REVENUE & CAPITAL OUTTURN

### Report of the County Treasurer

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

#### RECOMMENDATIONS:

It is recommended that:

- a) Members note that the draft outturn for 2019/20, after carry forwards and contributions to balances, reserves and provisions, shows an underspend of £33,000 against the approved revenue budget;
- b) The 2019/20 revenue outturn be approved, including transactions on earmarked reserves and provisions, spending against budget, treatment of over and under spending and the implications for balances, as set out in the tables and the narrative of the report;
- c) The 2019/20 capital outturn be approved including spending against budget and proposed carry forwards, in accordance with the tables;
- d) The use of capital finance as set out in the Determination of Capital Finance section 11 of the report be approved;
- e) A total of £14.432 millions is set aside from revenue resources as Minimum Revenue Provision (provision for credit liabilities to repay debt);
- f) The Prudential Indicators as set out in section 10 of this report be noted; and
- g) The total monies owing to the Council as at 31st March 2020 be noted.

#### 1. Summary

- 1.1 Members have received regular budget monitoring reports throughout 2019/20 in which budget pressures and risks have been identified. The most significant of these have related to Adult Services and Children's Services that were forecasting an overspend of £6.2 millions and £6.0 millions respectively. In order to offset some of the overspending Cabinet had planned to not make the budgeted contribution of £3 millions to the Budget Management Reserve and £5 millions to the Transformation Reserve. As set out below the final outturn is slightly better than anticipated and it has been possible to go ahead and make the £3 million contribution to the Budget Management Reserve and £1 million to the Transformation Reserve as well as the usual contribution to the Business Rates Risk Reserve of the Business Rates Pooling gain.

- 1.2 The Dedicated Schools Grant has also been under significant pressure all year due to Government underfunding of the Special Educational Needs and Disabilities (SEND) Service. At its highest this was forecast at over £21 millions, the year-end position is a shortfall of £19.8 millions. As discussed throughout the year this sum is now held in a negative reserve on the Balance Sheet. This is discussed in more detail in paragraph 5.2 and can be seen in the Earmarked Reserves table on page 12.
- 1.3 The financial year has now ended and the overall authority position, excluding the SEND underfunding and after transfers to and from Reserves, is a small underspending of £33,000.
- 1.4 Detailed explanations of the final financial position for each service area are given in section 2 of this report.

## **2. Spending**

### **2.1 Adult Care and Health**

- 2.1.1 The outturn for Adult Care and Health Services shows an overall net overspend of just under £5.7millions, after a carry forward request of £731,000 that relates to the Better Care Fund and is explained in more detail in section 3.
- 2.1.2 Adult Care operations and Health is showing an overspend of £6.2 millions. The overspend is the result of price and activity pressures; total care packages for older people and disabilities were 382 more than budgeted for at year end. Underspends in staffing and contract costs have offset some of this pressure. Adult Commissioning and Health is showing an underspend of £491,000. This is the result of an underspend on staffing and central contracts which more than offsets the overspend on Mental Health services.

### **2.2 Children's Services**

- 2.2.1 The outturn position for Children's Services is an overspend of £4.4 millions.
- 2.2.2 For Children's Social Care the overspend is £1.5 millions. The main cause has been a greater number of children with complex needs requiring enhanced packages of care within supported accommodation provision, which resulted in an overspend of just over £2 millions. In Disabled Children's Services more children and their families are accessing short break services, some with very high levels of need, resulting in an overspend of £835,000. Increased legal costs associated with higher volumes of cases and reduced income, added a further pressure of £817,000. Increases in Special Guardianship Orders and allowances, increased commissioning of advocacy services, and the use of agency staff to cover vacancies and increased demand have resulted in an overspend of £560,000. Lower than budgeted numbers of looked after disabled children, the net effect of all other placement mix and price variations, vacancies and other variations within the service have led to a combined underspend of £2.7 millions.
- 2.2.3 For Education and Learning General Fund the final position is an overspend of £2.8 millions. The most significant adverse variance is within Schools Transport. The personalised transport budget has seen increased costs and higher numbers of children with Special Educational Needs requiring personalised transport.

- 2.2.4 Education and Learning spending on schools is funded by the ring-fenced Dedicated Schools Grant (DSG). Throughout the year there has been increasing concern over the funding shortfall relating to the Special Educational Needs and Disabilities (SEND) element of the Grant. At the end of the year this funding shortfall is £19.8 millions mainly due to increased demand and rising costs around high needs and in particular Independent Special School placements. This is a national issue, but that is little comfort. In line with requirements issued by the Department for Education, the County Council must carry forward the whole funding shortfall to the DSG budget in future years, which will be held on the balance sheet as a negative reserve. This is further explained in section 5 and can be seen within the Earmarked Reserves table on page 12.
- 2.2.5 The following carry forwards have been agreed by the Schools Forum. Ring fenced schools surplus balances of £16.1 millions, other central and delegated balances of £3.6 millions and the High Needs deficit of £19.8 millions.
- 2.3 Communities, Public Health, Environment and Prosperity
- 2.3.1 The outturn for Communities, Public Health, Environment and Prosperity shows an overall underspend of just over £1 millions after taking into account grants and contributions carry forward, and other carry forward request as detailed on page 17.
- 2.3.2 Communities and other services are underspent by £198,000. This is mainly due to underspends on staffing and variations on activity. Economy Enterprise and Skills is underspent by £198,000. This is mainly a result of slippage on major development projects, underspends on staffing and increased income. Planning, Transportation and Environment is showing an underspend of £663,000. This relates mainly to reduced National Travel Scheme journey numbers, a mixture of capitalisation and slippage on community flood schemes, fees from secondment of staff and slippage on various project spend.
- 2.3.3 Public Health underspent by £1.7 millions against the Public Health Grant. This latter amount has been added to the statutory public health reserve.
- 2.4 Corporate Services
- 2.4.1 The outturn for Corporate Services shows an overall overspend of just over £1.1 millions after taking into account grants and contributions carry forward, and any other carry forward requests that are shown on page 18.
- 2.4.2 Chief Executive, HR, Legal and communications are £131,000 overspent. Under achievement of savings plans and backlog management within the Coroners service, have been offset to a great extent by underspends from vacancies and improved income generation.
- 2.4.3 Digital transformation and Business Support are showing an underspend of £779,000. Scomis Group contributed £320,000 of the underspend, generated by the education sector and other commissioned work, with slippage in delivering the IT roadmap and increased income generation more than offsetting other service pressures.
- 2.4.4 The County Treasurer is showing an underspend of £94,000 linked to increased income generation and vacancies.

2.4.5 Delivery of Cross Council Savings strategies built into the budget were not required resulting in an overspend of £1.9 millions.

## 2.5 Highways, Infrastructure Development and Waste

2.5.1 An overspend of £1.4 millions has been generated within Highways and Traffic Management. Pressures from safety defect repairs and income targets within highways network management have been partially offset by reduced winter service activities and underspends on street lighting energy savings from LED conversions.

2.5.2 Waste tonnages have reduced through the year, including both disposal and recycling activities. This has contributed to a net underspend for the service of £3.6 millions.

2.5.3 Expenditure of £7.7 millions 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 cyclic maintenance works. Income totalling £6.9 millions has been generated, leaving a shortfall against expenditure of £0.8 millions. The balance of the reserve has reduced from £3.3 millions to £2.5 millions at 31st March 2020. As shown in the 2020/21 budget book, the balance of the account is expected to continue to reduce over future years.

## 2.6 Other Items

2.6.1 £1.2 millions of the budget for a Pension Contribution Shortfall has not been needed and is therefore underspent this has helped to reduce the overspending on services to £6.7 millions.

2.6.2 As outlined in section 3 of this report, the Better Care Fund has underspent this year and £1.0 million of the Improved Better Care Fund Grant is being carried forward into 2020/21.

2.6.3 Interest Receivable is £922,000 more than budgeted. This can mostly be attributed to achieving a higher average return on investments in banks and building societies than budgeted of 0.97% compared with the target of 0.75%.

2.6.4 The Council Tax Support Partnership budget is underspent by £279,000. Due to the mild winter the Bellwin Scheme Related Emergencies budget of £1.5 millions has not been needed and remains unspent at the year-end.

2.6.5 The Covid19 Pandemic started to impact the authority's finances in March and £843,000 of costs and lost income was incurred. The authority's share of the first £1.6bn Covid19 funding grant was £22.5 millions and was received in March; of this £843,000 has been used to offset the costs incurred and the remaining £21.7 millions is being carried forward to 2020/21. The pandemic is causing considerable financial uncertainty and the Outturn therefore includes a prudent increase in the Bad Debt Provision of £1.4 millions.

2.6.6 £257,000 of the Brexit Preparation Grant remains unspent and it is recommended that it is carried forward to 2020/21. £217,000 infrastructure development budget was carried forward from 2018/19; this sum is committed to future capital projects and it is recommended that £208,000 is carried forward again this year.

- 2.6.7 £160,000 of additional compensation grants for Business Rates reliefs along with £2.3 millions of income from being part of the Devon Business Rates Pool have been transferred to the Business Rates Risk Reserve to help increase resilience to future fluctuations.
- 2.6.8 The Government has distributed the surplus on the Business Rates Levy Account and Devon's share of this is £344,000 s. This along with variances on Local Service Support Grant, Schools Improvement and other small grants have been used to balance the overall outturn position.

### **3. Better Care Fund**

- 3.1 The Better Care Fund (BCF) for 2019/20 totals £101.974 millions which is reporting an underspend of £1.740 millions (1.7%); £1.010 millions grant and £731,000 revenue. This total will be carried forward in full by the Council to 2020/21, to continue with 2019/20 spending plans within the terms of the BCF framework agreement. The revenue underspending of £731,000 is attributable to both a reduced spending within Adult Carers and Care Act services, along with some reduced spending for support to social care. The BCF governing body, the Joint Commissioning Co-ordination Group, have agreed that all of the surplus fund carried forward in to the 2020-21 financial year will be reinvested specifically for BCF purposes. For more information on the Better Care Fund, please see the table on pages 22.

### **4. General Balances**

- 4.1 The working balance at 31st March 2019 was £14.7 millions. The review of the financial risk assessment prepared when the 2019/20 Budget was set indicates that the Council should hold a working balance of about £14 millions. The outturn has enabled £33,000 to be added to the working balance.

### **5. Earmarked Reserves**

- 5.1 At the beginning of the financial year, earmarked reserves (excluding schools and non-schools carry forwards) stood at £111.2 millions. During the year earmarked reserves have increased by a net £8.8 millions to £120.0 millions. The reason for this movement is explained below:

	<b>£000</b>	<b>£000</b>
Budgeted contribution		7,500
Underspend on Public Health Ring-fenced Grant	1,686	
Business Rates Risk Reserve - Pooling Gain & additional grant	<u>2,441</u>	4,127
Spend on Transformation	(1,475)	
Spend from On Street Parking Reserve	(786)	
Spend from Climate Change Emergency Reserve	(54)	
Spend from Business Rates Pilot Reserve	(503)	
Spend from Budget Management Reserve	<u>(20)</u>	
		<u>(2,838)</u>
		8,789

5.2 For the first time, the authority now also holds a negative reserve. The underfunding of the Dedicated Schools Grant SEND service has resulted in £19.772 millions being held on the Balance Sheet. The creation of the negative reserve is in line with Government requirements and, whilst recognising this is a national issue, it is nonetheless a worrying development for Local Government. It is unclear how Government intends to rectify the historic and projected future underfunding.

5.3 Details of earmarked reserves are contained on page 12.

## **6. Conclusion**

6.1 In spite of significant budget pressures within both Adult and Children's services, careful management of the Budget throughout the year has allowed the authority to end the year with a small underspending of £33,000. Although it has not been possible to make the full budgeted contribution to Reserves the £7.5 millions we have been able to make plus the £2.4 millions from Business Rates have helped to improve the authority's financial resilience. The financial impact of the Pandemic, the country's departure from the EU, ongoing pressures in Social Care and the funding shortfall in SEND, mean the authority is facing huge financial risk in both the short and medium term. This, coupled with ongoing uncertainty over our Core Funding from Government, makes it very pleasing that we have ended 2019/20 the way we have.



# REVENUE OUTTURN SUMMARY 2019/20

	Final	Spending	Variations	Recommended Action				
	Approved		(Under) /	Grant	Other	Transfer	Recommended	(Increase)/
	Budget		Over	to 20/21	C/Fwd	To/(From)	Outturn	Decrease
	(1)	(2)	(3)	from 19/20	to 20/21	Reserves	(7)	in Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 Adult Care and Health	243,823	248,778	4,955		731		249,509	5,686
2 Children's Services	154,119	155,529	1,410	2,945			158,474	4,355
3 Communities, Public Health, Environment and Prosperity	46,215	35,348	(10,867)	6,364	1,758	1,686	45,156	(1,059)
4 Corporate Services	33,610	33,997	387		745		34,742	1,132
5 Highways, Ifrastructure Development & Waste	55,181	52,821	(2,360)	182			53,003	(2,178)
6 Central Contingency - Apprenticeship Levy	590	651	61				651	61
7 Pension Contribution Shortfall	2,261	1,013	(1,248)				1,013	(1,248)
8 Insurance Provision	700	700	0				700	0
<b>TOTAL FOR SERVICES</b>	<b>536,499</b>	<b>528,837</b>	<b>(7,662)</b>	<b>9,491</b>	<b>3,234</b>	<b>1,686</b>	<b>543,248</b>	<b>6,749</b>
9 Budget Carry Forward Fund	(35,833)		35,833	(31,716)	(4,117)		(35,833)	0
<b>NON-SERVICE ADJUSTMENTS</b>								
10 Other	0	(438)	(438)				(438)	(438)
11 Improved Better Care Fund Carry Forward	1,010		(1,010)	1,010			1,010	0
12 Capital Financing Charges	38,377	38,403	26				38,403	26
13 Capital Financing Charges - PFI	13,848	13,847	(1)				13,847	(1)
14 Investment Income on Balances	(1,600)	(2,522)	(922)				(2,522)	(922)
Levies and Contributions to Outside Bodies:								
15 Environment Agency	606	604	(2)				604	(2)
16 Devon Sea Fisheries	341	341	0				341	0
17 Brexit Preparations	257	0	(257)		257		257	0
18 Council Tax Support Partnership	350	71	(279)				71	(279)
19 Bellwin Scheme Related Emergencies	1,500	0	(1,500)				0	(1,500)
20 COVID spend	0	843	843				843	843
21 Bad Debt Provision	0	1,444	1,444				1,444	1,444
22 Infrastructure Development	217	9	(208)		208		217	0
23 Direct Revenue Support for Capital	779	798	19				798	19
24 Schools contribution to capital expenditure	(599)	(599)	0				(599)	0

# REVENUE OUTTURN SUMMARY 2019/20

	Final	Spending	Variations	Recommended Action				
	Approved		(Under) /	Grant	Other	Transfer	Recommended	(Increase)/
	Budget		Over	to 20/21	C/Fwd	To/(From)	Outturn	Decrease
	(1)	(2)	(3)	from 19/20	to 20/21	Reserves	(7)	in Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
25 Transfer to Budget Management Reserve	3,000	3,000	0				3,000	0
26 Transfer to Budget Mgt Reserve - formerly SEND Reserve	3,500	3,500	0				3,500	0
27 Contribution to Transformation Reserve	5,000	1,000	(4,000)				1,000	(4,000)
28 Business Rates - Government Grants	(6,821)	(7,020)	(199)			160	(6,860)	(39)
29 Business Rates - Levy Account Suplus Distribution	0	(344)	(344)				(344)	(344)
30 Independent Living Fund Grant	(2,623)	(2,623)	0				(2,623)	0
31 Education Statutory retained duties - schools contribution	(1,476)	(1,490)	(14)				(1,490)	(14)
32 Local Service Support Grant	(581)	(533)	48				(533)	48
33 New Homes Bonus	(3,659)	(3,659)	0				(3,659)	0
34 Rural Services Delivery Grant	(7,455)	(7,455)	0				(7,455)	0
35 Lead Local Authority Flood Relief Grant	(95)	(95)	0				(95)	0
36 Adult Social Care Support Grant	(6,108)	(6,108)	0				(6,108)	0
37 Winter Pressures	(3,576)	(3,575)	1				(3,575)	1
38 Schools Improvement Grant	0	(715)	(715)				(715)	(715)
39 BREXIT Contingency Planning Grant	(175)	(175)	0				(175)	0
40 Improved Better Care Fund	(24,695)	(24,695)	0				(24,695)	0
41 Covid 19 Support Grant	0	(22,516)	(22,516)	21,673			(843)	(843)
42 Business Rates - Pooling Gain	0	(2,281)	(2,281)			2,281	0	0
43 Other Grants	0	(66)	(66)				(66)	(66)
44 <b>Sub Total</b>	<b>509,988</b>	<b>505,788</b>	<b>(4,200)</b>	<b>458</b>	<b>(418)</b>	<b>4,127</b>	<b>509,955</b>	<b>(33)</b>
45 Routine Spending from Earmarked Reserves	4,333	2,838	(1,495)				2,838	(1,495)
46 Routine Use of Earmarked Reserves	(4,333)		4,333			(2,838)	(2,838)	1,495
47 <b>TOTAL</b>	<b>509,988</b>	<b>508,626</b>	<b>(1,362)</b>	<b>458</b>	<b>(418)</b>	<b>1,289</b>	<b>509,955</b>	<b>(33)</b>

## REVENUE OUTTURN 2019/20

### WORKING BALANCES

	Balance 1st April 2019 (1)	Contrib'ns (2)	Spending (3)	<b>Balance 31st March 2020 (4)</b>
	£'000	£'000	£'000	<b>£'000</b>
1 Working Balances	14,757			
2 External Support for Revenue Spending		509,988		
3 Net Revenue Spending			(509,955)	<b>14,790</b>
<b>4 Total County Fund</b>	<b>14,757</b>	<b>509,988</b>	<b>(509,955)</b>	<b>14,790</b>

## EARMARKED RESERVES

	Balance 1st April 2019 (1) £'000	Contrib'ns from Budget & Transfers (2) £'000	Contrib'ns from / (to) Outturn (3) £'000	Spending (4) £'000	Balance 31st March 2020 (5) £'000
1 Affordable Housing	182				<b>182</b>
2 Budget Management	53,530	6,500		(20)	<b>60,010</b>
3 Business Rates Risk Management	12,747		2,441		<b>15,188</b>
4 Business Rates Pilot	11,505			(503)	<b>11,002</b>
5 Public Health	612		1,686		<b>2,298</b>
6 Emergency	18,089				<b>18,089</b>
7 Climate Change Emergency	250			(54)	<b>196</b>
8 On Street Parking	3,276			(786)	<b>2,490</b>
9 Service Transformation	10,981	1,000		(1,475)	<b>10,506</b>
	<b>111,172</b>	<b>7,500</b>	<b>4,127</b>	<b>(2,838)</b>	<b>119,961</b>
10 Schools Carry Forward	16,203		16,133	(16,203)	<b>16,133</b>
11 Dedicated Schools Grant - SEND High Needs	0		(19,772)		<b>(19,772)</b>
12 Non Schools Carry Forward	19,630		39,512	(19,630)	<b>39,512</b>
	<b>35,833</b>	<b>0</b>	<b>35,873</b>	<b>(35,833)</b>	<b>35,873</b>
<b>Total</b>	<b>147,005</b>	<b>7,500</b>	<b>40,000</b>	<b>(38,671)</b>	<b>155,834</b>

# REVENUE OUTTURN 2019/20

## FUNDING REVENUE SPENDING

### FUNDING REVENUE SPENDING

	£'000	£'000
1 Total revenue spending		509,955
2 Budget Variation added to balances		33
<b>3 Budget level</b>		<b>509,988</b>
<b>4 Financed by:</b>		
5 Revenue Support Grant	(537)	
6 Business Rates Retention Scheme - Local Element	(21,405)	
7 Business Rates Retention Scheme - Top Up	(79,360)	
8 Business Rates Collection Fund Surplus	(2,364)	
9 Council Tax - precepts on District Councils	(406,322)	
<b>10 Total financing</b>		<b>(509,988)</b>

## PROVISIONS

	1st April 2019			Required	31st March 2020
	(1)	(2)	(3)	(4)	(5)
	£'000	£'000	£'000	£'000	£'000
1 Doubtful debts provision	2,108	1,491	(18)	(385)	<b>3,196</b>
2 Insurance	13,977	3,050	(2,345)		<b>14,682</b>
3 Out of date cheques	86	24	(5)	(19)	<b>86</b>
4 Green Waste	100				<b>100</b>
5 Structural redundancies	10		(10)		<b>0</b>
6 Social Care	54	429	(49)		<b>434</b>
<b>Total</b>	<b>16,335</b>	<b>4,994</b>	<b>(2,427)</b>	<b>(404)</b>	<b>18,498</b>

# REVENUE OUTTURN 2019/20 – RECOMMENDED ACTION

## ADULT CARE AND HEALTH

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds to 2020/21 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds to 2020/21 (5) £'000	Final Outturn (Under) / Over (6) £'000
Adult Care Operations & Health	215,601	221,778	0	6,177	0	<b>6,177</b>
Adult Commissioning & Health (incl Mental Health)	24,231	23,740	0	(491)	0	<b>(491)</b>
Better Care Fund (DCC) Contributions	3,991	3,260	0	(731)	731	<b>0</b>
<b>Revenue Outturn</b>	<u>243,823</u>	<u>248,778</u>	<u>0</u>	<u>4,955</u>	<u>731</u>	<u><b>5,686</b></u>

### VARIATIONS BETWEEN BUDGET AND SPEND

#### Adult Care Operations & Health

Older People - residential and nursing price and volume pressures. Higher unit costs have led to an overspend of £4.1m, and higher volumes (144 over budget at year end) account for £3.1m overspend. These overspends are partly offset by savings in community based services.

5,994

Disability Services, including autistic spectrum conditions - increased costs as a result of the number of packages being 238 more than budgeted and increased price pressures, partially offset by Continuing Health Care agreements including one-off backdated amounts.

1,859

Older People & Disability in-house - reduction in staffing and other costs

(39)

Social Care Reablement, Sensory, Community Enabling and other operational budgets - underspends in staffing and contracts costs

(1,637)

6,177

#### Adult Commissioning & Health (incl Mental Health)

Staffing vacancies

(276)

Underspends on central contracts

(462)

Net overspend on Mental Health costs and volumes of placements

247

(491)

Underspend within Better Care Fund

(731)

4,955

### CARRY FORWARD PROPOSALS

Better Care Fund

731

731

### CONTRIBUTION (TO) / FROM OUTTURN

**5,686**

# REVENUE OUTTURN 2019/20 – RECOMMENDED ACTION

## CHILDREN'S SERVICES

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwd in 2020/21 (3) £'000	Variations (Under)/Over (4) £'000	Recommended Action Other c/fwds in 2020/21 (5) £'000	Final Outturn (Under)/Over (6) £'000
Children's Social Work	96,291	96,130	1,709	1,548	0	1,548
Education & Learning - General Fund	41,360	42,919	1,248	2,807	0	2,807
Education & Learning - Dedicated Schools Grant: Schools, Early Years & Central School Services	(17,078)	(36,050)	19,760	788	0	788
Education & Learning - Dedicated Schools Grant: High Needs (Excluding Special & Hospital Schools) - Government advice for Deficit Reserve	33,546	52,530	(19,772)	(788)	0	(788)
<b>Children's Services</b>	<b>154,119</b>	<b>155,529</b>	<b>2,945</b>	<b>4,355</b>	<b>0</b>	<b>4,355</b>

### VARIATIONS BETWEEN BUDGET AND SPEND

	£'000	£'000
<u>Children's Social Work</u>		
Increase in numbers of families accessing short break services and packages of care	835	
Increase in numbers of young people in supported accommodation coupled with higher costs	2,047	
Lower than budgeted numbers of looked after disabled children	(1,339)	
Net financial effect of all other placement mix and price variations, including over 18's	(696)	
Corporate Parenting: Increase in Special Guardianship Orders and allowances, increased commissioning of advocacy services, and use of agency staff to cover vacancies and increased demand	560	
Increased legal costs associated with higher volume of cases	817	
Other variations including vacancy savings, lower costs and additional income	(676)	
		1,548
<u>Education &amp; Learning - General Fund</u>		
Lower legal costs and clawback from academisation and Admissions buy-back	(40)	
Higher than anticipated fee income and additional grant income	(25)	
School/College Transport - increased contractor costs and reduction in income	545	
Personalised Transport - increased costs and greater number of children with SEN requiring transport	2,553	
Early Years staff vacancies and efficiencies and Children's Centre rent	(191)	
Other variations including vacancy savings and lower costs	(35)	
		2,807
<u>Education &amp; Learning - Dedicated Schools Grant: Schools, Early Years &amp; Central School Services</u>		
Schools delegated budgets (including Special and Hospital schools)	(16,133)	
Schools de-delegated budgets and centrally retained services for schools	(2,888)	
High Needs - Increased demand and cost in Maintained and Academy Special School places	790	
Early education for 2,3 & 4 years olds - take up of provision, planned carry forward of funding and Early grants income	(749)	
Revenue grants and contribution carried forward - Schools Balances	16,132	
Revenue grants and contribution carried forward - De-delegated, Central Provisions & Early Years carry forwards	3,636	
		788
<u>Education &amp; Learning - Dedicated Schools Grant: High Needs (Excluding Special &amp; Hospital Schools) - Government advice for Deficit Reserve</u>		
High Needs - Increased demand and cost in Independent SEN placements and Alternate Provision	11,860	
High Needs - Funding gap 2019/20 budget	5,179	
High Needs - Management action to recover 2018/19 deficit not achieved	1,945	
Transfer to Reserves - High Needs Deficit	(19,772)	
		(788)
		<b>4,355</b>
<b>CARRY FORWARD PROPOSALS</b>		0
<b>CONTRIBUTION (TO)/FROM OUTTURN</b>		<b>4,355</b>



# REVENUE OUTTURN 2019/20 – RECOMMENDED ACTION

## COMMUNITIES, PUBLIC HEALTH, ENVIRONMENT AND PROSPERITY

	Final Adjusted	Unadjusted	Grants c/fwds	Variations	Recommended Action		Final Outturn (Under)/Over (7) £'000
	Budget	Spending	in 2019/20	(Under) / Over	Other c/fwds to	Take to / (from)	
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	2020/21 (5) £'000	Reserves (6) £'000	
Communities and Other Services	13,976	11,187	1,810	(979)	781		(198)
Economy, Enterprise and Skills	6,668	4,910	1,252	(506)	308		(198)
Planning, Transportation and Environment	25,571	20,996	3,302	(1,273)	610		(663)
Public Health	0	(1,745)		(1,745)	59	1,686	0
<b>Revenue Outturn</b>	<b>46,215</b>	<b>35,348</b>	<b>6,364</b>	<b>(4,503)</b>	<b>1,758</b>	<b>1,686</b>	<b>(1,059)</b>

### VARIATIONS BETWEEN BUDGET AND SPEND

	£'000	£'000
<u>Communities and Other Services</u>		
Delayed spend on Locality, grant schemes and general commissioning activities	(759)	
Reduced spend on Libraries and project slippage	(113)	
Staffing vacancies and activity budget savings	(107)	(979)
<u>Economy, Enterprise and Skills</u>		
Slippage on major development projects and general project activity	(150)	
Reduced staffing costs and increased income	(91)	
Roundswell Growth Deal management fee	43	
Delayed match funding spend on partnership Broadband project	(233)	
Delayed completion of system for Trading Standards	(75)	(506)
<u>Planning, Transportation and Environment</u>		
Additional income, staff vacancy savings and reduced project activity	(69)	
Slippage on the implementation of the community flood schemes	(376)	
Capitalisation of specific community flood schemes	(300)	
Delayed match funding on partnership schemes	(118)	
Slippage on sustainable travel initiatives	(76)	
Reduced planning income	409	
Unspent funds in respect of S19 permit regulatory changes	(257)	
National Travel Scheme - Journey numbers reduced	(486)	(1,273)
<u>Public Health</u>		
Delay in Early Help for Mental Health work	(59)	(59)
		<b>(2,817)</b>

### CARRY FORWARD PROPOSALS

Community Flood schemes	376
Implementation of sustainable travel plans	76
Slippage on road scheme at Lee Mill	40
Match funding for partnership agreements for projects	118
Locality and Community Together funds	659
Community projects - Bringing Devon Together	60
Broadband project - Partnership commitments	233
Trading Standards system implementation	75
Libraries Resource fund and self service replacement project	62
Public Health - Early Health for Mental Health	59
	<b>1,758</b>

### CONTRIBUTION TO / (FROM) OUTTURN

**(1,059)**

# REVENUE OUTTURN 2019/20 – RECOMMENDED ACTION

## CORPORATE SERVICES

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds to 2020/21 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds to 2020/21 (5) £'000	Final Outturn (Under) / Over (6) £'000
Chief Executive, HR, Legal & Communications	7,565	7,696		131		<b>131</b>
Digital Transformation & Business Support	15,694	14,315		(1,379)	600	<b>(779)</b>
Organisational Development	844	777		(67)		<b>(67)</b>
Treasurer's Services	11,448	11,209		(239)	145	<b>(94)</b>
Cross Council Savings Strategies	(1,941)	0		1,941		<b>1,941</b>
<b>Revenue Outturn</b>	<b>33,610</b>	<b>33,997</b>	<b>0</b>	<b>387</b>	<b>745</b>	<b>1,132</b>

### VARIATIONS BETWEEN BUDGET AND SPEND

	£'000	£'000
<u>Chief Executive, HR, Legal &amp; Communications</u>		
Staff turnover & vacancy savings	(499)	
Net increased income generation	(250)	
Under-achievement of savings plans	684	
Coroners - Inquest backlogs and legal costs of inquest appeal re-hearing	142	
Other minor variations	54	131
<u>Digital Transformation &amp; Business Support</u>		
Scomis Group - reduction in running costs and contracts	(520)	
Slippage in IT roadmap	(406)	
Increased income generation	(286)	
PFI schools legal costs & contract savings	(203)	
Under-achievement of savings plans	(21)	
Other minor variations	57	(1,379)
<u>Organisational Development</u>		
Staff turnover, vacancy and running cost savings	(67)	(67)
<u>Treasurer's Services</u>		
Contract savings & bank charges	(117)	
Staff turnover & vacancy savings	(89)	
System Development	(80)	
Other minor variations	47	(239)
Sub-Total Corporate Services		<b>(1,554)</b>
<u>Cross Council Savings Strategies</u>		
Review of business support functions ceased and delayed contract savings	1941	1,941
Grand-Total		<b>387</b>

### CARRY FORWARD PROPOSALS

IT Roadmap - slippage in Business Intelligence project due to delays in the Smarter Devon programme	400
ScoMIS - modernising IT support applications	200
System Development, Counter Fraud and Risk Management Support	145
	<b>745</b>

### CONTRIBUTION (TO) / FROM OUTTURN

**1,132**

# REVENUE OUTTURN 2019/20 – RECOMMENDED ACTION

## HIGHWAYS, INFRASTRUCTURE DEVELOPMENT AND WASTE

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds in 2020/21 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds in 2020/21 (5) £'000	Final Outturn (Under)/ Over (6) £'000
Highways Maintenance	17,263	18,054	182	973	0	973
Street Lighting	4,104	3,352	0	(752)	0	(752)
Highways Network Management	4,924	6,128	0	1,204	0	1,204
Infrastructure Development	(36)	(244)	0	(208)	0	(208)
Waste Management	28,926	25,531	0	(3,395)	0	(3,395)
<b>Revenue Outturn</b>	<b>55,181</b>	<b>52,821</b>	<b>182</b>	<b>(2,178)</b>	<b>0</b>	<b>(2,178)</b>

### VARIATIONS BETWEEN BUDGET AND ACTUALS

#### Highways

Increased requirement for safety defect repairs	1,779	
Highways Network Management - delay of Permit scheme and increased operating expenditure	1,204	
Net impact of retrospective maintenance expenditure and in year savngs	265	
Reduced requirement for winter service and emergency works	(1,071)	
Additional street lighting energy savings from LED conversions	(752)	1,425

#### Infrastructure Development & Waste

Reduction in waste disposal tonnages from budget levels	(2,047)	
Energy from waste plants - lower tonnages processed	(610)	
Recycling centre contracts - income received from recyclable materials price fluctuation mechanism	(459)	
Reduction in recycling credits paid to District Councils due to lower than anticipated processed tonnages	(494)	
Reduction in overhead costs for Engineering Design Group	(208)	
Urgent maintenance works undertaken at recycling centres	273	
Other minor variations	(58)	
		(3,603)

(2,178)

### CARRY FORWARD PROPOSALS

None	0
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### CONTRIBUTION (TO) / FROM OUTTURN

(2,178)

## BUDGET ADJUSTMENTS 2019/20

	Original Budget £000	2018/19 Brought Forward £000	Virements £000	Final Budget £000
Adult Care and Health	232,599	1,967	9,257	243,823
Children's Services	135,153	18,739	227	154,119
Communities, Public Health, Environment and Prosperity	38,577	7,463	175	46,215
Corporate Services	32,974	730	(94)	33,610
Highways, Infrastructure Development & Waste	54,547	182	452	55,181
Central Contingency - Apprenticeship Levy	590			590
Central Contingency - Addt 1% Pay Award	865		(865)	0
Pension Contribution Shortfall	2,261			2,261
Insurance Provision	700			700
<b>Total Service budgets</b>	<b>498,266</b>	<b>29,081</b>	<b>9,152</b>	<b>536,499</b>
Budget Carry Forward Fund		(35,833)		(35,833)
Improved Better Care Fund C/F		6,344	(5,334)	1,010
Capital Financing	38,377			38,377
Capital Financing PFI	14,161		(313)	13,848
Interest on Balances	(1,600)			(1,600)
Winter Pressures	3,576		(3,576)	0
Brexit Preparations	87	88	82	257
Council Tax Support Partnership	350			350
Bellwin Scheme Related Emergencies	1,500			1,500
Unaccompanied Asylum Seeking Children		103	(103)	0
Infrastructure Development		217		217
Direct Revenue Support for Capital			779	779
Schools Direct Revenue Support for Capital			(599)	(599)
Spending from Reserves	4,333			4,333
Use of Reserves	(4,333)			(4,333)
Transfer from Budget Management Reserve	3,000			3,000
Contribution to SEND High Needs Reserve	3,500			3,500
Contribution to Transformation Reserve	5,000			5,000
<b>Precepts</b>				
Flood Defence	606			606
Inshore Fisheries	341			341

## BUDGET ADJUSTMENTS 2019/20 - continued

	Original Budget £000	2018/19 Brought Forward £000	Virements £000	Final Budget £000
<b>Non Service Budgets</b>	<b>68,898</b>	<b>(29,081)</b>	<b>(9,064)</b>	<b>30,753</b>
	<b>567,164</b>	<b>0</b>	<b>88</b>	<b>567,252</b>
Business Rates - Government Grants and Pilot	(6,821)			(6,821)
Independent Living Fund Grant	(2,623)			(2,623)
Education Statutory retained duties - schools contribution	(1,476)			(1,476)
Local Service Support Grant	(581)			(581)
New Homes Bonus	(3,659)			(3,659)
Rural Services Delivery Grant	(7,455)			(7,455)
Lead Local Authority Flood Relief Grant	(95)			(95)
Brexit Preparation Grant	(87)		(88)	(175)
Social Care Support Grant	(6,108)			(6,108)
Winter Pressures Grant	(3,576)			(3,576)
Improved Better Care Fund	(24,695)			(24,695)
<b>TOTAL</b>	<b>509,988</b>	<b>0</b>	<b>0</b>	<b>509,988</b>

# BETTER CARE FUND S.75 POOLED FUND MEMORANDUM ACCOUNT

For the period 1st April 2019 to 31st March 2020

Gross Funding	Total	NHS Devon CCG		Devon County Council	
		£	£	Revenue £	Capital £
Contributions Received	(94,924)	(55,233)	(32,424)	(7,267)	
Prior year carry forward	(7,050)	0	(6,968)	(82)	
<b>TOTAL FUNDING</b>	<b>(101,974)</b>	<b>(55,233)</b>	<b>(39,392)</b>	<b>(7,349)</b>	
Expenditure	Total	NHS Devon CCG		Devon County Council	
		£	£	Revenue £	Capital £
Care Act duties	676	740	(64)		
Dementia Diagnosis	442	449	(7)		
Disabled Facilities Grant	7,349	0	0		7,349
Enabling services	2,862	2,580	282		
Enhanced Community Equipment Services	7,180	5,037	2,143		
Enhanced Support for Carers	3,736	2,034	1,702		
Frailty & Community Care	22,082	21,689	393		
Hospital Discharge Services	1,066	967	99		
Improved Better Care Fund grant	33,522	0	33,522		
Rapid Response	3,303	3,008	295		
Single Point of Co-ordination	389	414	(25)		
Social Care Reablement	600	600	0		
Step-Up, Step-Down Care	3,524	3,588	(64)		
Support to social care	13,503	14,127	(624)		
<b>TOTAL EXPENDITURE</b>	<b>100,234</b>	<b>55,233</b>	<b>37,652</b>	<b>7,349</b>	
<b>NET OVER/(UNDER) SPEND</b>	<b>(1,740)</b>	<b>0</b>	<b>(1,740)</b>	<b>0</b>	
Refund to partners are as follows:					
NHS Devon CCG	0	0			
Devon County Council	(1,740)		(1,740)		
	(1,740)	0	(1,740)	0	
Capital funding carried forward	0			0	
	<b>(1,740)</b>	<b>0</b>	<b>(1,740)</b>	<b>0</b>	

# ALLOWANCES PAID TO DEVON COUNTY COUNCILLORS

UNDER THE MEMBERS ALLOWANCES SCHEME FOR THE YEAR ENDING 31ST MARCH 2020 Note: Basic & Special Responsibility Allowances and some elements of travelling & subsistence allowances are subject to taxation.

<u>Elected members</u>		Basic Allowance	Special Responsibility Allowance	Mileage and Subsistence Expenses	Carers Allowance
Surname	Inits				
		£	£	£	£
Ackland	HA	12,823.05	4,025.27	150.30	0.00
Asvachin	M	12,823.05	0.00	0.00	0.00
Atkinson	Y	12,823.05	0.00	64.81	0.00
Aves	S	12,823.05	0.00	0.00	0.00
Ball	K	12,823.05	0.00	21.07	0.00
Barker	SD	12,823.05	19,235.18	0.00	0.00
Berry	EJ	12,823.05	0.00	429.29	0.00
Biederman	F	12,823.05	3,206.06	949.42	0.00
Bloxham	R	12,823.05	6,411.18	731.57	0.00
Brazil	JC	12,823.05	0.00	1,553.47	0.00
Brennan	E	5,321.99	0.00	0.00	65.90
Hook	JA	12,823.05	0.00	49.02	0.00
Brook	FJ	12,823.05	6,411.18	0.00	0.00
Channon	C	12,823.05	0.00	270.16	0.00
Chubb	I	12,823.05	0.00	176.10	0.00
Chugg	C	12,823.05	1,886.06	0.00	0.00
Clatworthy	J	12,823.05	2,756.98	231.97	0.00
Colthorpe	P	12,823.05	4,680.93	0.00	0.00
Connett	A	12,823.05	6,411.18	0.00	0.00
Crabb	P	12,823.05	0.00	0.00	0.00
Croad	RF	12,823.05	19,235.18	3,647.55	0.00
Davis	AV	12,823.05	19,235.18	7,016.67	0.00
Dewhurst	A	12,823.05	9,360.79	1,096.74	0.00
Eastman	AJ	12,823.05	0.00	0.00	0.00
Edgell	RC	12,823.05	3,206.06	2,018.45	0.00
Gilbert	R	12,823.05	19,235.18	4,775.52	0.00
Greenslade	BC	12,823.05	0.00	280.79	0.00
Gribble	G	12,823.05	0.00	1,971.49	0.00
Hall	I	12,823.05	3,206.06	1,050.88	0.00
Hannafor	R	12,823.05	9,360.79	356.90	0.00
Hart	TJ	12,823.05	32,058.24	2,070.90	0.00
Hawkins	JD	12,823.05	3,206.06	940.06	0.00
Hellyer	L	12,823.05	0.00	777.03	0.00

<u>Elected members</u>		Basic Allowance	Special Responsibility Allowance	Mileage and Subsistence Expenses	Carers Allowance
Surname	Inits				
		£	£	£	£
Hodgson	J	12,823.05	0.00	160.14	0.00
Hook	G	12,823.05	0.00	0.00	0.00
Hosking	RW	12,823.05	500.22	3,012.01	0.00
Hughes S	S	12,823.05	19,235.18	3,116.35	0.00
Inch	A	12,823.05	0.00	681.30	0.00
Leadbetter	AR	12,823.05	19,235.18	2,824.24	0.00
Matthews	J	12,823.05	12,027.44	733.08	0.00
McInnes	JR	12,823.05	25,646.23	4,891.38	0.00
Parsons	BM	12,823.05	19,235.18	5,287.50	0.00
Pear	R	12,823.05	0.00	134.40	0.00
Prowse	GJ	12,823.05	0.00	0.00	0.00
Radford	RF	12,823.05	0.00	591.41	0.00
Randall Johnson	S	12,823.05	9,360.79	779.86	0.00
Russell	E	12,823.05	0.00	288.36	0.00
Sanders	PR	12,823.05	3,206.06	0.00	0.00
Saywell	A	12,823.05	0.00	2,298.92	0.00
Scott	R	12,823.05	0.00	1,099.73	0.00
Sellis	D	12,823.05	4,680.93	1,138.48	0.00
Shaw	M	12,823.05	0.00	339.00	0.00
Sheldon	G	5,599.87	0.00	0.00	0.00
Slade	C	12,823.05	0.00	994.04	0.00
Squires	M	12,823.05	3,070.84	1,332.73	0.00
Trail	J	12,823.05	0.00	784.94	0.00
Twiss	P	12,823.05	0.00	1,565.95	0.00
Way	N	12,823.05	655.66	40.82	0.00
Whitton	C	12,823.05	0.00	219.50	0.00
Wright	C	12,823.05	0.00	991.74	0.00
Yabsley	J	12,823.05	0.00	455.86	0.00
<b>Totals</b>		<b>767,481.81</b>	<b>289,981.27</b>	<b>64,391.90</b>	<b>65.90</b>

# CAPITAL

## 7. The Capital Programme Outturn 2019/20

- 7.1 The approved Capital Programme for 2019/20 totalled £152.4 millions. This figure includes £29.4 millions carry forward from 2018/19 and £12.0 millions of other additions approved during 2019/20.
- 7.2 Spend for the year totals £115.1 millions resulting in an outturn variance of £37.3 millions (actual spend in 2018/19 was £120.6 millions with a variance of £50.3 millions).
- 7.3 £33.9 millions of the variance represents slippage across a range of schemes which is recommended to be carried forward and £3.4 millions reflects savings achieved in programme delivery.
- 7.4 The following table summarises the 2019/20 Capital Programme expenditure and it's financing:

<b>Capital Expenditure</b>	<b>Budget</b>	<b>Actual Spend</b>	<b>Variation</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adult Care and Health	10,924	7,622	3,302
Children's Services	5,956	4,506	1,450
Communities, Public Health, Environment and Prosperity	61,438	32,684	28,754
Corporate Services	8,464	5,130	3,334
Highways, Infrastructure Development & Waste	65,605	65,187	418
<b>Total</b>	<b>152,387</b>	<b>115,129</b>	<b>37,258</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	14,638	6,720	7,918
Internal Borrowing	8,163	3,338	4,825
External Grants and Contributions	127,847	104,264	23,583
Revenue Budgets	1,739	807	932
<b>Total</b>	<b>152,387</b>	<b>115,129</b>	<b>37,258</b>



## 8. Capital Financing

- 8.1 Internal borrowing was lower than originally budgeted which will result in a reduction in the capital financing requirement, specifically Minimum Revenue Provision (MRP), for 2020/21.
- 8.2 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.
- 8.3 External funding will need to be carried forward as unspent funds; this is mainly attributable to major schemes within Highways and Planning, Transport and Environment (PTE), which reflects the complex nature of projects in these service areas.
- 8.4 Capital Receipts

The capital receipts reserve increased by £6.0 millions during 2019/20. The Capital Receipts Reserve has covered the financing requirement for 2019/20 of £6.7 millions, as shown in the following table:

<b>Capital Receipts</b>	<b>General Receipts</b>	<b>Investing in Devon</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Opening Balance 1st April 2019</b>	<b>11,164</b>	<b>1,457</b>	<b>12,621</b>
Received in year	<b>6,016</b>	<b>0</b>	<b>6,016</b>
Applied to finance spend	<b>(6,341)</b>	<b>(379)</b>	<b>(6,720)</b>
<b>Closing Balance 31st March 2020</b>	<b>10,839</b>	<b>1,078</b>	<b>11,917</b>

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

- 9.1 The 2019/20 slippage totalled £37.3 millions. It is recommended that £27.5 millions are carried forward into the 2020/21 Capital Programme and £6.4 millions into 2021/22 and beyond. £3.4 millions has been released from the capital programme as an underspend.
- 9.2 An analysis of any underspend and the carry forward request is set out in the following table:

<b>Programme Variation</b>	<b>Carry forward to 2020/21</b>	<b>Carry forward to 2021/22 and future years</b>	<b>Total Carry Forward</b>	<b>Under spend</b>	<b>Total Variation</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adult Care and Health	260	1,009	<b>1,269</b>	2,032	<b>3,301</b>
Children's Services	1,312	0	<b>1,312</b>	138	<b>1,450</b>
Communities, Public Health, Environment and Prosperity	23,694	4,838	<b>28,532</b>	222	<b>28,754</b>
Corporate Services	934	571	<b>1,505</b>	827	<b>2,332</b>
Highways, Infrastructure Development and Waste	1,238	0	<b>1,238</b>	183	<b>1,421</b>
<b>Total</b>	<b>27,438</b>	<b>6,418</b>	<b>33,856</b>	<b>3,402</b>	<b>37,258</b>
<b>Financed By:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Receipts Applied	7,235	205	<b>7,440</b>	478	<b>7,918</b>
Internal Borrowing	2,909	441	<b>3,350</b>	2,029	<b>5,379</b>
External Grants and Contributions	17,076	5,772	<b>22,848</b>	736	<b>23,584</b>
Revenue Budgets	218	0	<b>218</b>	159	<b>377</b>
<b>Total</b>	<b>27,438</b>	<b>6,418</b>	<b>33,856</b>	<b>3,402</b>	<b>37,258</b>

A summary of the main reasons for the variation between spend and budgets is explained in the following paragraphs.

### 9.3 Adult Care & Health

£993,000 of slippage is due to the North Devon Community Facility. This project is being re-scoped and is expected to recommence in 2020/21.

In line with a decision taken at February Cabinet, the Adult Care & Health 2019/20 capital programme has been reduced by £2.0 millions whilst options on individual schemes are reassessed.

### 9.4 Children's Services

There has been a reduced call on the Vehicle and Equipment Loans Pool (VELP) fund, as schools make use of alternative sources of external funding. £5.9 millions has been invested in the enhancement of schools via 140 different projects, County wide, with a culmination of slippage across these projects totalling £554,000.

## 9.5 Communities, Public Health, Environment and Prosperity

The Heart of the South West Local Enterprise Partnership (HotSWLEP) approved a scheme at Marsh Barton, to construct a new railway station. Network Rail did not sign the agreement, which would allow the Council to work on their own infrastructure, until late in the financial year. Therefore £3.2 millions (excluding LTP funding) of works have been carried forward.

The Local Transport Plan (LTP) Integrated Transport Block grant budget for 2019/20 was £3.9 millions with slippage of £2 millions. £500,000 was earmarked for Marsh Barton station. The remaining variance is across a number of schemes where National Productivity Investment Fund (NPIF) grant has been applied first.

The HotSWLEP approved the A382 widening scheme phase 1 to deliver road realignment, widening and provision of cycling and pedestrian facilities. The 2019/20 budget was £5.9 millions with slippage of £3.1 millions. There was a delay in delivering the scheme largely due to procurement issues, however works commenced in February 2020.

The 2019/20 budget for North Devon Link Road was £5.9 millions with slippage of £3.9 millions. The risks included in the early stages of the project, particularly with regard to planning, did not materialise. Most of the land negotiations were not finalised in 2019/20 and professional fees were put on hold during the procurement period.

Whilst the South Devon Highway was opened in December 2015, claims under the Land Compensation Act cannot be made until at least 12 months later and up to 6 years. The 2019/20 budget was £3.8 millions funded 50/50 with Torbay Council. The variance at year end is £2.6 millions. This is a difficult area to predict, in terms of cost and timing, as all claims and payments need to be agreed between various parties.

The Main Street scheme is the new road being constructed through the Sherford development, making it accessible to the A38. The 2019/20 budget was £4.2 million with slippage of £1.1 millions. The works programme was delayed late autumn 2019 due to issues with a utility company, which have since been resolved.

Construction of a Park and Change site on the eastern side of Exeter Science Park had a budget £2.2 millions in 2019/20 with slippage of £1.4 millions. The variance is linked to delays in the procurement process and in resolving land issues. Works commenced February 2020.

The initial DfT announcement for the Safer Roads Fund grant for the A3121 scheme was in June 2018 however, a formal award letter for £1.9 millions was not received until March 2019. Scheme progress was put on hold until funding was formally secured. Detailed design then commenced and work progressed to acquire the various parcels of land. This resulted in slippage of £1.5 millions.

The Roundswell South Business Park & North Devon Enterprise Centre schemes are being run concurrently to ensure value for money and minimal disruption to residents. Work has now commenced on site, with delays caused primarily by the wet winter which delayed groundworks and resulted in slippage of £1.7 millions

The Bideford library project design is at appraisal stage and is on hold while various options are considered which resulted in slippage of £650,000.

#### 9.6 Corporate Services

The County Farms programme over delivered in 2019/20 with £30,000 being accelerated from the 2020/21 budget. The work carried out in 2019/20 related to a programme of works to upgrade the Councils existing farms dwellings to the Decent Homes Standards. This work will continue in 2020/21.

Within the Estates budget, infrastructure for the Access Control System which relates to the upgrade of the Councils car parking access and security systems, was largely completed in 2019/20 with the remainder of the implementation work to be completed in 2020/21.

Work has commenced this financial year on elements of the Strategic Centres Accommodation Improvement Programme; however, the majority of work will not be completed until 2020/21. This project includes work to reconfigure and enhance existing office accommodation, including the electrics and lighting. Provisional design works and surveys were completed in 2019/20 taking longer than expected, resulting in slippage of £1.4 millions.

The development and implementation of the ICT roadmap continued during 2019/20 with detailed spending plans progressing well on many schemes including the Digital Platform and other spend relating to corporate infrastructure initiatives. £600,000 will be slipped to 2020/21. This is due procurement processes for large scale projects taking longer than anticipated.

#### 9.7 Highways Capital development and Waste Management

The Local Transport Plan (LTP) maintenance budget for 2019/20 was £55.3 millions, and included a brought forward of £12.0 millions from 2018/19. This funding supported the delivery of over 750 highway and bridges schemes. The LTP programme over delivered in 2019/20 by £1.9 millions, which will be the first call on the 2020/21 budget.

### **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 2019/20 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 2019/20 no prudential indicators were breached

10.3 Capital Expenditure

The Prudential Indicators 2019/20 are based on the revised Capital Programme of £152.4 millions

<b>Capital Expenditure</b>	<b>Budget</b>	<b>Actual Spend</b>	<b>Variation</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adult Care and Health	10,924	7,622	3,302
Children's Services	5,956	4,506	1,450
Communities, Public Health, Environment and Prosperity	61,438	32,684	28,754
Corporate Services	8,464	5,130	3,334
Highways, Infrastructure Development & Waste	65,605	65,187	418
<b>Total</b>	<b>152,387</b>	<b>115,129</b>	<b>37,258</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	14,638	6,720	7,918
Internal Borrowing	8,163	3,338	4,825
External Grants and Contributions	127,847	104,264	23,583
Revenue Budgets	1,739	807	932
<b>Total</b>	<b>152,387</b>	<b>115,129</b>	<b>37,258</b>

10.4 Capital Financing Requirement (CFR)

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.

**Capital Financing Requirement  
Summary of Capital Expenditure and Sources of Finance**

<b>ACTUAL 2018/19 £000</b>	<b>ACTUAL 2019/20</b>
<u>729,326</u> <b>Opening Capital Financing Requirement</b>	<u>714,217</u>
729,326	714,217
 <b>Capital Investment</b>	
102,150 Property, Plant and Equipment	98,986
18 Heritage Assets	0
1,654 Intangible Assets	1,469
16,733 Revenue Expenditure Funded from Capital under Statute	14,674
0 Share Capital	0
 <b>Sources of Finance</b>	
(11,933) Capital Receipts	(6,720)
(107,841) Government Grants and other contributions	(106,143)
 Sums set aside from revenue:	
(1,176) Direct revenue contributions	(807)
(113) External contribution - debt repayments	(97)
(14,853) Statutory provision for the financing of capital investment	(14,432)
 <b>Capital provision</b>	
5,499 Creation of Long Term Provision	5,247
(5,247) Provision remaining at year end	(5,003)
<u><b>714,217</b></u> <b>Closing Capital Financing Requirement</b>	<u><b>701,391</b></u>
 <b>Explanation of Movements in Year</b>	
4,213 Increase in underlying need to Borrow (unsupported by government financial assistance)	3,338
252 Decrease in Capital Provision	244
(2,161) (Reduction)/ Increase in PFI liability	(2,048)
(17,413) Increase in the provision for repayment of debt	(14,359)
<u><b>(15,109)</b></u> <b>Increase/(decrease) in Capital Financing Requirement</b>	<u><b>(12,825)</b></u>

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

External borrowing totals £507.9 millions and other Long Term Liabilities total £123.4 millions. The actual external debt for 2019/20 was therefore £631.3 millions.

The authorised limit for external debt of £776.7 millions was not breached.

The operational boundary for external debt of £751.7 millions was not breached.

#### 10.6 Ratio of Financing Cost to Net Revenue Stream

This key ratio shows the percentage of the net revenue budget which is used to finance debt. The long term commitment is that the capital finance charges excluding the capital financing costs included within the PFI and other PFI type of arrangements do not go above 12%. On an annual basis the authority, when assessing the affordability of the programme, estimates the relevant percentage.

	<u>Including PFI Charges</u>	<u>Excluding PFI Charges</u>
Total Financing Costs	49.754 millions	35.907 millions
Net Revenue Stream	511.841 millions	511.841 millions
Actual	9.72%	7.02%
Estimated	11.15%	8.15%
Variance	-1.43%	-1.13%

## **11. Determination of Capital Finance**

11.1 The Authority is required to determine its use of capital finance as defined by capital control legislation. The following use of capital finance sources, as outlined in the table shown on page 24 and compared to budget, is proposed:

That internal borrowing totalling £3.3 millions is used as authorisation to finance capital expenditure.

That expenditure of £104.2 millions is funded from government grants and external contributions to meet expenditure in 2019/20 for capital purposes.

That useable capital receipts of £6.7 millions are applied to meet expenditure in 2019/20 for capital purposes.

That the remaining capital expenditure of £0.8 millions is met from revenue budgets.



## DEBT (Monies Owed to the Authority) as at 31st March 2020

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

- 12.1 The County Council collects income from a wide range of sources to fund its services. Large elements of income are received automatically from Government and District Councils in respect of Revenue Support Grant, share of National Non-Domestic Rates and Council Tax.
- 12.2 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.
- 12.3 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.
- 12.4 The County Council has a number of debtor systems which encompass Adult Care functions, Devon Pensions Fund items and Corporate services.
- 12.5 As at 31st March 2020, the situation was as follows: -

	Corporate System	Adult Care Functions	Devon Pension Fund	Total
Total Invoiced Income for the Year	£195.000 million (£168.000 million at 31st March 2019)	£53.315 million (£48.774 million at 31st March 2019)	£28.808 million (£16.349 million at 31st March 2019)	£277.123 million (£233.123 million at 31st March 2019)
Outstanding debt older than 3 months	£4.590 million (£3.110 million at 31st March 2019)	£14.173 million (£12.852 million at 31st March 2019)	£0.130 million (£0.097 million at 31st March 2019)	£18.893 million (£16.059 million at 31st March 2019)
Percentage of Debt which is older than 3 months relative to whole year value	2.35% (1.85% at 31st March 2019)	26.58% (26.35% at 31st March 2019)	0.45% (0.6% at 31st March 2019)	6.82% (6.43% at 31st March 2019)

- 12.6 In terms of Corporate debt, active management of items throughout the year and recovery of several large value debts has helped to keep debt levels at a relatively low level.
- 12.7 Within the Adult Care Functions, elements of Residential Care debt are underwritten by property charges. At the year end, the level of debts over 3 months old secured by legal charge total £9.5 millions (£9.6 millions at 31st March 2019) and reduce the percentage of outstanding debt for Residential Care from 32.08% to 9.1% (6.7% at 31st March 2019).
- 12.8 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 £1,180,409, with a bad debt provision of £764,528. The net debt was £415,881. Enforcement agents are used to recover related debt where appropriate.
- 12.9 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.
- 12.10 As outlined in section 2, the pandemic is causing considerable financial uncertainty, both nationally and locally, and the Outturn therefore includes a prudent increase in the Bad Debt Provision of £1.4 millions.

## ***Mary Davis***

Electoral Divisions: All

Local Government Act 2003

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Background Paper            Date 26th June 2020

Detailed financial working papers and systems

Executive Member: Councillor Stuart Barker