

Revenue and Capital Outturn 2021/22



2021/22 REVENUE & CAPITAL OUTTURN	3
RECOMMENDATIONS:	3
REVENUE OUTTURN SUMMARY 2021/22	11
WORKING BALANCES	13
EARMARKED RESERVES	13
FUNDING REVENUE SPENDING	14
PROVISIONS	14
REVENUE OUTTURN 2021/22 – RECOMMENDED ACTION	15
ADULT CARE AND HEALTH	15
CHILDREN'S SERVICES	16
COMMUNITIES, PUBLIC HEALTH, ENVIRONMENT AND PROSPERITY	18
CORPORATE SERVICES	19
HIGHWAYS, INFRASTRUCTURE DEVELOPMENT AND WASTE	20
BUDGET ADJUSTMENTS 2021/22	21
BETTER CARE FUND S.75 POOLED FUND MEMORANDUM ACCOUNT	22
ALLOWANCES PAID TO DEVON COUNTY COUNCILLORS	23
CAPITAL	24
DEBT (Monies Owed to the Council) as at 31st March 2022	33
ABBREVIATIONS	35
GLOSSARY OF TERMS	36

2021/22 REVENUE & CAPITAL OUTTURN

Report of the Director of Finance

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 2021/22, after carry forwards and contributions to and from balances, reserves and provisions, shows an overspend of £3.3 million against the approved revenue budget;
- b) The 2021/22 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) Any variances on final business rates outturns from the Districts be taken to/(from) the Business Rates Risk Management Reserve and used to offset the variances in the Collection Funds in future years;
- d) The 2021/22 capital outturn be approved including spending against budget and proposed carry forwards, in accordance with the tables;
- e) The use of capital finance as set out in the Determination of Capital Finance section 11 of the report be approved;
- f) A total of £13.9 million is set aside from revenue resources as Minimum Revenue Provision (provision for credit liabilities to repay debt);
- g) The Prudential Indicators as set out in section 10 of this report be noted; and
- h) The total monies owing to the Council as at 31st March 2022 be noted.

1. Summary

- 1.1 Members have received regular budget monitoring reports throughout 2021/22 in which budget pressures and risks have been identified. The outturn overspend of £3.3 million is an improvement from the £5.8 million forecast outturn which was reported to Cabinet 9th March. The overspends relate primarily to the budgets for Adult Care and Health and to Children's Services, for which sections 2.1 and 2.2 provide further detail.
- 1.2 There have also been other cost pressures of just over £4.5 million in terms of the pay award and lower than forecast income guarantee compensation grant for council tax and business rates which are set out in section 2.6 "Other Items". These two items have been funded from Reserves. Although there are underspends in other services they are not sufficient to bring the budget back into balance.
- 1.3 As set out later in this report, almost £4 million of underspend on the Public Health grant has been transferred to the ring-fenced Public Health Reserve. A transfer of £3.3 million from the Budget Management reserve will be required in order to meet the net overspend in 2021/22.
- 1.4 When the Council approved the 2021/22 budget in February 2021, it agreed to use £9.8 million of earmarked reserves to fund various one-off projects including economic recovery,

Edge of Care, transformation and recruitment of social workers amongst others. Actual spending on these items of £4.9 million is lower than forecast and has helped to offset the £3.3 million of earmarked reserves used to finance the overspend. Further detail is provided in the table on Earmarked Reserves later in this report.

- 1.5 The Dedicated Schools Grant Special Educational Needs and Disabilities (SEND) Service continues to be under significant pressure which has resulted in an overspend of £37.5 million this year. There was a brought forward cumulative deficit of just under £49 million at the beginning of the year, therefore the cumulative deficit at 31st March 2022 is now £86.5 million. This deficit is held in a ring-fenced adjustment account until April 2023 and discussed in more detail in paragraph 5.2
- 1.6 At the time of writing this report, the Council has received business rates outturn information from four of the eight districts in Devon. These four returns indicate that the County Council's share of local business rates income is £4 million lower than was notified at budget for 2021/22. However, compensatory grant income from central government is just under £4 million higher to compensate for the additional reliefs to local businesses. The Outturn report has not been updated for these recent notifications and the position is changing daily. Outturn will only be updated when all eight returns are received and confirmed.
- 1.7 When all eight returns are received, additional grant income could be higher than that currently included in the outturn report, in order to compensate the County Council for the deficit in business rates income – which will be accounted for in 2023/24 budget. Local authority accounting rules require grant income to be recognised immediately whereas collection fund deficits are accounted for in the following budget period. It is therefore proposed that this compensating grant income will be credited to the Business Rates Risk Management Reserve in 2021/22 and carried forward to finance the business rates deficit which is expected to affect the budget for 2023/24.
- 1.8 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

The outturn for Adult Care and Health services is an overspend of £3.4 million.

Adult Care Operations and Health outturn is £4.2 million overspent, the main reason for this overspend relates to significant pressure on unit rates in all service areas. There has been an increase in nursing placement volumes for older people.

These pressures have been partially offset by underspends on staffing budgets which reflect the difficulty in recruiting care management staff. The challenges of recruitment and staffing levels under establishment bring challenges in being able to contain rising cost pressures.

Adult Commissioning and Health outturn is £783,000 underspent, due to an under spend on Mental Health placements, further core staffing vacancies, and central budget underspends.

2.2 Children's Services

The outturn position for Children's Services, excluding the Dedicated Schools Grant is an overspend of £9.8 million.

The position for Children's Social Care is an overspend of £7.2 million. While the overall number of Looked After Children in placement was less than budgeted, there have been higher volumes of children needing complex care arrangements. At the same time the average cost of these types of placement has increased, leading to an overspend of just under £5 million.

Pressures arising from increased demand for services and vacancies across the social care sector has meant there has been a greater reliance on agency staff. The overspend after taking into account unfilled vacancies is £878,000.

An increase in the number of Special Guardianship Orders (SGOs) and Adoption Allowances meant the budget over spent by £1.2 million. Whilst it creates a financial pressure, SGO's and Adoption are a good outcome for children and cost less than if they were in care in placement.

Other variations across multiple budgets amount to £83,000.

For Education and Learning General Fund the final position is an overspend of £2.6 million. The most significant overspend is within Schools Transport. The personalised transport budget has seen increased costs for young people with Special Educational Needs requiring personalised transport arrangements.

Disabled Children's Service saw an underspend of £580,000 primarily related to direct payments recovery of unused balances.

Education and Learning spending on schools is funded from the Dedicated Schools Grant (DSG) which is overspent by £7.8 million. This is made up of individual school balances totalling £24.7 million, ringfenced balances of £5.1 million and the in-year SEND High Needs Block deficit of just over £37.5 million.

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.

The cumulative DSG deficit at the close of 2021/22 is £86.5 million and Devon are currently in discussions with the DfE as part of the Safety Valve Intervention Programme.

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.

2.3 Communities, Public Health, Environment and Prosperity

The outturn for Communities, Public Health, Environment and Prosperity shows an overall underspend of just over £2 million after taking into account grants and contributions carry forward, and other carry forward requests.

Communities and other services are underspent by £823,000 after carry-forwards. The impact of the pandemic on this team was that staff were redeployed to deliver emergency services, particularly to support vulnerable citizens. This resulted in budgeted grant schemes being delayed: this being the largest portion of the underspend.

Economy Enterprise and Skills is underspent by £296,000 after carry-forwards. Delayed match funding requirements on two large projects account for just under half of this with vacancy savings, slippage in activity and increased income generation accounting for the balance.

Planning, Transportation and Environment is showing an underspend of £1.7 million after carry-forwards. This is the result of reduction in fleet usage during the pandemic, slippage on community flood schemes and income in excess of budget for planning applications and inspection fees. In addition, there has been general vacancy savings, increased income and activity delays across the service.

Public Health underspent by just under £4 million against the Public Health Grant. The pandemic refocused service delivery and much of this was funded by Central Government COVID-19 grants. Existing services delivered through pharmacies, doctors and other providers were significantly impacted by the lockdowns leading to delays in expenditure: those services have been slow to recover. As a ring-fenced grant this amount has been added to the statutory public health reserve.

2.4 Corporate Services

The outturn for Corporate Services shows an overall underspend of £1.4 million after taking into account the carry forward of grants and contributions, and any other carry forward requests.

Chief Executive, HR, Legal and Communications are £241,000 underspent despite staffing pressures within Legal Services driven by increased demand from Children's Services, and additional expenditure incurred by the Coroners Service. Whilst this was achieved in the main by increased income generation driven by the pent up demand for wedding ceremonies and the need for temporary staff to meet demand on services during the pandemic recovery period; underspends from staff vacancies and savings in the running cost of Democratic and Members services also contributed.

Digital Transformation and Business Support are showing an underspend of £1.1 million. Slippage in projects and delays to recruitment relating to the ICT road map were the largest single factor in the underspend. This offset overspends on both building maintenance works resulting from a significant increase in the cost of raw materials, and facilities management as a result of continuing Covid-19 safety measures.

The County Treasurer's service has come in on target by offsetting delayed income generation linked to Adults Social Care with underspends from staff vacancies, and slippage in two financial systems projects.

2.5 Highways, Infrastructure Development and Waste

The Highways and Traffic Management service has achieved a break-even position, after carry-forwards. Additional expenditure totalling £1.6 million has been incurred from term maintenance contract payments and safety, routine and cyclic maintenance works. This has been offset by savings resulting from the relatively mild winter period, street lighting energy and maintenance savings and an increase in income from highways licence fees.

Savings totalling £397,000 have been achieved within Infrastructure Development, due to the ongoing impact of staff vacancies and the delay of some school survey works.

The Waste service has delivered a net underspend of £649,000, largely due to the impact of increased tonnages on shared savings scheme projects, which has more than offset the higher than budgeted costs of general waste disposal.

Expenditure of £6.8 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 cyclic maintenance works. Income totalling £6.5 million has been generated, leaving a shortfall against expenditure of £300,000. The balance of the reserve has reduced from £2.4 million to £2.1 million at 31st March 2022.

2.6 Other Items

In the autumn of 2020, the Chancellor announced that a pay increase would be for those employees earning under £24,000 and this basis was used to set the budget in February 2021 (additional cost of £500,000 to the Council). However, the national staff pay award for 2021/22 was 1.75% (1.5% for chief officers). To enable services to cover this extra cost additional budget of just over £2.2 million was given to services in-year with the cost being met from the Budget Management Reserve.

The increasing pay costs have resulted in an overspend of £113,000 for the Apprenticeship Levy but they have also resulted in an underspend of £867,000 on the Pension Contribution Shortfall. There was also an underspend on the Council elections of £486,000. Savings were achieved because election costs were shared with the Police and Crime Commissioner. These net savings of just over £1.2 million partly offset some of the service overspend.

The Council works very closely with Health and towards the end of 2020/21 a new Integrated Care Agreement was setup. Health contributed £15 million in 2020/21 to the agreement which was carried forward into 2021/22 of which £1.8 million was spent. This balance of £13.2 million along with a further contribution from Health in 2021/22 of just under £28 million leads to a balance of just under £41 million that will be carried forward and used to support the wider health and social care system in the new year.

As outlined in section 3 of this report, the Better Care Fund has underspent this year and just over £9.7 million of the Improved Better Care Fund Grant is being carried forward into 2022/23.

Capital Financing Charges are £827,000 less than budgeted due to the underspending on the Capital Programme; more details are provided within section 7 of this report. Interest Receivable is £313,000 more than budgeted due to having a higher level of cash to invest than anticipated.

The Council's budget for 2021/22 had assumed a grant of £5 million based on estimates of Quarter 3 collection rates from billing authorities. However, council tax collection rates held up better than initially forecast. As forecast in last year's Outturn Report (July 2021) the Government grant of £3 million was lower than the budget estimate but the improved collection fund balances of billing authorities has resulted in surpluses being received in 2022/23. However, this shortfall in grant income of just over £2 million has been met from the Business Rates Risk Management Reserve.

The Devon Business Rates Pool (consisting of Devon County Council, 8 Districts, Plymouth and Torbay) is administered by Plymouth which calculates the pooling gain after all billing authorities have completed their NNDR3 returns to MHCLG. The latest forecasts suggest a share of the gain of just under £2 million for Devon County Council which will be used to offset the service overspend in 2021/22. At the time of drafting this report not all Districts have completed their final business rates returns for Government (deadline is 30 June 2022) and the outturn is likely to vary from the estimate. It is proposed that any variation is transferred to/(from) the Business Rates Risk Management Reserve.

Additional Grants for Local Service Support, and other small grant variations have been used to reduce the overall outturn overspend.

In response to the COVID-19 outbreak Central government continued to put in place a number of grant funding streams to help support Local Authorities in responding to the pandemic. Devon County Council directly received £56.3 million of additional funding in 2021/22 and with funding brought forward from the previous year has spent £59.4 million. This leaves a balance of just over £22 million to be carried forward into 2022/23 in line with specific grant terms and conditions. The detail is provided in the following table.

Spending of COVID-19 Grants			
	Budget	Actual	Variance
	£000	£000	£000
COVID-19 Local Authority Support	19,875	10,504	(9,371)
COVID-19 Bus Services Support Grant	679	679	0
COVID-19 Test and Trace	1,972	1,287	(685)
COVID-19 Travel Demand Management Grant	32	32	0
COVID-19 Wellbeing for Education Return Grant	110	5	(105)
COVID-19 Infection Control	5,413	5,405	(8)
COVID-19 Clinically Extremely Vulnerable Support	1,965	863	(1,102)
COVID-19 Winter Grant Scheme	2,897	2,898	1
COVID-19 Outbreak Management Grant	9,352	11,305	1,953
COVID-19 Tranche 2 Active Travel Grant	99	99	0
COVID-19 Home to School Grants	1,110	1,110	0
COVID-19 Community Testing Grant	2,198	1,648	(550)
COVID-19 Rapid Testing Grant and Fund	3,931	3,931	0
COVID-19 Social Care Workforce Grants	6,833	6,833	0
COVID-19 Outbreak Management 2 Exp	12,093	0	(12,093)
COVID-19 Practical Support for Self Isolation	532	532	0
COVID-19 LTA BRG Grant	217	217	0
COVID-19 Household Support Fund Grant	4,565	4,565	0
COVID-19 Infection Prevention (R3) Grant	3,902	3,902	0
COVID-19 Testing Fund (R3) Grant	2,059	2,059	0
COVID-19 Vaccine (R3) Grant	390	390	0
COVID-19 ASC Omicron Support Fund	894	894	0
COVID-19 Compensation of loss of income grant	347	246	(101)
	81,465	59,404	(22,061)

3. Better Care Fund

- 3.1 The Better Care Fund (BCF) for 2021/22 totals £109.1 million which is reporting an underspend of £10.6 million (9.7%); £9.7 million grant and £931,000 revenue. This total will be carried forward in full by the Council to 2022/23 to continue with spending plans within the terms of the BCF framework agreement. The underspending is attributable to the non-utilisation of a previous carry-forward, some reduced spending within localities due to the effects of the pandemic and the availability of alternative sources of funding, some planned under-spending within grant funding and increased (once-off) contributions from the NHS Devon Clinical Commissioning Group (CCG). The BCF governing body, the Better Care Fund Leadership Group, have agreed that the use of all surplus funds carried forward in to the 2022/23 financial year will be decided by them, within the guidelines of the Section 75 BCF

framework agreement. For more information on the Better Care Fund, please see the table on page 22.

4. General Balances

- 4.1 The working balance at 31st March 2021 was £14.8 million and this is unchanged at 31 March 2022.

5. Earmarked Reserves

- 5.1 At the beginning of the financial year, earmarked reserves (excluding schools and non-schools carry forwards) stood at £137.5 million. During the year earmarked reserves have decreased by a just under £8.8 million to just under £128.7 million. The reason for this movement is explained below:

	£000	£000
Underspend on Public Health Ring-fenced Grant		3,983
Transfer from Budget Management Reserve	(5,551)	
Transfer from Business Rates Risk Management Reserve	<u>(2,276)</u>	(7,827)
Spend from Business Rates Pilot Reserve	(2,385)	
Spend from Regeneration and Recovery Reserve	(898)	
Spend on Transformation	(778)	
Spend from Budget Management Reserve	(467)	
Spend from On Street Parking Reserve	(304)	
Spend from Climate Change Emergency Reserve	<u>(86)</u>	
		<u>(4,918)</u>
		(8,762)

- 5.2 Government regulations require that any negative DSG balance be held as a DSG Adjustment Account and not netted off from our Reserves. This statutory requirement is in place for three years; what will happen to the balance after that time is unclear. The table below sets out the balances on this ring-fenced account.

Dedicated Schools Grant Adjustment Account

	1 April 2021	Movement	31 March 2022
	£000	£000	£000
High Needs Block - SEND	(48,998)	(37,531)	(86,529)
De-delegated, Central and Early Years Block	5,442	(327)	5,115
Total (Deficit)	<u>(43,556)</u>	<u>(37,858)</u>	<u>(81,414)</u>

Details of earmarked reserves are on page 13.

6. Conclusion

- 6.1 For the first time in recent decades, the Council has finished 2021/22 with a budgetary overspend, which reflects the exceptional nature of the array and depth of operational and financial challenges facing Council services.
- 6.2 After two years of pandemic impact, the Council is operating in exceptional times where demand for services is higher than ever before, set against a backdrop of rising prices and labour market shortages. In adults and children's services, this has translated into demand for higher volumes of services to be commissioned, at higher levels of intensity of support, and at escalating prices.
- 6.3 A trend of rising demand pressure and rising prices is likely to continue into 2022/23, which will create a very challenging financial environment for the Council going forward.
- 6.4 Although the cumulative SEND Deficit of £86.5 million (an increase in 2021/22 of £37.5 million) has been moved out of the Council's usable reserves and into a ring-fenced adjustment account this arrangement is for three years only and it is not clear what will happen after March 2023.

REVENUE OUTTURN SUMMARY 2021/22

	Final Approved Budget	Spending	Variations (Under) / Over	Grant C/Fwd to 22/23 from 21/22	Transfer to DSG Adjustment Account	Other C/Fwd to 22/23 from 21/22	Transfer To/(From) Reserves	Recommended Outturn	(Increase)/ Decrease in Balances
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	£000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
1 Adult Care and Health	280,832	283,316	2,484			931		284,247	3,415
2 Children's Services - General Fund	161,621	169,723	8,102	1,690				171,413	9,792
3 Children's Services - DSG	26,533	34,269	7,736	24,680	(32,416)			26,533	0
4 Communities, Public Health, Environment and Prosperity	50,398	32,760	(17,638)	9,375		1,416	3,983	47,534	(2,864)
5 Corporate Services	41,806	40,402	(1,404)					40,402	(1,404)
6 Highways, Ifrastructure Development & Waste	59,264	57,117	(2,147)	252		849		58,218	(1,046)
7 County Council Election	1,400	914	(486)					914	(486)
8 Central Contingency - Apprenticeship levy	610	723	113					723	113
9 Pension Contribution Discount	(501)	(501)	0					(501)	0
10 Pension Contribution Shortfall	227	(640)	(867)					(640)	(867)
11 Pay Award	(2,262)	0	2,262				(2,262)	(2,262)	0
12 TOTAL FOR SERVICES	619,928	618,083	(1,845)	35,997	(32,416)	3,196	1,721	626,581	6,653
13 Budget Carry Forward Fund	(92,155)		92,155	(62,471)		(29,684)		(92,155)	
14 NON-SERVICE ADJUSTMENTS									
15 Other	0	(547)	(547)					(547)	(547)
16 Integrated Care Agreement	15,000	(25,987)	(40,987)			40,987		15,000	0
17 Improved Better Care Fund Carry Forward	9,707	0	(9,707)			9,707		9,707	0
18 Capital Financing Charges	38,550	37,723	(827)					37,723	(827)
19 Capital Financing Charges - PFI	13,252	13,252	0					13,252	0
20 Investment Income on Balances	(800)	(1,113)	(313)					(1,113)	(313)
21 Levies and Contributions to Outside Bodies:									
22 Environment Agency	630	629	(1)					629	(1)
23 Inshore Fisheries Conservation Authority	348	348	0					348	0
24 Direct Revenue Financing	990	990	0					990	0
25 Schools contribution to capital expenditure	(976)	(976)	0					(976)	0
26 Council Tax Support Partnership	50	36	(14)					36	(14)
27 Council Tax Hardship Support	600	0	(600)			600		600	0

REVENUE OUTTURN SUMMARY 2021/22

	Final Approved Budget	Spending	Variations (Under) / Over	Grant C/Fwd to 22/23 from 21/22	Transfer to DSG Adjustment Account	Other C/Fwd to 22/23 from 21/22	Transfer To/(From) Reserves	Recommended Outturn	(Increase)/ Decrease in Balances
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	£000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
28 Economic Recovery - Leaving EU	215	0	(215)			80		80	(135)
29 * Business Rates - Government Grants	(8,702)	(8,699)	3					(8,699)	3
30 * Business Rates - Pooling Gain, Energy Efficiency	(600)	(1,724)	(1,124)				(230)	(1,954)	(1,354)
31 Council Tax and Business Rates - Compensation Grant	(1,938)	108	2,046				(2,046)	(1,938)	0
32 Council Tax Support Grant	(6,358)	(6,361)	(3)					(6,361)	(3)
33 Independent Living Fund Grant	(2,622)	(2,622)	0					(2,622)	0
34 Education Statutory retained duties - schools contributior	(1,476)	(1,490)	(14)					(1,490)	(14)
35 Local Service Support Grant	(675)	(885)	(210)					(885)	(210)
36 New Homes Bonus	(2,486)	(2,486)	0					(2,486)	0
37 Rural Services Delivery Grant	(7,823)	(7,823)	0					(7,823)	0
38 Lead Local Authority Flood Relief Grant	(95)	0	95					0	95
39 Adult Social Care Support Grant	(23,309)	(23,309)	0					(23,309)	0
40 Schools Improvement Grant	(685)	(634)	51					(634)	51
41 Improved Better Care Fund	(28,271)	(28,271)	0					(28,271)	0
42 Other Grants	0	(95)	(95)					(95)	(95)
44 COVID-19 Spending - Revenue	81,465	59,404	(22,061)	22,061				81,465	0
45 COVID-19 Grant Funding	(56,259)	(56,259)	0	0				(56,259)	0
46 Sub Total	545,505	561,292	15,787	(4,413)	(32,416)	24,886	(555)	548,794	3,289
47 Routine Spending from Earmarked Reserves	9,821	4,918	(4,903)					4,918	(4,903)
48 Routine Use of Earmarked Reserves	(9,821)		9,821				(4,918)	(4,918)	4,903
49 TOTAL	545,505	566,210	20,705	(4,413)	(32,416)	24,886	(5,473)	548,794	3,289
50 Contribution from Budget Management Reserve	0	0	0				(3,289)	(3,289)	(3,289)

* DCC is awaiting business rates outturns (NDR3s) from all districts which will affect the final Outturn and grant transfers to reserves (lines 29 and 30 are highlighted in grey).

REVENUE OUTTURN 2021/22

WORKING BALANCES

	Balance 1st April 2021 (1)	Contrib'ns (2)	Spending (3)	Balance 31st March 2022 (4)
	£'000	£'000	£'000	£'000
1 Working Balances	14,825			
2 External Support for Revenue Spending		545,505		
3 Net Revenue Spending			(545,505)	14,825
4 Total County Fund	14,825	545,505	(545,505)	14,825

EARMARKED RESERVES

	Balance 1st April 2021 (1)	Contrib'ns from Budget & Transfers (2)	Contrib'ns from/(to) Outturn (3)	Spending (4)	Balance 31st March 2022 (5)
	£'000	£'000	£'000	£'000	£'000
1 Affordable Housing	182				182
2 Budget Management	69,247		(5,551)	(467)	63,229
3 Business Rates Risk Management	12,241		(2,276)		9,965
4 Business Rates Pilot	10,008			(2,385)	7,623
5 Public Health	7,632		3,983		11,615
6 Emergency	19,089				19,089
7 Climate Change Emergency	1,595			(86)	1,509
8 On Street Parking	2,376			(304)	2,072
9 Service Transformation	9,784			(778)	9,006
10 Regeneration and Recovery	5,300			(898)	4,402
	137,454	0	(3,844)	(4,918)	128,692
11 Schools Carry Forward	21,091		24,680	(21,091)	24,680
12 Non Schools Carry Forward	77,360		74,748	(64,160)	87,948
	98,451	0	99,428	(85,251)	112,628
Total	235,905	0	95,584	(90,169)	241,320
13 DSG Adjustment Account (SEND)	(48,998)			(37,531)	(86,529)
14 Dedicated Schools Grant, Early Years	5,442			(327)	5,115

REVENUE OUTTURN 2021/22

FUNDING REVENUE SPENDING

	£'000	£'000
1 Total revenue spending		548,794
2 Budget Management Reserve to support Outturn		(3,289)
3 Budget level		545,505
4 Financed by:		
5 Revenue Support Grant	(549)	
6 Business Rates Retention Scheme - Local Element	(22,112)	
7 Business Rates Retention Scheme - Top Up	(80,654)	
8 Business Rates Collection Fund Surplus	12,369	
9 Carry forward of Business Rates COVID-19 funding	(11,738)	
10 Council Tax - precepts on District Councils	(442,821)	
11 Total financing		(545,505)

PROVISIONS

	Balance 1st April 2021 (1)	Contrib'ns (2)	Spending (3)	No longer Required (4)	Remaining 31st March 2022 (5)
	£'000	£'000	£'000	£'000	£'000
1 Doubtful debts provision	2,589	40	(18)	(151)	2,460
2 Insurance	13,305	1,307	(2,804)	0	11,808
3 Green Waste	100	0	0	0	100
4 Social Care	602	1,355	(3)	(139)	1,815
Total	16,596	2,702	(2,825)	(290)	16,183

REVENUE OUTTURN 2021/22 – RECOMMENDED ACTION

ADULT CARE AND HEALTH

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds to 2022/23 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds to 2022/23 (5) £'000	Final Outturn (Under) / Over (6) £'000
Adult Care Operations & Health	249,277	253,475	0	4,198		4,198
Adult Commissioning & Health (incl Mental Health)	27,564	26,781	0	(783)		(783)
Better Care Fund (DCC) Contributions	3,991	3,060	0	(931)	931	0
Revenue Outturn	280,832	283,316	0	2,484	931	3,415

VARIATIONS BETWEEN BUDGET AND SPEND

	£'000	£'000
<u>Adult Care Operations & Health</u>		
Older People - residential and nursing higher unit costs and increased nursing placements throughout the year, partially offset by underspends in community based services	3,006	
Disability Services, including autistic spectrum conditions - higher costs per service user and increased community based packages	3,383	
Older People & Disability in-house - vacancies and running costs	(830)	
Countywide teams and other operational budgets - unable to recruit to vacancies and other reductions in contract costs	(1,361)	
		4,198
<u>Adult Commissioning & Health (incl Mental Health)</u>		
Staffing vacancies and temporary external funding	(175)	
Underspends on central contracts	(164)	
Net overspend on Mental Health costs and volumes of placements	(444)	
		(783)
Underspend within Better Care Fund		(931)
Better Care Fund		931
<u>CONTRIBUTION (TO) / FROM OUTTURN</u>		3,415

REVENUE OUTTURN 2021/22 – RECOMMENDED ACTION

CHILDREN'S SERVICES

CHILDREN'S SERVICES - SOCIAL CARE & GENERAL FUND

	Final Budget	Adjusted Budget	Unadjusted Spending	Grants c/fwd to 2022/23	Variations (Under)/Over	Recommended Action Other c/fwds to 2022/23	Final Outturn (Under)/Over
	(1)	(1)	(2)	(3)	(4)	(5)	(6)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Social Work	95,284	95,284	101,728	735	7,179	0	7,179
Education & Learning - General Fund	66,337	66,337	67,995	955	2,613	0	2,613
Children's Social Care & Education General Fund	161,621	161,621	169,723	1,690	9,792	0	9,792

VARIATIONS BETWEEN BUDGET AND SPEND

Children's Social Care

Children Looked After - increased number of children requiring complex care arrangements	4,974	
Special Guardianship Orders and Adaption Allowances- increase in the number of Orders grantec	1,244	
Additional staffing costs due to increased demand and use of agency staff to cover front line vacancies	878	
Other budget variations	83	
		7,179

Education & Learning - General Fund

School/College Transport - increased contractor costs and reduction in income	1,895	
Personalised Transport - increased costs for children with SEN requiring transport	1,423	
Early Years staff vacancies, secondments and efficiencies	(210)	
Disabled Children's Services - direct payment recovery for unspent balances offset in part by increased children's home agency costs	(579)	
Other budget variations	84	
		2,613

CONTRIBUTION (TO)/FROM OUTTURN

9,792

REVENUE OUTTURN 2021/22 – RECOMMENDED ACTION

CHILDREN'S SERVICES - DEDICATED SCHOOLS GRANT

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwd to 2022/23 (3) £'000	DSG Adjustment Account (4) £'000	Final Outturn (Under)/Over (5) £'000
Education & Learning - DSG: Individual Schools Balances	21,091	(3,589)	24,680	0	0
Education & Learning - DSG: Schools De-delegated, Central School Services & Early Years	3,828	(1,287)	0	5,115	0
Education & Learning - DSG: High Needs (Excluding Special & Hospital Schools) - Government advice for Deficit Reserve	1,614	39,145	0	(37,531)	0
Education & Learning - Dedicited Schools Grant	26,533	34,269	24,680	(32,416)	0

VARIATIONS BETWEEN BUDGET AND SPEND

	£'000	£'000
<u>Education & Learning - Dedicated Schools Grant: Individual Schools Balances</u>		
Schools delegated budgets (including Special and Hospital schools)	(24,680)	
DSG Adjustment Account - Schools Balances	<u>24,680</u>	0
<u>Education & Learning - Dedicated Schools Grant: Schools De-delegated, Central School Services & Early years</u>		
Schools de-delegated budgets and centrally retained services for schools	(3,817)	
High Needs - SEN 100 ringfenced	(1,049)	
Early education for 2,3 & 4 years olds - take up of provision, planned carry forward of funding and Early grants income	(249)	
DSG Adjustment Account - De-delegated, Central Provisions & Early Years	4,066	
DSG Adjustment Account - SEN 100 Project	<u>1,049</u>	0
<u>Education & Learning - Dedicated Schools Grant: High Needs (Excluding Special & Hospital Schools) - Government advice for Deficit Reserve</u>		
DSG Deficit identified at 2021/22 budget prep	33,288	
High Needs - Increased demand and cost in Independent SEN placements and Alternate Provision	4,243	
DSG Adjustment Account - DSG Deficit	<u>(37,531)</u>	0
CONTRIBUTION (TO)/FROM OUTTURN		0

REVENUE OUTTURN 2021/22 – RECOMMENDED ACTION

COMMUNITIES, PUBLIC HEALTH, ENVIRONMENT AND PROSPERITY

	Final Budget	Adjusted Spending	Unadjusted Spending	Grants c/fwds to 2022/23	Variations (Under) / Over	Recommended Action		Final Outturn (Under)/ Over
						Other c/fwds to 2022/23	Take to /	
							(from) Reserves	
(1)	(2)	(3)	(4)	(5)	(6)	(7)		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Communities and Other Services	15,993	11,584	3,200	(1,209)	386	0	(823)	
Economy, Enterprise and Skills	6,304	4,516	967	(821)	525	0	(296)	
Planning, Transportation and Environment	28,101	20,643	5,208	(2,250)	505	0	(1,745)	
Public Health	0	(3,983)	0	(3,983)	0	3,983	0	
Revenue Outturn	50,398	32,760	9,375	(8,263)	1,416	3,983	(2,864)	

VARIATIONS BETWEEN BUDGET AND SPEND

£'000

£'000

Communities and Other Services

Libraries and Heritage centre - COVID closures then staff shortages leading to delayed project spend
Community and member grants - underspend as COVID and recovery grants prioritised
Increased income from new projects and activity budget savings

(57)

(1,102)

(50)

(1,209)

Economy, Enterprise and Skills

Slippage on major development projects and general project activity
Reduced staffing costs and increased income
Delayed match funding spend on partnership Broadband UK project
Delayed match funding spend on 'Service for All' project
Delayed system implementation for Trading Standards

(79)

(217)

(138)

(254)

(133)

(821)

Planning, Transportation and Environment

Slippage on major development projects and general project activity
Reduced staffing costs and increased income
Slippage on the implementation of the community flood schemes
Delayed match funding on partnership schemes
Reduction of fleet usage during pandemic
Increased inspection fee and planning income

(436)

(370)

(628)

(150)

(252)

(414)

(2,250)

CARRY FORWARD PROPOSALS

Slapton Line Flood scheme
Implementation of sustainable travel plans
Slippage on road scheme at Lee Mill
Okehampton Parkway station
Match Funding for partnership agreements for projects
Locality budgets and community together schemes
Trading Standards system implementation

295

26

12

22

542

386

133

1,416

CONTRIBUTION (TO)/FROM OUTTURN

(2,864)

REVENUE OUTTURN 2021/22 – RECOMMENDED ACTION

CORPORATE SERVICES

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Variations (Under) / Over (3) £'000	Recommended Action Other c/fwds to 2022/23 (4) £'000	Final Outturn (Under) / Over (5) £'000
Chief Executive, HR, Legal & Communications	9,263	9,022	(241)	0	(241)
Digital Transformation & Business Support	19,571	18,519	(1,052)	0	(1,052)
Organisational Development	967	859	(108)	0	(108)
Treasurer's Services	12,005	12,002	(3)	0	(3)
Revenue Outturn	41,806	40,402	(1,404)	0	(1,404)

VARIATIONS BETWEEN BUDGET AND SPEND

	£'000	£'000
<u>Chief Executive, HR, Legal & Communications</u>		
Legal Services - increased staffing costs (children's safeguarding demand combined with recruitment difficulties)	377	
Under-achievement of HRMS savings plans	370	
Coroners - reducing inquest backlog, pathology and body removal costs	203	
Increased income generation - Registration Services	(535)	
Increased income generation - HR Employee Services (temp bank and records disclosure service)	(277)	
HR contractual, staff turnover & vacancy savings	(187)	
Savings in Democratic & Member Services as a result of Covid-19	(165)	
Other minor variations	(27)	
		(241)
<u>Digital Transformation & Business Support</u>		
Buildings Maintenance - increased materials costs and projects brought forward	707	
Facilities Management - delayed savings plans	174	
Additional staff to support Subject Access Requests	93	
ICT Roadmap - slippage in projects & delays in recruitment	(1,624)	
PFI Schools	(395)	
ScoMIS - surplus from operations	(108)	
Other minor variations	101	
		(1,052)
<u>Organisational Development</u>		
Staff turnover, vacancy and running cost savings	(108)	
		(108)
<u>Treasurer's Services</u>		
Delayed implementation of adult social care income generation plans	240	
Staff turnover & vacancy savings	(165)	
Finance systems project slippage	(112)	
Other minor variations	34	
		(3)
<u>CONTRIBUTION (TO)/FROM OUTTURN</u>		(1,404)

REVENUE OUTTURN 2021/22 – RECOMMENDED ACTION

HIGHWAYS, INFRASTRUCTURE DEVELOPMENT AND WASTE

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds to 2022/23 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds to 2022/23 (5) £'000	Final Outturn (Under)/ Over (6) £'000
Highways Maintenance	19,746	20,541	196	991	0	991
Street Lighting	3,986	3,572	0	(414)	0	(414)
Highways Network Management	6,560	5,134	0	(1,426)	849	(577)
Infrastructure Development	42	(355)	0	(397)	0	(397)
Waste Management	28,930	28,225	56	(649)	0	(649)
Revenue Outturn	59,264	57,117	252	(1,895)	849	(1,046)

VARIATIONS BETWEEN BUDGET AND ACTUALS

£'000 £'000

Highways

Increased requirement for reactive works	495	
Increased routine and cyclic maintenance expenditure	293	
Reduced requirement for winter service and emergency works	(862)	
Highways permitting scheme surplus	(849)	
Term maintenance contract additional costs	869	
Additional street lighting savings from LED conversions and focus on preventative maintenance	(414)	
Highways Network Management - increased income offset by staffing and other operational costs	(381)	
		(849)

Infrastructure Development & Waste

Increase in recycling credits paid to District Authorities due to increase in household recyclable waste	481	
Increase in general waste disposal tonnages from budget levels	413	
Impact of increased waste tonnages on shared savings projects	(1,591)	
Infrastructure Development - impact of Engineering Design Group staff vacancies and delay of projects	(397)	
Other minor variations	48	
		(1,046)
		(1,895)

CARRY FORWARD PROPOSALS

Highways permitting scheme surplus	849
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CONTRIBUTION (TO)/FROM OUTTURN

(1,046)

BUDGET ADJUSTMENTS 2021/22

	Original Budget £000	2020/21 Brought Forward £000	Virements £000	Final Budget £000
Adult Care and Health	282,435	1,162	(2,765)	280,832
Children's Services	158,267	23,706	6,181	188,154
Communities, Public Health, Environment and Prosperity	39,873	10,083	442	50,398
Corporate Services	40,387	795	624	41,806
Highways, Infrastructure Development & Waste	57,520	778	966	59,264
County Council Election	1,400	0	0	1,400
Central Contingency - Apprenticeship levy	610	0	0	610
Pension Contribution Discount	(501)	0	0	(501)
Pension Contribution Shortfall	227	0	0	227
Coroner - Additional staffing	108	0	(108)	0
Pay award for under £24,000	500	0	0	500
1.75% Pay Offer 2021-22	0	0	(2,762)	(2,762)
Insurance Provision	0	0	0	0
Total Service budgets	580,826	36,524	2,578	619,928
Budget Carry Forward Fund	0	(92,155)	0	(92,155)
DSG Asjustment (Non SEND)		5,442	(5,442)	0
Improved Better Care Fund C/F	0	6,118	3,589	9,707
Integrated Care Agreement	0	15,000	0	15,000
Capital Financing	38,550	0	0	38,550
Capital Financing PFI	13,252	0	0	13,252
Interest on Balances	(800)	0	0	(800)
Direct Revenue Financing	0	0	990	990
Direct Revenue Financing - Schools Contributions			(976)	(976)
Council Tax Support Partnership	50	0		50
Council Tax Hardship Support	600	0	0	600
Highways, Draining and Patching	700	0	(700)	0
Economic Recovery - Leaving EU	0	257	(42)	215
Spending from Reserves	9,821	0	0	9,821
Use of Reserves	(9,821)	0	0	(9,821)
Levies				
Flood Defence	630	0	0	630
Inshore Fisheries	348	0	0	348
	53,330	(65,338)	(2,581)	(14,589)
Non Service Budgets	634,156	(28,814)	(3)	605,339
Business Rates - Government Grants and Pilot	(9,851)	546	603	(8,702)
Business Rates - Pooling Gain	0	0	(600)	(600)
Independent Living Fund Grant	(2,622)	0	0	(2,622)
Education Statutory retained duties - schools contribution	(1,476)	0	0	(1,476)
School Improvement Grant	(685)	0	0	(685)
Local Service Support Grant	(675)	0	0	(675)
New Homes Bonus	(2,486)	0	0	(2,486)
Rural Services Delivery Grant	(7,823)	0	0	(7,823)
Lead Local Authority Flood Relief Grant	(95)	0	0	(95)
Council Tax Irrecoverable Loss Compensation 75%	(5,000)	3,062	0	(1,938)
Council Tax Support Grant	(6,358)	0	0	(6,358)
Social Care Support Grant	(23,309)	0	0	(23,309)
Improved Better Care Fund	(28,271)	0	0	(28,271)
COVID-19 Income	(14,823)	0	(41,436)	(56,259)
COVID-19 Expenditure	14,823	25,206	41,436	81,465
TOTAL	545,505	0	0	545,505

BETTER CARE FUND S.75 POOLED FUND MEMORANDUM ACCOUNT

For the period 1st April 2021 to 31st March 2022

Gross Funding	Total £'000	<u>NHS Devon CCG</u>	<u>Devon County Council</u>	
		£'000	Revenue £'000	Capital £'000
Contributions Received	(101,796)	(61,126)	(32,425)	(8,245)
Prior year carry forward	(7,279)	0	(7,279)	0
TOTAL FUNDING	(109,075)	(61,126)	(39,704)	(8,245)

Expenditure	Total £'000	<u>NHS Devon CCG</u>	<u>Devon County Council</u>	
		£'000	Revenue £'000	Capital £'000
Care Act duties	679	744	(65)	0
Dementia Diagnosis	404	445	(41)	0
Disabled Facilities Grant	8,245	0	0	8,245
Enabling services	2,597	2,580	17	0
Enhanced Community Equipment Services	7,991	5,580	2,411	0
Enhanced Support for Carers	4,179	2,034	2,145	0
Frailty & Community Care	25,164	25,270	(106)	0
Hospital Discharge Services	1,029	967	62	0
Improved Better Care Fund grant	24,539	0	24,539	0
Rapid Response	3,303	3,008	295	0
Single Point of Co-ordination	428	414	14	0
Social Care Reablement	600	600	0	0
Step-Up, Step-Down Care	3,383	3,588	(205)	0
Support to social care	15,896	15,896	0	0
TOTAL EXPENDITURE	98,437	61,126	29,066	8,245
NET OVER/(UNDER) SPEND	(10,638)	0	(10,638)	0

Refund to partners are as follows:	Total £'000	<u>NHS Devon CCG</u>	<u>Devon County Council</u>	
		£'000	Revenue £'000	Capital £'000
NHS Devon CCG	0	0		
Devon County Council	(10,638)		(10,638)	
	(10,638)	0	(10,638)	0
Capital funding carried forward	0			0
	(10,638)	0	(10,638)	0

ALLOWANCES PAID TO DEVON COUNTY COUNCILLORS

UNDER THE MEMBERS ALLOWANCES SCHEME FOR THE YEAR ENDING 31st MARCH 2022

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

<u>Elected members</u>		Basic	Special	Mileage and
Surname	Inits	Allowance	Responsibility	Subsistence
		£	Allowance	Expenses
		£	£	£
Ackland	HA	1,314.19	479.71	0.00
Adams	T	11,898.77	0.00	0.00
Asvachin	M	13,212.96	0.00	0.00
Atkinson	Y	13,212.96	0.00	0.00
Aves	S	13,212.96	0.00	0.00
Bailey	J	11,898.77	0.00	0.00
Ball	K	1,314.19	0.00	9.50
Barker	SD	1,314.19	2,162.99	-17.00
Barnes	D	11,898.77	0.00	0.00
Berry	EJ	13,212.96	0.00	123.55
Biederman	F	13,212.96	3,125.42	215.45
Bloxham	R	1,314.19	657.05	9.50
Bradford	J	11,898.77	0.00	147.49
Brazil	JC	13,212.96	0.00	820.33
Brook	FJ	13,212.96	6,251.65	0.00
Bullivant	P	11,898.77	0.00	0.00
Channon	C	13,212.96	0.00	58.68
Chesterton	R	11,898.77	0.00	85.88
Chubb	I	13,212.96	0.00	499.31
Chugg	C	1,314.19	0.00	16.50
Clatworthy	J	1,314.19	0.00	27.50
Colthorpe	P	1,314.19	479.71	6.00
Connett	A	13,212.96	6,251.65	0.00
Cox	D	11,898.77	0.00	0.00
Crabb	P	13,212.96	0.00	0.00
Croad	RF	13,212.96	18,754.34	695.06
Davis	AV	13,212.96	18,754.34	1,474.69
Dewhirst	A	13,212.96	9,126.45	36.55
Eastman	AJ	1,314.19	0.00	13.50
Edgell	RC	1,314.19	328.52	0.00
Gent	H	11,898.77	0.00	0.00
Gilbert	R	13,212.96	18,754.34	1,584.18
Greenslade	BC	1,314.19	0.00	11.50
Gribble	G	13,212.96	0.00	708.17
Hall	I	13,212.96	3,125.42	162.30
Hannaford	R	13,212.96	9,126.45	0.00

<u>Elected members</u>		Basic	Special	Mileage and
Surname	Inits	Allowance	Responsibility	Subsistence
			Allowance	Expenses
Hart	TJ	13,212.96	31,256.93	0.00
Hartnell	M	11,898.77	0.00	356.14
Hawkins	JD	13,212.96	3,125.42	745.33
Hellyer	L	13,212.96	2,796.90	385.55
Henderson	P	11,898.77	0.00	440.87
Hodgson	J	13,212.96	0.00	418.72
Hook	JA	1,314.19	0.00	14.00
Hook	G	1,314.19	0.00	8.50
Hosking	RW	1,314.19	0.00	0.00
Hughes S	S	13,212.96	18,754.34	2,287.75
Inch	A	1,314.19	0.00	0.00
Leadbetter	AR	13,212.96	18,754.34	442.65
Leaver	C	11,898.77	0.00	73.05
Letch	F	11,898.77	0.00	127.42
Maskell	P	11,898.77	0.00	326.29
Matthews	J	1,314.19	328.52	19.00
McGeough	D	11,898.77	0.00	0.00
McInnes	JR	13,212.96	25,005.18	766.94
Morrish	J	11,898.77	5,594.60	667.99
Parker-Khan	S	11,898.77	0.00	66.78
Parsons	BM	1,314.19	1,971.24	34.50
Peart	R	13,212.96	0.00	0.00
Prowse	GJ	13,212.96	0.00	0.00
Radford	RF	13,212.96	0.00	0.00
Randall Johnson	S	13,212.96	9,126.45	0.00
Roome	I	11,898.77	0.00	728.05
Russell	E	1,314.19	0.00	0.00
Samuel	L	11,898.77	0.00	0.00
Sanders	PR	13,212.96	4,412.55	0.00
Saywell	A	13,212.96	16,783.10	1,266.37
Scott	R	13,212.96	2,796.90	0.00
Sellis	D	13,212.96	3,595.87	219.24
Shaw	M	1,314.19	0.00	0.00
Sheldon	G	1,314.19	0.00	14.50
Slade	C	13,212.96	4,084.03	258.52
Squires	M	13,212.96	0.00	393.99
Thomas	D	11,898.77	0.00	0.00
Trail	J	13,212.96	12,113.18	170.44
Twiss	P	13,212.96	16,783.10	591.65
Way	N	1,314.19	0.00	7.50
Whitton	C	13,212.96	4,084.03	0.00
Wilton-Love	J	11,898.77	0.00	663.97
Wright	C	1,314.19	0.00	14.50
Wrigley	M	11,898.77	0.00	0.00
Yabsley	J	13,212.96	2,796.90	0.00
Totals		792,777.60	281,541.62	18,198.85

CAPITAL

7. The Capital Programme Outturn 2021/22

- 7.1 The approved Capital Programme for 2021/22 totalled £218.3 million. This figure includes £41.8 million brought forward from 2020/21 and £29.1 million of additions approved during 2021/22.
- 7.2 Spend for the year totals £144.2 million resulting in an outturn variance of £74.2 million (actual spend in 2020/21 was £133.8 million with a variance of £66.8 million).
- 7.3 The following table summarises the 2021/22 Capital Programme expenditure and its financing:

Capital Expenditure	Budget	Actual Spend	Variation
	£'000	£'000	£'000
Adult Care and Health	12,944	8,437	4,507
Children's Services	6,369	2,751	3,618
Communities, Public Health, Environment and Prosperity	107,639	56,896	50,743
Corporate Services	17,129	8,121	9,008
Highways, Infrastructure Development & Waste	74,281	67,978	6,303
Total	218,362	144,183	74,179

Capital Financing	Budget	Actual Spend	Variation
	£'000	£'000	£'000
Capital Receipts	18,433	9,598	8,835
Internal Borrowing	24,550	5,596	18,954
External Grants and Contributions	173,873	127,998	45,875
Revenue Budgets	1,506	991	515
Total	218,362	144,183	74,179

8. Variation between the delivered Capital Programme and Budget

- 8.1 The 2021/22 slippage totalled £74.2 million.
- 8.2 During 2021/22 some multi-year capital projects completed early or achieved accelerated delivery. These projects have approved budget in 2022/23 which will be reprofiled to 2021/22 to cover this overspend. The total reprofiled will be £3.2 million.
- 8.3 During 2021/22 some projects were completed for less than their estimated budget, or underspend has been released from one project to fund small overspends in other areas. The 2021/22 capital programme will therefore be reduced by £1.3 million as a net underspend.
- 8.4 It is recommended that the remaining £76.1 million is carried forward with £35.6 million carried to 2022/23 and £40.5 million to 2023/24 and beyond.
- 8.5 For 2022/23 and future years, the Council has been awarded or secured the following new income which will be added to the Capital Programme, or which will replace previously estimated figures:
- Basic Need Schools Allocations for 2022/23 at £8.0 million, 2023/24 at £5.7 million and 2024/25 at £1.1 million respectively
 - High Needs Provision, Allocations for 2023/24 at £7.8 million and 2024/25 at £8.7 million respectively
 - £1.4 million for 2022/23 Emergency Active Travel Fund Tranche 3
 - £1.0 million for 2022/23 Devolved Formula Capital (DFC)

8.6 An analysis of any underspend and the carry forward request is set out in the following table:

Programme Variation	Total Variation 2021/22	Accelerated Delivery 2021/22	Net (Under) / Over spend 2021/22	Total Carry Forward	* Carry forward to 2022/23	Carry forward to 2023/24 and future years
	£'000	£'000	£'000	£'000	£'000	£'000
Adult Care and Health	4,507	0	0	4,507	3,507	1,000
Children's Services	3,618	22	(580)	3,060	2,654	406
Communities, Public Health, Environment and Prosperity	50,743	2,701	(456)	52,988	15,594	37,394
Corporate Services	9,008	44	(3)	9,049	9,050	0
Highways, Infrastructure Development and Waste	6,303	419	(272)	6,450	4,786	1,663
Total	74,179	3,186	(1,311)	76,054	35,591	40,463
Financed By:	£'000	£'000	£'000	£'000	£'000	£'000
Capital Receipts Applied	8,835	64	(361)	8,538	7,426	1,112
Internal Borrowing	18,954	539	(111)	19,382	16,890	2,492
External Grants and Contributions	45,875	2,583	(378)	48,080	11,221	36,859
Revenue Budgets	515	0	(461)	54	54	0
Total	74,179	3,186	(1,311)	76,054	35,591	40,463

* 2022/23 Medium Term Capital Programme will be reduced by the value of Accelerated Delivery £3.186 million

The delivery of the 2021/22 Capital Programme has been affecting increasingly over time, across all services, by the difficulty in sourcing materials, labour, delays in tender and procurement, but also as a delayed response to the pandemic as the UK economy struggles to recover. A summary of the main projects contributing to this year's outturn variance, is shown in the following paragraphs.

8.7 Adult Care & Health

£1.9 million of slippage is due to the North Devon Community Facility. This project is being re-scoped and is expected to recommence in 2022/23 subject to a project re-design and approval at Cabinet.

£2.1 million of slippage is due to the deferral of the Integrated Adult Care & Finance System implementation. This project was paused in 2020/21 as the team prioritised its response to the pandemic and is expected to recommence in 2022/23. Depending on the scope of this project, a revenue solution may be procured instead of a capital solution, which may require additional approval before tender can commence.

8.8 Children's Services

£2 million of slippage is due to a lower call on the Devolved Formula Capital grant, mainly due to works being paused or reprioritised. There was also a reduced call on the Vehicle and Equipment Loans (VELP) fund and slippage against a number of smaller school's projects.

8.9 Communities, Public Health, Environment and Prosperity

North Devon Link Road reports a £13.5 million variance. The pandemic has caused a number of issues, relating to labour and staffing resources, deliverability and availability of materials, which has affected the general progress of works. The war in the Ukraine is also having significant impacts on steel availability across Europe, making procurement difficult. To mitigate this and other challenges such as dormouse licensing, drainage and vegetation clearance, the main Design and Build contract is focusing on design work and reprogrammed work will be simultaneous rather than staged. Both the delays and availability of resources has pushed significant parts of the programme into 2022/23.

Marsh Barton Station reports a £4 million variance - The construction programme was extended by two months and incorporated design changes made by Network Rail and Great Western Railways. Some works were also re-sequenced as a money saving measure. A 10-week delay was caused due to the difficulties associated with working next to a live railway.

South West Exeter Housing Infrastructure Fund reports a variance of £5.2 million. The 2021/22 original profiled budget comprised of fourteen different elements. Two elements are now expected to be delivered directly by the developer, rather than DCC and the electricity substation was delayed due to agreeing an acceptable location with Western Power and then obtaining planning permission. Works were completed on the A379 at the eastern junction and school access junction.

Local Transport Plan (LTP) Integrated Transport Block reports a variance of £4.7 million. This includes Marsh Barton Station as noted above, which is required in 2022/23. A significant amount of the balance of the variance includes the A382 major road network scheme funding land and advanced works and land issues on the Seaton to Colyford cycle route. The LTP Integrated Transport Block grant funds over a hundred schemes, therefore the remainder of the variance, is a mixture of under and overs, across the programme.

The progress of various projects across the Economy and Skills service area have been slow this year, mainly due to delays or complications in procurement. These include Strategic Land transactions of £5.9 million, slippage of works at our Business Parks Broadband scheme of £3.0 million, which is expected to recommence in 2022/23

Significant progress was seen in the Strategic Schools and Special Educational Needs (SEN) capital programme; however a number of delays were due to planning issues and the further impact of COVID restrictions and related contractor supply chain problems.

8.10 Corporate Services

The Strategic Centres Accommodation Improvement Programme progressed well in 2021/22 with an outturn of £2.8 million against a budget of £3.1 million. The remaining slippage of around £300,000 will fund the remaining works due early in April. This project includes work to reconfigure and enhance existing office accommodation, including the electrics and lighting.

The ICT programme experienced slippage of £1.5 million with some projects being delayed due to supply and delivery issues. The remainder of these projects will now be delivered in 2022/23.

The County Farms programme progressed well in 2021/22 with an outturn of £1.2 million against a budget of £1.2 million. The work carried out in 2021/22 related to a programme of works to upgrade the Councils existing farms dwellings to the Decent Homes Standards. The Decent Homes work will continue in 2022/23.

8.11 Highways Capital development and Waste Management

The Local Transport Plan (LTP) maintenance and Pothole Fund budget totalled £61 million in 2021/22, the final spend was £72,000 over budget. The funding supported essential works on over 750 highway and bridges schemes.

Street Lighting reports a £3.3 million variance on the £4.8 million 2021/22 budget due to resource issues at Enerveo and a delay in introducing the new ordering system.

Delivery of the Schools Maintenance Programme has also slipped by £2.3 million mainly due to delays in tenders and the supply chain. The remainder of these projects will now be delivered in 2022/23.

9. Capital Financing

- 9.1 Internal borrowing was lower than originally budgeted which will result in a reduction in the capital financing requirement, specifically Minimum Revenue Provision (MRP), for 2022/23.
- 9.2 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.
- 9.3 External funding will need to be carried forward as unspent funds; this is mainly attributable to major schemes within Highways and also Planning, Transport and Environment (PTE), which reflects the complex nature of projects in these service areas as well as the impact of the pandemic on the timeliness of scheme delivery.
- 9.4 Capital receipts of £5.4 million were received during 2021/22. The Capital Receipts Reserve has covered the financing requirement for 2021/22 of £9.6 million, as shown in the following table:

Capital Receipts	General Receipts	Investing in Devon	Total
	£'000	£'000	£'000
Opening Balance 1st April 2021	7,108	674	7,782
Received in year	5,435	0	5,435
Applied to finance spend	(9,275)	(323)	(9,598)
Closing Balance 31st March 2022	3,268	351	3,619

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 2021/22 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 2021/22 no prudential indicators were breached.

10.3 Capital Financing Requirement (CFR)

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

ACTUAL 2020/21 £000		ACTUAL 2021/22 £000
<u>701,392</u>	Opening Capital Financing Requirement	<u>697,564</u>
701,392		697,564
	Capital Investment	
120,373	Property, Plant and Equipment	121,698
0	Heritage Assets	0
1,151	Intangible Assets	1,280
12,275	Revenue Expenditure Funded from Capital under Statute	21,205
0	Share Capital	0
	Sources of Finance	
(9,725)	Capital Receipts	(9,598)
(112,891)	Government Grants and other contributions	(130,805)
	Sums set aside from revenue:	
(922)	Direct revenue contributions	(991)
(69)	External contribution - debt repayments	(59)
(14,257)	Statutory provision for the financing of capital investment	(13,870)
	Capital provision	
5,003	Creation of Long Term Provision	4,766
(4,766)	Provision remaining at year end	(4,537)
<u>697,564</u>	Closing Capital Financing Requirement	<u>686,653</u>
	Explanation of Movements in Year	
	Increase in underlying need to Borrow (unsupported by	
11,781	government financial assistance)	5,596
237	Decrease in Capital Provision	230
(2,244)	(Reduction)/ Increase in PFI liability	(2,054)
(13,602)	Increase in the provision for repayment of debt	(14,683)

10.4 Authorised Limit and the Operational Boundary for External Debt

External borrowing totals £507.9 million and other Long Term Liabilities total £110.0 million. The closing external debt for 2021/22 is therefore £617.9 million. The authorised limits for external debt and operational boundaries were not breached.

10.5 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 Council, when assessing the affordability of the programme, estimates the relevant percentage, and the following tables shows the year end variance against original estimates.

	<u>Including PFI Charges</u>	<u>Excluding PFI Charges</u>
Total Financing Costs	49.88 millions	36.628 millions
Net Revenue Stream	545.505 millions	545.505 millions
Actual	9.14%	6.71%
Estimated	9.60%	6.92%
Variance	-0.46%	-0.21%

11. Determination of Capital Finance

11.1 The Council is required to determine its use of capital financing as defined by the Local Government Act 2000. It is proposed that the capital programme be financed in the following way:

- That internal borrowing totalling £5.6 million is used as authorisation to finance capital expenditure.
- That expenditure of £128.0 million is funded from government grants and external contributions to meet expenditure in 2021/22 for capital purposes.
- That useable capital receipts of £9.6 million are applied to meet expenditure in 2021/22 for capital purposes.
- That the remaining capital expenditure of £1.0 million is met from revenue budgets.

DEBT (Monies Owed to the Council) as at 31st March 2022

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

- 12.1 The 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 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 2022, the situation was as follows: -

	Corporate System		Adult Care Functions		Devon Pension Fund		Total	
	2021	2022	2021	2022	2021	2022	2021	2022
Total Invoiced Income for the Year	£179.4 million	£228.3 million	£52.8 million	£61.6 million	£8.9 million	£6.7 million	£241.1 million	£296.5 million
Outstanding debt older than 3 months	£2.4 million	£2.6 million	£18.1 million	£22.7 million	£0.1 million	£0.1 million	£20.6 million	£25.4 million
Percentage of Debt which is older than 3 months relative to whole year value	1.34%	1.13%	34.33%	36.82%	1.09%	2.22%	8.55%	8.57%

- 12.6 In terms of Corporate debt, active management of items throughout the year has helped to keep debt levels at a relatively low level.
- 12.7 Within the Adult Care Functions, significant elements of Residential Care debt and smaller elements of Non-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 £12.4 million, (£12.0 million at 31st March 2021) reducing the percentage of outstanding debt from 36.82% to 20.11%.
- 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 £911,824, with a bad debt provision of £498,954. The net debt was £412,870. 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. Total invoiced income for 2021/22 is lower than in 2020/21 due to reduced pension strain costs and reduced contributions from employer organisations, largely as a result of timing differences in respect of advanced secondary contributions.
- 12.10 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 £1.6 million. This includes £941,000 provision in respect of COVID19, representing associated risks based on 7% of unsecured net debt that is more than 3 months old.

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
CCG	Clinical Commissioning Group
CFR	Capital Financing Requirement
COVID-19	Coronavirus Disease
DCC	Devon County Council
DfT	Department for Transport
DSG	Dedicated Schools Grant
EDDC	East Devon District Council
EU	European Union
HR	Human Resources
HRMS	Human Resources Management System
ICT	Information & Communications Technology
LED	Light Emitting Diode
LTP	Local Transport Plan
MHCLG	Ministry of Housing, Communities and Local Government
MRP	Minimum Revenue Provision
NHS	National Health Service
NNDR3	National Non-Domestic Rates Return 2020-21
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
SEN	Special Educational Needs
SEND	Special Education Needs and Disability
VELP	Vehicle Equipment Loan Pool

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

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
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
MHCLG	= Ministry of Housing, Communities and Local Government, replaced DCLG from January 2018
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

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 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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Background Paper Date 26th May 2022

Detailed financial working papers and systems

Executive Member: Councillor Phil Twiss