

**Revenue & Capital
Outturn 2015/2016**



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2015/16 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 2015/16, after carry forwards and contributions to balances, reserves and provisions, shows an underspend of £35,000 against the approved revenue budget;
- b) The 2015/16 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;
- c) The 2015/16 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 Statement of Determination of Capital Finance on page 27 of the Capital Outturn Report be approved;
- e) A total of £18.128 millions is set aside from revenue resources as provision for credit liabilities (to repay debt);
- f) The Prudential Indicators as set out in section 11 of this report be noted;
- g) The total monies owing to the Council as at 31st March 2016 be noted.

1. Background and Summary

- 1.1 Members have received regular budget monitoring reports throughout 2015/16 in which budget pressures and risks have been identified. The most significant of these related to Children's Social Work and Child Protection. The financial year has now ended and it is pleasing that the final position is a small underspending of £35,000 after transfers to Reserves. In February of this year Members approved a change to the Minimum Revenue Provision Policy for both 2015/16 and 2016/17. As anticipated in the Medium Term Financial Strategy this change has enabled £11.9 millions to be transferred to the Budget Management Reserve with the intention that this will be used in 2017/18 to help to protect services. Detailed explanations for the final financial position for each service area are given in section 2 of this report.

2. Spending

2.1 People Services

- 2.1.1 The services that comprise People show an overspend of £9.816 millions at the end of the financial year.
- 2.1.2 Members will be aware that Children's Social Work and Child protection faced very great pressure in the year and finished 2015/16 overspent by nearly £13.9 millions. This was mainly the result of more children being placed in care than allowed for in the budget. Average prices paid for their care were also higher as more children were placed in higher cost residential settings and external foster placements than had been planned. The cost of Social Workers was also higher than budgeted due to higher numbers being employed in the first half of the year and also having to pay higher agency rates for temporary workers. The numbers of both agency workers and Social workers were reduced during the year and by the last two months of the year were within budgeted levels.
- 2.1.3 Adult Social Care also faced great underlying pressures on spending, especially on fee rates in both residential/nursing care and personal care in the home. Despite this, an underspending of just over £1.8 millions was achieved. This underspending was the result of some savings being realised more quickly than anticipated and containing demand by working closely with partners in the Health Service and paying close attention to eligibility criteria. However, many of the reductions which led to this result are by their nature temporary and may not be available to ease pressures in 2016/17.
- 2.1.4 In Social Care Commissioning there was similar early achievement of savings from planned contract reductions resulting in an underspend of £3.2 millions, as spending in these and other areas was curtailed wherever possible.
- 2.1.5 Education and Learning overspent by £787,000, entirely due to School Transport, with higher contractor costs, less income and more children with Special Educational Needs requiring transport. All other areas of spending were reduced wherever possible to mitigate the overspending in transport.
- 2.1.6 Carry forward proposals for grants and contributions received total £30.0 millions. Nearly all of this, £29.1 millions, is in respect of Dedicated Schools Grant, which funds schools and education and is ring fenced to these purposes. If unspent it must be carried forward. Of this amount £23.2 millions comprise sums carried forward by schools themselves., The remaining £5.9 million is made up of sums carried forward for Early Years, High Needs and central provision and an allowance for the requirement for new schools which will need to be covered over several years.
- 2.1.7 Apart from carry forwards of grants and contributions received, the only other carry forward requested is an amount of £221,000, jointly agreed with our health partners to fund an expanded Rapid Response service, which aims to give swift and sometimes intensive support to people at home who might otherwise need to be admitted to hospital or residential care.

2.2 Place Services

- 2.2.1 The outturn for Place Services shows an overall net underspend of £2.464 millions after taking into account use of reserves and carry forward requests. This variation mainly resulted from an underspend on Highways and Traffic Management and a combination of underspending and increased income from Planning, Transportation and Environment.
- 2.2.2 Capital Development and Waste Management are showing an underspend of £427,000. At the start of the year Waste Services were predicting an overspend due to increased tonnages. There has been an increase in waste disposal with costs increasing by £2.1 millions. However, during the year Waste were able to make reductions elsewhere to bring the service back to an underspend of £146,000. These savings related to reduced costs on the first year of operation of the Energy from Waste Plants along with one-off savings from the special works budget. The Engineering Design Group over recovered on fees due to increased productivity which resulted in a year end underspend of £281,000.
- 2.2.3 Planning, Transportation and Environment are showing a net underspend of £1.017 million. This includes increased income relating to inspection and planning fees of £678,000 due to an increase in large applications. There is also a net underspend of £339,000 partly due to slippage on the Minerals Plan examination timescale and the development of the Greater Exeter Local Plan and additional income streams developed during the year.
- 2.2.4 Highways and Traffic Management is showing an underspend of £823,000. There has been a reduction in spend of £1.2 millions due to a mild winter with no significant storms. Increased spend on planned and routine works along with an overspend on grass cutting during the implementation of the new regime has resulted in an overspend of £636,000. The reduced energy and maintenance costs of street lighting has resulted in an underspend of £334,000 with other minor overspends of £75,000.
- 2.2.5 Services for Communities are showing a small underspend of £115,000. This relates to an underspend on planned operational spend for Bus Support costs of £363,000 mainly due to using different funding streams during the year. This has been offset by an overspend on Libraries of £307,000. Libraries were transferred to a Public Sector Mutual from 1st April 2016. During the year focus moved to the work to achieve divestment of the service in a relatively short timescale which resulted in planned savings not being implemented. Other minor variations resulted in further underspending of £59,000.
- 2.2.6 Economy and Enterprise are showing a small net underspend of £82,000 due to spend slippage on the Connecting Devon and Somerset (Broadband) project resulting from the contractual complexities of implementing this scheme.

2.3 Corporate Services

- 2.3.1 The outturn for corporate services represents a net underspend of £2.416 million, after taking into account carry forward requests.
- 2.3.2 Business strategy and support final outturn represents a net underspend of £649,000 including staff vacancies, savings in IT contracts, savings in premises costs and delayed projects. Carry forward requests totalling £322,000 are sought in relation to facilities commitments, including delayed projects.

- 2.3.3 County Solicitors show a net underspend of £779,000 as a result of delayed implementation of new legislation in the Coroners service (Medical Examiner) and increased income, as well as reduced fees and other net savings for the Registration service.
- 2.3.4 For Human Resources the net underspend is £346,000 as a result of staff vacancies, savings in training and additional income.
- 2.3.5 Treasurer's Service final outturn represents an under spend of £214,000, the majority of which relates to staff vacancies and additional income for finance services. In addition there are net savings in Authority-wide unfunded pensions of £395,000 resulting from an increase in mortality rates, alongside net savings in Bank Charges of £33,000.
- 2.3.6 Public Health show a net break even, with savings in NHS Health Check Programme offset by increased costs for Sexual Health and Public Mental Health. The in-year net reduction in grant income of £1,645,000 has been offset by funding from Public Health ring-fenced reserve.
- 2.4 Other Items
- 2.4.1 Capital Financing costs are £11.9 millions less than budgeted due to the change in-year to the Minimum Revenue Provision policy. As outlined in the Medium Term Financial Strategy this sum is being added to the Budget Management Reserve with the intention that it will be used in 2017/18 to help protect services. Interest Receivable is £275,000 more than budgeted due mainly to the investment in the CCL Property Fund.
- 2.4.2 £582,000 of the 2013/14 infrastructure development budget was carried forward to 2015/16. It is recommended that £250,000 is carried forward to support the remaining projects in 2016/17 and that £89,000 of the efficiency support budget is carried forward to enable the continuation of Chapter 8 training with Parish Councils.
- 2.4.3 The Government has provided £5.8 millions to fund the implementation of the Care Act. It is recommended that £2.9 millions is carried forward to 2016/17 to fund the ongoing costs of Part I of the Act. It is also recommended that £1.1 million of the Dartington School budget is carried forward to fund the ongoing revenue costs of the Dartington School rebuild and legal costs.
- 2.4.4 It is recommended that £420,000 of Direct Revenue Support for Capital is carried forward to 2016/17 in relation to flood relief schemes and £513,000 for Special Educational Needs and Disability.
- 2.4.5 £391,000 is estimated to be received in relation to business rates pooling gain; it is recommended that it is set-aside in the earmarked reserve to help mitigate future business rate risk associated with backdated appeals and other losses.

3. General Balances

- 3.1 The working balance at 31st March 2015 was £14.601 millions. The review of the financial risk assessment prepared when the 2015/16 Budget was considered indicates that the Council should hold a working balance of about £14 millions. The outturn has enabled £35,000 to be added to the working balance.

4. Earmarked Reserves

- 4.1 At the beginning of the financial year, earmarked reserves (excluding schools and non-schools carry forwards) stood at £47.5 millions. During the year earmarked reserves have increased by a net £8.6 millions to £56.1 millions. Of this increase £11.9 millions relates to an increase in the Budget management Reserve from savings achieved through the change to Minimum Revenue Provision policy and £600,000 from Pension Contributions. It is planned that these sums will be taken from the Reserve in 2017/18 to support services and to provide some resilience against any increase in pension costs following the Triennial Valuation in 2016/17. As outlined in paragraph 2.3.6 the Public Health service suffered an in year cut to its Central Government Grant funding that has required a withdrawal of £1.625 millions from their ring-fenced reserve. The Transformation Reserve has reduced by £3.3 millions which is the net effect of the planned contribution to the reserve of £2.5 millions and in year costs of £5.8 millions
- 4.2 Details of earmarked reserves are contained on page 10.

5. Conclusion

- 5.1 A budget underspend has been achieved in spite of significant financial pressures within People Services. The in-year change in the Minimum Revenue Provision Policy has enabled £12 millions to be added to the Budget Management Reserve that will provide some protection to the services in 2017/18. The proposed outturn is £500.070 millions an underspend of £35,000.
- 5.2 In 2016/17 the budget for People Services was increased by nearly £16.2 millions in recognition of the increase in demand faced by the caring services. The Council must ensure that it stays within the increased budget set for 2016/17 and that there is not a repeat in 2016/17 of the Children's Services overspending either in that service or any other service area

REVENUE OUTTURN SUMMARY 2015/16

	Final Approved Budget	Spending	Variations (Under) / Over
	(1) £'000	(2) £'000	(3) £'000
1 People	336,131	315,693	(20,438)
2 Place	98,099	90,635	(7,464)
3 Corporate Services	37,042	35,929	(1,113)
4 Additional Pension Contributions	5,140	4,346	(794)
TOTAL FOR SERVICES	476,412	446,603	(29,809)
5 Budget Carry Forward Fund	(40,284)		40,284
NON-SERVICE ADJUSTMENTS			
6 Transformation Costs	0	5,846	5,846
7 Other	30	(1,071)	(1,101)
8 Capital Financing Charges	53,721	43,892	(9,829)
9 Capital Financing Charges - PFI	16,723	14,656	(2,067)
10 Investment Income on Balances	(939)	(1,214)	(275)
Levies and Contributions to Outside Bodies:			
11 Environment Agency	421	416	(5)
12 Devon Sea Fisheries	330	330	0
13 Infrastructure Development	582	332	(250)
14 Efficiency Support for Sparse Areas	169	0	(169)
15 Implementation of the Care Act	5,843	2,958	(2,885)
16 Independent Living Fund	59	0	(59)
17 Dartington School	2,000	905	(1,095)
18 New Burdens Resilience	1,000	0	(1,000)
19 Bellwin Scheme Related Emergencies	1,500	0	(1,500)
20 Special Education Needs & Disability	513	0	(513)
21 Insurance	1,409	1,407	(2)
22 Council Tax Support Partnership	350	106	(244)
23 Direct Revenue Support for Capital	2,259	1,927	(332)
24 Schools contribution to capital expenditure	(1,264)	(1,264)	0
25 Contributions to / (from) Earmarked Reserves	2,500	2,500	0
26 Local Service Support Grant	(673)	(673)	0
27 New Homes Bonus	(4,264)	(4,264)	0
28 New Homes Bonus Adjustment Grant	(308)	(305)	3
29 Care Act Implementation Grant	(5,843)	(5,843)	0
30 Small Business & Empty Property Rate Relief Grant	(1,588)	(1,673)	(85)
31 Business Rate Compensation Grant	(1,360)	(1,372)	(12)
32 Education Services Grant	(6,420)	(6,876)	(456)
33 Independent Living Fund Grant	(2,340)	(2,281)	59
34 Special Education Needs & Disability Grant	(433)	(433)	0
35 Devon Business Rates Pool	0	(391)	(391)
36 Other General Grants	0	(21)	(21)
Sub Total	500,105	494,197	(5,908)
37 Routine Spending from Earmarked Reserves	7,776	(765)	(8,541)
38 Routine Use of Earmarked Reserves	(7,776)		7,776
39 TOTAL	500,105	493,432	(6,673)

REVENUE OUTTURN SUMMARY 2015/16

Recommended Action						
Grant C/Fwd to 16/17 from 15/16 (4) £'000	Other C/Fwd to 16/17 from 15/16 (5) £'000	Take to / (from) Reserves (6) £'000	Recommended Outturn (7) £'000	(Increase)/ Decrease in Balances (8) £'000		
30,033	221		345,947	9,816	People	1
4,281	719		95,635	(2,464)	Place	2
0	322	(1,625)	34,626	(2,416)	Corporate Services	3
		600	4,946	(194)	Additional Pension Contributions	4
34,314	1,262	(1,025)	481,154	4,742	TOTAL FOR SERVICES	
(37,277)	(3,007)		(40,284)	0	Budget Carry Forward Fund	5
					NON-SERVICE ADJUSTMENTS	
		(5,846)	0	0	Transformation Costs	6
			(1,071)	(1,101)	Other	7
		9,829	53,721	0	Capital Financing Charges	8
		2,067	16,723	0	Capital Financing Charges - PFI	9
			(1,214)	(275)	Investment Income on Balances	10
					Levies and Contributions to Outside Bodies:	
			416	(5)	Environment Agency	11
			330	0	Devon Sea Fisheries	12
	250		582	0	Infrastructure Development	13
	89		89	(80)	Efficiency Support for Sparse Areas	14
	2,885		5,843	0	Implementation of the Care Act	15
			0	(59)	Independent Living Fund	16
	1,095		2,000	0	Dartington School	17
			0	(1,000)	New Burdens Resilience	18
			0	(1,500)	Bellwin Scheme Related Emergencies	19
	513		513	0	Special Education Needs & Disability	20
			1,407	(2)	Insurance	21
			106	(244)	Council Tax Support Partnership	22
	420	(87)	2,260	1	Direct Revenue Support for Capital	23
			(1,264)	0	Schools contribution to capital expenditure	24
			2,500	0	Contributions to / (from) Earmarked Reserves	25
			(673)	0	Local Service Support Grant	26
			(4,264)	0	New Homes Bonus	27
			(305)	3	New Homes Bonus Adjustment Grant	28
			(5,843)	0	Care Act Implementation Grant	29
			(1,673)	(85)	Small Business & Empty Property Rate Relief Grant	30
			(1,372)	(12)	Business Rate Compensation Grant	31
			(6,876)	(456)	Education Services Grant	32
			(2,281)	59	Independent Living Fund Grant	33
			(433)	0	Special Education Needs & Disability Grant	34
		391	0	0	Devon Business Rates Pool	35
			(21)	(21)	Other General Grants	36
(2,963)	3,507	5,329	500,070	(35)	Sub Total	
			(765)	(8,541)	Routine Spending from Earmarked Reserves	37
		765	765	8,541	Routine Use of Earmarked Reserves	38
(2,963)	3,507	6,094	500,070	(35)	TOTAL	39

REVENUE OUTTURN 2015/16

WORKING BALANCES

	Balance 1st April 2015 (1)	Contrib'ns (2)	Spending (3)	Balance 31st March 2016 (4)
	£'000	£'000	£'000	£'000
1 Working Balances	14,601			
2 External Support for Revenue Spending		500,105		
3 Net Revenue Spending			(500,070)	
4 Total County Fund	14,601	500,105	(500,070)	14,636

EARMARKED RESERVES

	Balance 1st April 2015 (1)	Contrib'ns from Budget (2)	Contrib'ns from / (to) Outturn (3)	Spending (4)	Balance 31st March 2016 (5)
	£'000	£'000	£'000	£'000	£'000
1 Affordable Housing	426			(87)	339
2 Budget Management	11,530		12,496		24,026
3 Business Rates Risk Management	2,034		391		2,425
4 Public Health	2,117		(1,625)		492
5 Emergency	15,000				15,000
6 On Street Parking	3,982	765			4,747
7 Service Transformation	12,449	2,500		(5,846)	9,103
	47,538	3,265	11,262	(5,933)	56,132
8 Schools Carry Forward	20,931		23,163	(20,931)	23,163
9 Non Schools Carry Forward	19,353		17,665	(19,353)	17,665
	40,284	0	40,828	(40,284)	40,828
Total	87,822	3,265	52,090	(46,217)	96,960

REVENUE OUTTURN 2015/16

FUNDING REVENUE SPENDING

	£'000	£'000
1 Total revenue spending		500,070
2 Budget Variation added to balances		35
3 Budget level		<u>500,105</u>
4 Financed by:		
5 Revenue Support Grant	(86,621)	
6 Business Rates Retention Scheme - Local Element	(21,692)	
7 Business Rates Retention Scheme - Top Up	(71,514)	
8 Business Rates Collection Fund Deficit	982	
9 Council Tax - precepts on District Councils	(321,260)	
10 Total financing		<u>(500,105)</u>

PROVISIONS

	Provision B/ Forward	Changes in 2015/16	Provision Remaining 31st March 2016	Recommended Action Increase / (Decrease) in provision	Provision for 2015/16
	£'000	£'000	£'000	£'000	£'000
1 Doubtful debts provision	699	436	1,135		1,135
2 Insurance	13,000	273	13,273		13,273
3 Out of date cheques	135	(16)	119	12	131
4 Social Care	333	(333)	0		0
5 Property Related	36	(36)	0		0
6 Waste Management	215		215		215
7 Structural redundancies	1,928	(1,916)	12	469	481
Total	<u>16,346</u>	<u>(1,592)</u>	<u>14,754</u>	<u>481</u>	<u>15,235</u>

REVENUE OUTTURN 2015/16 – RECOMMENDED ACTION

PEOPLE

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds in 2016/17 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds in 2016/17 (5) £'000	Final Outturn (Under) / Over (6) £'000
Childrens Social Work & Child Protection	67,458	81,044	302	13,888		13,888
Adult Social Care	181,166	179,330		(1,836)	221	(1,615)
Social Care Commissioning	13,388	10,144		(3,244)		(3,244)
Education & Learning - General Fund	43,198	43,380	605	787		787
Education & Learning - Dedicated Schools Grant	30,921	1,795	29,126	0		0
Revenue Outturn	336,131	315,693	30,033	9,595	221	9,816
<u>VARIATIONS BETWEEN BUDGET AND SPEND</u>					£'000	£'000
<u>Childrens Social Work & Child Protection</u>						
Children with disabilities - reduced costs for block contract arrangements					(199)	
Higher number of looked after children / post 18 placements than anticipated and adverse mix of placements					11,399	
Early Help - favourable effects of payment by results & proceeding to phase 2 of Troubled Families programme					(1,237)	
Staffing - social work numbers employed higher than budget and differential costs for temporary workers					3,250	
Legal disbursements - higher number processed than budgeted levels and higher average cost					373	
Revenue grants and contribution carried forward					302	13,888
<u>Adult Social Care</u>						
Older People/Physical Disability - delayed increased costs for commissioning care					(3,307)	
Learning Disability - net increases in commissioning care packages (including autistic spectrum conditions)					3,875	
Mental Health - overspend in commissioning cost					1,487	
Share of Better Care Fund underspend					(1,419)	
Older People/Physical Disability - reduced staffing and reprovion costs from closures of residential homes					(1,444)	
Older People/Physical Disability - savings in reablement					(397)	
Safeguarding Adults - savings in staffing costs and one-off benefit (Deprivation of Liberty Safeguards grant)					(586)	
Workforce Development - savings in specialist training costs					(45)	(1,836)
<u>Social Care Commissioning</u>						
Savings on targeted support contracts achieved early					(2,680)	
Other commissioning activity non recurrent savings made in year					(564)	(3,244)
<u>Education and Learning - General Fund</u>						
Early Help and Behaviour Support - review and redirection to Dedicated Schools Grant					(146)	
Lower Legal costs and staff vacancies and reorganisation across central teams					(477)	
Cost reduction in various external contracts					(68)	
School Transport - increased contractor costs and reduction in income					1,136	
Personalised Transport - increased costs / number of children with Special Educational Needs requiring transport					765	
Special School Multi -Agency Workers review and redirection to Dedicated Schools Grant					(319)	
Maintenance, Mutual Fund and Education grants - unspent balances					(618)	
Other Savings					(91)	
Revenue grants and contribution carried forward					605	787
<u>Education and Learning - Dedicated Schools Grant and Schools Funding</u>						
Schools' delegated budgets					(23,200)	
Schools' de-delegated budgets and centrally retained services for schools					(1,478)	
Pupil Growth Fund - defined strategy to take account of new schools and demographic changes					(2,188)	
Early education for 2, 3 & 4 year olds - take up of provision and planned carry forward of funding					(1,507)	
High Needs - Balance of brought forward funding offset by increased demand and cost for SEN placements					(753)	
Revenue grants and contribution carried forward					29,126	0
						9,595
<u>CARRY FORWARD PROPOSALS</u>						
<u>Adult Social Care</u>						
Partnership arrangements with health partners - Rapid Response						221
						221
<u>CONTRIBUTION (TO) / FROM OUTTURN</u>						
						9,816

REVENUE OUTTURN 2015/16 – RECOMMENDED ACTION

PLACE

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds in 2016/17 (3) £'000	Variations (Under) / Over (4) £'000	Recommende d Action Other c/fwds in 2016/17 (5) £'000	Final Outturn (Under)/ Over (6) £'000
Highways and Traffic Management	34,251	33,232	196	(823)	0	(823)
Planning, Transportation & Environment	6,235	3,743	1,355	(1,137)	120	(1,017)
Capital Development and Waste Management	24,977	24,501	49	(427)	0	(427)
Economy & Enterprise	2,135	1,406	414	(315)	233	(82)
Services for Communities	30,501	27,753	2,267	(481)	366	(115)
Revenue Outturn	98,099	90,635	4,281	(3,183)	719	(2,464)
<u>VARIATIONS BETWEEN BUDGET AND SPEND</u>					£'000	£'000
<u>Highways and Traffic Management</u>						
Reduced spend due to mild winter with no significant storms					(1,242)	
Increased planned and routine works					336	
Overspend on grass cutting during implementation of new regime					300	
Street lighting - Reduced energy and maintenance costs					(334)	
Reduced income and increased legal costs partly offset by reduced staffing and fleet costs					(79)	
Revenue grants and contributions carried forward					196	(823)
<u>Planning, Transportation & Environment</u>						
Increased flood defence spend, new income streams and write back of provision					(127)	
Increased activity resulting in more inspection, section 106 and planning fees					(1,429)	
Increased income, reduced staffing and project spend					(888)	
Delayed DCC match spend on environment partnerships					(48)	
Revenue grants and contributions carried forward					1,355	(1,137)
<u>Capital Development and Waste Management</u>						
EDG - Project slippage and Increased income due to lower non productive time					(281)	
Waste disposal - Increased tonnage cost compared to original budget					2,143	
Energy from Waste plants - Savings from first year of operation					(1,908)	
Waste recycling contract variations (tonnage and new contracts) net of recycling credits					231	
Waste - Reduced other costs to offset increased disposal and recycling costs					(661)	
Revenue grants and contributions carried forward					49	(427)
<u>Economy & Enterprise</u>						
Community Impact Budget - Delayed due to complex grant procurement exercise					(458)	
Project variations and additional income					(271)	
Revenue grants and contributions carried forward					414	(315)
<u>Services For Communities</u>						
Libraries - Resource shortage to achieve 15/6 savings targets					307	
Bus support costs to On Street Parking and reduced planned operational spend					(363)	
Transport grant and dowry spend					(993)	
Delayed spend on locality and TAP budgets					(366)	
Delayed project spend					(51)	
Trading standards - Reduced spend on salaries and premises					(96)	
Active Devon and Learn Devon - mainly academic year splits for funding					(1,186)	
Revenue grants and contributions carried forward					2,267	(481)
						(3,183)
<u>CARRY FORWARD PROPOSALS</u>						
DCC match funding for partnership agreements						33
County Hall travel plans - Extended remit						87
Community impact budget - Delayed procurement						233
Town and Parish Funds - Devon Remembers and North Devon Records Office project						31
Locality budgets						335
						719
<u>CONTRIBUTION (TO) /FROM OUTTURN</u>						(2,464)

REVENUE OUTTURN 2015/16 – RECOMMENDED ACTION

CORPORATE SERVICES

	Final Adjusted Budget (1) £'000	Unadjusted Spending (2) £'000	Grants c/fwds in 2016/17 (3) £'000	Variations (Under) / Over (4) £'000	Recommended Action Other c/fwds in 2016/17 (5) £'000	Final Outturn (Under) / Over (6) £'000
Business Strategy & Support						
Procurement	1,268	1,284	0	16	0	16
Estates	3,091	3,009	0	(82)	190	108
County Farms	(337)	(326)	0	11	0	11
Business Infrastructures	9,192	8,928	0	(264)	0	(264)
Private Finance Initiative	(6,888)	(7,338)	0	(450)	132	(318)
Customer Services	1,470	1,412	0	(58)	0	(58)
ICT	8,080	7,936	0	(144)	0	(144)
	<u>15,876</u>	<u>14,905</u>	<u>0</u>	<u>(971)</u>	<u>322</u>	<u>(649)</u>
County Solicitor						
Legal Services	946	981	0	35	0	35
Communications	1,101	1,071	0	(30)	0	(30)
Coroners Service	1,699	1,277	0	(422)	0	(422)
Registration Service	(357)	(635)	0	(278)	0	(278)
Other Services	2,114	2,030	0	(84)	0	(84)
	<u>5,503</u>	<u>4,724</u>	<u>0</u>	<u>(779)</u>	<u>0</u>	<u>(779)</u>
Human Resources	<u>2,960</u>	<u>2,614</u>	<u>0</u>	<u>(346)</u>	<u>0</u>	<u>(346)</u>
County Treasurer	<u>12,556</u>	<u>11,914</u>	<u>0</u>	<u>(642)</u>	<u>0</u>	<u>(642)</u>
Public Health	<u>147</u>	<u>147</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenue Outturn	<u>37,042</u>	<u>34,304</u>	<u>0</u>	<u>(2,738)</u>	<u>322</u>	<u>(2,416)</u>

VARIATIONS BETWEEN BUDGET AND SPEND

	£'000	£'000
<u>Business Strategy & Support</u>		
Procurement - minor variations	16	
Estates - savings in corporate maintenance, pending one-off costs in respect of The Mansion Trust transfer	(82)	
County Farms - reduction in rental income (arrears offset by reduction in Capital compensation payments)	11	
Business Infrastructure (Premises) - increased income, and reduced costs of utilities, rates, running costs	(264)	
Private Finance Initiative - one-off funds in respect of facilities	(450)	
Customer Services - net savings arising from delayed implementation of IT system	(58)	
ICT - net savings in contracts, staffing, delayed corporate infrastructure projects and increased income	<u>(144)</u>	<u>(971)</u>
<u>County Solicitor</u>		
Legal Services - increased legal costs in respect of Children's safeguarding	35	
Media, Marketing & Communications - vacancy savings	(30)	
Coroners Service - delayed legislation (Medical Examiner), savings in SLA's and body removal expenses	(422)	
Registration Service - increased income, reduced fees and staff vacancy savings	(278)	
Other Services - savings in respect of Cost of Democracy, and reduced cost of licences	<u>(84)</u>	<u>(779)</u>
<u>Human Resources</u>		
Net savings in staffing (vacancies), Psychometric testing, training and additional income	<u>(346)</u>	<u>(346)</u>
<u>County Treasurer</u>		
Finance Services - net savings in staffing (vacancies), additional income and reduced overheads	(214)	
Other Services - net savings in bank charges	(33)	
Net savings in Authority-wide unfunded pensions	<u>(395)</u>	<u>(642)</u>
<u>Public Health</u>		
Savings in NHS Health Check programme, offset by increased costs for Sexual Health and Public Mental Health	0	
Net reduction in grant income (£1.645m) offset by funding from ring-fenced reserve.	<u>0</u>	<u>0</u>
		<u>(2,738)</u>

CARRY FORWARD PROPOSALS

<u>Business Strategy & Support</u>		
Transfer of Trust premises to Community Group (The Mansion, Totnes)		190
Private Finance Initiative - commitment in respect of facilities		132
		<u>322</u>

CONTRIBUTION (TO)/FROM OUTTURN

(2,416)

BUDGET ADJUSTMENTS 2015/16

	Original Budget £000	2014/15 Brought Forward £000	Virements £000	Final Budget £000
People	297,379	33,466	5,286	336,131
Place	101,171	4,701	(7,773)	98,099
Corporate Services	39,141	642	(2,741)	37,042
Pension Contribution Shortfall	5,140			5,140
Total Service budgets	442,831	38,809	(5,228)	476,412
Budget Carry Forward Fund		(40,284)		(40,284)
Capital Financing	53,591		130	53,721
Capital Financing PFI	7,424		9,299	16,723
Interest on Balances	(939)			(939)
Infrastructure Development	0	582		582
Efficiency Support for Sparse Areas	0	169		169
Other	0	73	(43)	30
Implementation of the Care Act	5,843			5,843
Independent Living Fund	2,340		(2,281)	59
Child Sexual Exploitation Review	120		(120)	0
Dartington School	2,000			2,000
New Burden's Resilience	3,000		(2,000)	1,000
Bellwin Scheme Related Emergencies	1,500			1,500
Local Welfare Assistance	1,000		(1,000)	0
Road Gritting	100		(100)	0
Public Transport	100		(100)	0
Crossing Patrols	100		(100)	0
Citizen Advice Bureaux	40		(40)	0
Council Tax Support Partnership	350			350
Adoption Reform and Special Education Needs	433	401	(321)	513
Insurance	0		1,409	1,409
Insurance Receipt for Capital Works	0			0
Direct Revenue Support for Capital	0		1,759	1,759
Spending from Reserves	7,776			7,776
Use of Reserves	(7,776)			(7,776)
Contribution to Transformation Reserve	2,500			2,500
Transfer from Budget Management Reserve	0			0
Precepts				
Flood Defence	421			421
Inshore Fisheries	330			330
Non-committee budgets	80,253	(39,059)	6,492	47,686
Direct Support for Capital - Flood Defence	250	250		500
School contribution to capital expenditure	0		(1,264)	(1,264)
	523,334	0	0	523,334
Local Service Support Grant	(673)			(673)
New Homes Bonus	(4,264)			(4,264)
New Homes Bonus Adjustment Grant	(308)			(308)
Care Act Implementation Grant	(5,843)			(5,843)
Small Business & Empty Property Rate Relief Grant	(1,588)			(1,588)
Business Rate Cap Compensation Grant	(1,360)			(1,360)
Education Services Grant	(6,420)			(6,420)
Independent Living Fund Grant	(2,340)			(2,340)
Adoption Reform & Special Educational Needs Grant	(433)			(433)
TOTAL	500,105	0	0	500,105

ALLOWANCES PAID TO DEVON COUNTY COUNCILLORS UNDER THE MEMBERS ALLOWANCES SCHEME FOR THE YEAR ENDING 31ST MARCH 2016

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

Surname	Inits	Basic Allowance £	Special Responsibility Allowance £	Mileage and Subsistence Expenses £
Ball	K	10,970.04	0.00	628.28
Barisic*	E	10,970.04	0.00	225.87
Barker	SD	10,970.04	16,455.00	2,925.55
Berry	EJ	10,970.04	0.00	579.15
Biederman	F	10,970.04	239.94	1,916.37
Bowden	P	10,970.04	2,742.96	493.69
Boyd	A	10,970.04	0.00	1,612.35
Brazil	JC	10,970.04	8,000.04	1,964.85
Brook	FJ	10,970.04	5,484.96	0.00
Channon	C	10,970.04	10,349.62	308.46
Chugg	C	10,970.04	2,418.52	1,172.49
Clarance	C	10,970.04	0.00	681.25
Clatworthy	J	9,999.96	20,000.04	1,681.78
Colthorpe	P	10,970.04	3,999.96	0.00
Connett	AM	10,970.04	5,484.96	0.00
Croad	RF	10,970.04	16,455.00	3,842.72
Davis	AV	10,970.04	16,455.00	3,719.84
Dempster	A	10,970.04	0.00	0.00
Dewhurst	A	10,970.04	0.00	1,278.29
Dezart	G	10,970.04	0.00	70.72
Diviani	PA	10,970.04	0.00	595.80
Eastman	AJ	10,970.04	0.00	596.75
Edgell	RC	10,970.04	2,742.96	2,351.04
Edmunds	M	10,970.04	0.00	1,335.99
Foggin	OM	10,970.04	0.00	0.00
Gilbert	R	10,970.04	2,742.96	1,858.73
Greenslade	BC	10,970.04	0.00	1,729.60
Gribble	G	10,970.04	1,393.30	1,664.40
Hannaford	R	10,970.04	3,999.96	0.00
Hannan	A	10,970.04	0.00	51.93
Hannon	DPO	10,970.04	0.00	0.00
Hart	TJ	9,999.96	24,999.96	2,501.93
Hawkins	JD	10,970.04	0.00	1,224.47
Hill	R	10,970.04	0.00	89.46
Hone	J	10,970.04	0.00	0.00
Hook	GN	10,970.04	3,999.96	348.30
Hosking	RW	10,970.04	0.00	2,013.28
Hughes	BCJ	10,970.04	0.00	0.00
Hughes	S	10,970.04	16,455.00	4,868.61
Julian	J	10,970.04	2,742.96	5,750.91
Knight	J	10,970.04	2,779.86	1,644.03
Leadbetter	AR	10,970.04	16,455.00	7,171.82
Matthews	J	10,970.04	2,693.62	1,222.18
McInnes	JR	10,970.04	16,455.00	3,816.72
Morse	E	10,970.04	0.00	0.00
Moulding	AT	10,970.04	8,000.04	1,316.93
Owen	J	10,970.04	0.00	32.40
Parsons	BM	10,970.04	16,455.00	5,380.00
Prowse	GJ	10,970.04	0.00	0.00
Radford	RA	10,970.04	0.00	1,059.86
Randall Johnson	S	10,970.04	8,000.04	681.65
Rowe	R	10,970.04	0.00	928.96
Sanders	PR	10,970.04	2,742.96	1,499.50
Sellis	D	10,970.04	3,999.96	942.61
Squires	M	10,970.04	0.00	620.98
Vint	R	10,970.04	0.00	0.00
Way	NA	10,970.04	0.00	0.00
Westlake	RA	10,970.04	8,000.04	0.00
Wragg	EE	10,970.04	0.00	539.31
Wright	C	10,970.04	0.00	328.95
Yabsley	JO	10,970.04	331.81	250.00
Younger-Ross	R	10,970.04	0.00	167.60

* In addition a Carers Allowance of £251.34 was paid.

CAPITAL

6. The Capital Programme

- 6.1 The County Council approved the Capital Programme of £120.206 million for 2015/16 in February 2015. The programme was increased during the financial year by £38.353 million as a result of the previous year underspends and Members have been asked to approve a further £16.712 million for other adjustments during the year.
- 6.2 The final capital programme for 2015/16 was £175.271 million and actual capital expenditure was £128.459 million. The table below summarises 2015/16 expenditure and approvals.

	Budget £ 000's	Actual Spend £ 000's	Variation £ 000's
Place	146,235	110,446	35,789
People	20,719	14,588	6,131
Corporate	8,317	3,425	4,892
Total	175,271	128,459	46,812

7. Capital Outturn

- 7.1 The County Council delivered a large programme of capital investment in 2015/16. There were a number of significant schemes completed during the year which included the completion of the South Devon Link Road, two new rail stations at Newcourt and Cranbrook and a number of school expansion schemes.
- 7.2 As set out in the table above, the Capital Programme underspent by £46.8 million at outturn (this compares to £47.3 million in 2014/15). Within this total £43.0 million represents slippage across a range of schemes which will be carried forward to future years and £3.8 million savings achieved in programme delivery.
- 7.3 Section 3 below shows where services want to carry forward their slippage and explains the variances between budget and spend.

8. Variation between the delivered Capital Programme and Budget

- 8.1 The 2015/16 net underspending totalled £46.812 million. It is recommended that £39.183 millions are carried forward into the 2016/17 Capital Programme, and £3.803 millions into 2017/18 and beyond. An analysis of the underspending and the carry forward request is set out in the table below:-

	Variation	Carry Forward to 2016/17	Carry Forward to 2017/18 and future years
	£ 000's	£ 000's	£ 000's
Place	35,789	29,108	2,958
People	6,131	5,210	845
Corporate	4,892	4,865	0
Total	46,812	39,183	3,803

8.2 The main reasons for the variation between spend and budgets are explained in the following paragraphs.

8.3 Place

In 2015/16 the variation between budget and spend is split between slippage of £32.066m and underspend of £3.723m.

Planning, Transportation and Environment (PT&E)

The PT&E capital programme included a number of large schemes and a summary of some of the main areas of slippage and variations are outlined below

The South Devon Link Road slippage was due in part to a land negotiation achieving a lower cost than expected. There are however a number of outstanding contractor claims which may affect the final outturn..

The Bridge Road and Marsh Barton rail schemes started on site later than planned primarily due to a combination of land complications and negotiations with Network rail

Land negotiations primarily outside the County Council's control have resulted in slippage on a number of strategic cycling schemes

Tithebarn Lane Phase 2 and other Growth Deal 1 schemes including the cycle schemes have been delayed starting on site due to a combination of external funding, design issues and land negotiations

The significant underspend on Cranbrook rail station is primarily due to successful negotiations with Network Rail to reduce DCC's share of increases in the scheme's delivery cost.

Highways, Capital Development and Waste Management (H,CD&WM)

The Local Transport Plan (LTP) Maintenance block grant funding of £46m was over delivered in 2015/16 by £2m. This over delivery was offset by slippage in other areas of the Place capital programme. The LTP will be the first call on this over delivery in 2016/17 ensuring expenditure remains within the overall allocation..

The Ivybridge Recycling Centre scheme was delayed through the tendering process. A successful tender and award was completed and the works commenced in February 2016, resulting in slippage of £2.7m.

Economy and Enterprise

The Okehampton East Business Park development was substantially completed in 2015/16 and whilst costs have not been finalised there is an anticipated saving on this scheme. The saving will be used to support the project costs of development of the Roundswell Strategic Employment Site, Barnstaple.

The implementation of superfast broadband by BT has reached over 170,000 users despite earlier delivery problems during 2014/15. There is slippage of £8.7m into 2016/17 primarily due to the delivery programme by BT.

8.4 People

Social Care Commissioning

There was slippage of £1.0 million within the Better Care Fund. Plans are being reviewed with health partners to determine how these resources will be allocated in 2016/17. There is also slippage within the Grants to Independent Sector - Care Homes scheme of £1.0 million. The County Council is actively seeking partners to develop additional care provision in 2016/17.

Schools

Schools projects have broadly been delivered on time, however there are some smaller schemes which have experienced slippage.

8.5 Corporate

County Farms

The current level of slippage is primarily due to a small number of Nitrate Vulnerable Zone compliant schemes where tenders have been let later than planned and the works will commence in 2016/17. The total scheme slippage within County Farms of £0.771 million will be carried forward into 2016/17.

Estates

Work at the Barnstaple Civic Centre annexe to facilitate the relocation of staff commenced in 2015/16. The project is expected to be completed in August 2016 resulting in slippage within this scheme..

The refurbishment of Lucombe House at County Hall due to be undertaken in 2015/16 has been delayed to facilitate a wider review of other accommodation requirements.

The upgrade of the boiler house and ventilation system at County Hall has required detailed discussions with English Heritage to finalise an acceptable design solution. This has resulted in the project being delayed until 2016/17.

ICT

The variation between the delivered capital programme and budget of £1.1m was largely due to delays in confirming service requirements and wider operational issues relating to the rollout of Windows 10 (which includes the replacement of out of date desktop computers with laptops/tablets) and the modernising of meeting rooms at DCC's key strategic centres.

9. Financing the Capital Programme

- 9.1 The table below sets out how the Council planned to finance its capital spending and the actual sources of funding that were used. The third column shows the funding that will be carried forward into later years, with the final column showing savings from the funding source.

	2015/16 Final Budget	2015/16 Final Outturn	Capital Budgets Carried Forward	2015/16 Capital Budget Savings
	£ 000's	£ 000's	£ 000's	£ 000's
Capital Receipts Applied	26,831	10,960	15,683	188
Borrowing	31,340	16,073	14,373	894
External Grants and Contributions	114,530	99,167	12,632	2,731
Revenue Budgets	2,570	2,259	298	13
Total	175,271	128,459	42,986	3,826

- 9.2 The total borrowing required to finance the capital programme in 2015/16 was £16.073m million. The council was able to meet all borrowing requirements from internal cash resources so did not need to increase external borrowing

- 9.3 The Council had Capital Receipts unapplied of £25.848 million at 1st April 2015. Net of the cost of sales, capital receipts of £6.410 million were received in year from the sale of County land, building and other assets. Having applied £10.960 million of capital receipts to finance spend, the closing balance for Capital Receipts is £21.298 million. These movements are shown in the table below:

	General Receipts	Investing in Devon	Total
	£ 000's	£ 000's	£ 000's
Opening Balance 1st April 2015	13,928	11,920	25,848
Received in year	6,410	0	6,410
Applied to finance spend	(8,559)	(2,401)	(10,960)
Closing Balance 31st March 2016	11,779	9,519	21,298

10. Major Capital Investment

10.1 Place

Planning, Transportation and Environment – £46 million outturn spend

There continues to be significant investment into the infrastructure of the County during 2015/16 with further major works planned for 2016/17. A summary of the main schemes are set out below:

The South Devon Link Road was completed in December 2015 and is already making a significant difference to journey times to and from Torbay and South Devon.

The Decoy Industrial Estate Access Road, including a parallel cycle link and connecting to the A380 at Aller, was also completed earlier in the financial year.

Major transport improvements on the M5 at Junction 28 (Cullompton), Drumbridges (A38) and Turks Head (Honiton / A30) were completed in partnership with Highways England.

Two new rail stations at Newcourt and Cranbrook were delivered in partnership with the rail industry.

The Stover Way multi-use trail between Newton Abbot and Bovey Tracey was also completed early in the financial year.

The Jurassic Coast visitor centre at Seaton, a partnership project with East Devon District Council and other funding bodies was opened late in the financial year.

Further capital investment has also been made in preparing schemes including, the A30/A303 (Honiton to Somerset border), North Devon Link Road (M5 – Bideford), Tiverton EUE access, A382 and Houghton Barton link (Newton Abbot), Deep Lane Phase 2 (Sherford), Bere Alston – Tavistock rail link and future schemes to be potentially funded through round three of Growth Deal.

Other major schemes that have commenced in 2015/16 include Bridge Road Widening improvements (Exeter), the Exeter Flood Alleviation scheme (delivered by the Environment Agency), the Exe Estuary cycle route between Dawlish Warren and Dawlish and the countywide bus real time information system. Services for the Community.

Highways Capital development and Waste Management - £60 million outturn

The Local Transport Plan (LTP) Maintenance block grant funding has delivered over 750 highway schemes and targeted priority carriageway schemes including surface dressing treatments and preparatory patching works. A significant number of bridge schemes were also funded from LTP including the Teign Estuary Viaduct.

£1.5 million has been invested in street lighting columns and lanterns in Barnstaple as part of a successful application to the Department for Transport funded Challenge Fund project.

Schools capital maintenance investment totalled £8.8 million with 275 projects competed during the year.

Economy and Enterprise

Okehampton East Business Park was substantially completed in November and although surfacing and landscaping works are still to be carried out, the majority of the plots are under offer.

10.2 People

Better Care Fund (BCF)

The Disabled Facilities Grant component of the BCF (£3.4m) was entirely transferred to the District Authorities. A capital allocation of £0.9m was spent on Community Equipment as a joint partnership with Health partners.

Other schemes included:

- The Extra Care Housing programme saw significant expenditure of £1.6m contributing to developments in Newton Abbot and Totnes.
- A £1.3m investment was made to an improved IT system for use by our partners Virgin Care.
- The Transforming Care programme spent £0.6m of grants towards re-housing people with autism and other challenging behaviours away from traditional health care settings.
- Contributions were also made towards the Exeter Engagement and Wellbeing Hub and towards a scheme to support people with autism led by our partners in Devon and Cornwall Police.

Education and Learning - Schools

Individual schools have continued to make large investment to their estate with several large expansion and improvement projects at Southbrook School, Lampard Community School and Bratton Fleming Community Primary School. There has also been continued investment in the playground facilities at Axe Valley Community College, Instow Community Primary, West Alvington Church of England Primary School and Landscore Primary.

Children's Social Work and Child Protection

Atkinson Unit

This year has seen the Education Funding Agency fund a number of major improvements to the unit including, a new life skills room, upgraded play area, and high dependency unit as well as other minor projects such as refurbishments to the medical room, security improvements, and new windows and doors.

10.3 Corporate Services

Estates

Aligned to the authority's Estates Strategy, during 2015/16 a number of key enabling projects have been undertaken to facilitate the release of buildings and to deliver the capital receipts target. Work has also commenced on key Strategic

Centre projects with the remainder of the work anticipated to be completed in 2016/17.

ICT

Capital schemes have focussed around key ICT objectives including the upgrade of DCC's infrastructure to provide a fit for purpose, up to date and reliable day to day ICT service that also includes significant increases in storage capacity.

Development and implementation of a pilot of the Windows 10 infrastructure and associated end user devices within Adult Social Care Commissioning was completed which will enable a wider roll out in 2016/17 to other services.

A major upgrade to the main meeting rooms within our strategic centres is well underway with modern ICT facilities available such as Skype for Business.

11. Prudential Indicators

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 2015/16 includes both borrowing and other long term liabilities such as PFI schemes.

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 2015/16 no prudential indicators were breached.

11.1 Capital Expenditure

The Prudential Indicators 2015/16 are based on the revised Capital Programme of £175.271 million.

Planned Expenditure	£175.271 million
Actual Expenditure	£128.459 million
Variance	£ 46.812 million

11.2 Capital Financing Requirement (CFR)

The Capital Financing Requirement reflects the cumulative capital expenditure that Devon County Council has yet to finance. It is alternatively known as the underlying debt requirement.

	Million	Million
Closing Capital Financing Requirement 2014/15		£710.969
Adjustment to Opening Position for Capital Provision		£6.301
Increase in Long Term Liability – Plymouth Energy from Waste		£25.911
Capital Investment	£ 128.459	
Less: Capital Receipt	(£10.960)	
Less: Government Grants and Contributions	(£99.167)	
Less: Revenue Financing and Reserves	(£2.259)	
Capital Investment Funded through Borrowing		£16.073
Less: Revenue Funded Borrowing Reduction	(£18.128)	
Less: Revenue Funded Liability Reductions	(£3.601)	
Less: External Contributions to Repayment of Debt	(£0.365)	
		(£22.094)
Less: Capital spend yet to take place		(£6.026)
Closing Capital Financing Requirement 2015/16		£731.134

Planned CFR (31st March 2016)	£ 737.239 million
Actual CFR (31st March 2016)	£ 731.134 million
Variance	£ 6.105 million

The underlying debt requirement is lower than anticipated due to slippage in the Capital Programme.

11.3 Authorised Limit and the Operational Boundary for External Debt

External borrowing totals £507.850 million and other Long Term Liabilities total £114.770 million. The actual external debt for 2014/15 was therefore £612.620 million.

The authorised limit for external debt of £744.310 million was not breached.

The operational boundary for external debt of £719.310 million was not breached.

11.4 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 County Council when assessing the affordability of the programme estimate the relevant percentage.

	<u>Including PFI Charges</u>	<u>Excluding PFI Charges</u>
Total Financing Costs	£ 58.548 million	£ 43.892 million
Net Revenue Stream	£500.105 million	£500.105 million
Actual	11.7%	8.8%
Estimated	14.0%	10.8%
Variance	2.3%	2.0%

12.Determination of Capital Finance

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 20 and compared to budget, is proposed:

- That internal borrowing totalling £16.073 million is used as authorisation to finance capital expenditure.
- That expenditure of £99.167 million is funded from government grants and external contributions to meet expenditure in 2015/16 for capital purposes.
- That useable capital receipts of £10.960 million are applied to meet expenditure in 2015/16 for capital purposes.
- That remaining capital expenditure of £2.259 million is met from revenue budgets

CAPITAL OUTTURN SUMMARY STATEMENT 2015/16

	Revised Programme	Total Spending	Slippage and Other Variations	<i>Impact on 2016/17 Programme Increase / (Decrease)</i>	<i>Impact on 2017/18 Programme Increase / (Decrease)</i>	<i>Impact on 2018/19 Programme Increase / (Decrease)</i>	<i>Impact on 2019/20 Programme Increase / (Decrease)</i>	<i>Impact on 2020/21 Programme Increase / (Decrease)</i>
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
CORE PROGRAMME								
Place	146,235	110,446	35,789	29,108	2,958	0	0	0
People	20,719	14,588	6,131	5,210	845	0	0	0
Corporate	8,317	3,425	4,892	4,865	0	0	0	0
TOTAL	175,271	128,459	46,812	39,183	3,803	0	0	0
TOTAL TO BE FINANCED		<u>128,459</u>						

CAPITAL PROGRAMME 2015/16 – STATEMENT OF DETERMINATION OF CAPITAL FINANCE

	Recommended Financing £000	Recommended Financing £000
SOURCES OF FINANCE		
External Resources		
Grants and Contributions	99,167	
Total External Sources		99,167
Internal Resources		
Useable Capital Receipts Applied	10,960	
Internal Borrowing	16,073	
Revenue Budgets and Earmarked Reserves	2,259	
	29,292	
Total Internal Sources		29,292
Total Sources of Funding		128,459

Capital Receipts	
Balance at Start of Year	25,848
Received During Year	6,410
Applied to Financing	(10,960)
Balance at Year End	21,298

Note

Analysis of balance of capital receipts at year end

Airport Receipts earmarked for IID	9,519
General Receipts	11,779
	21,298

13.DEBT (Monies Owed to the Authority) as at 31st March 2016

- 13.1 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.
- 13.2 Technology is also used to receive income via the telephone and the internet. Debt recovery agents continue to be used where non-sensitive debt has proved difficult to collect.
- 13.3 Income is also received from the raising of invoices to users of service. Accounts are credited with the income value with immediate effect, however, it is often the case that debtors take time to settle accounts and there is a time delay between accounting transactions and cash income.
- 13.4 The County Council has a number of debtor systems which encompass Adult Care functions, Devon Pensions Fund items and Corporate services.
- 13.5 As at 31st March 2016, the situation was as follows :-

	Corporate System	Adult Care Functions	Devon Pension Fund	Total
Total Invoiced Income for the Year	£176.975 million (£108.302 million at 31st March 2015)	£42.694 million (£40.402 million at 31st March 2015)	£7.846 million (£9.361 million at 31st March 2015)	£227.515 million (£158.065 million at 31st March 2015)
Outstanding debt older than 3 months	£2.486 million (£3.672 million at 31st March 2015)	£10.527 million (£8.890 million at 31st March 2015)	£0.064 million (£0.121 million at 31st March 2015)	£13.077 million (£12.683 million at 31st March 2015)
Percentage of Debt which is older than 3 months relative to whole year value	1.4% (3.4% at 31st March 2015)	24.7% (22.0% at 31st March 2015)	0.82% (1.29% at 31st March 2015)	5.75% (8.0% at 31st March 2015)

- 13.6 In terms of Corporate debt, active management of items throughout the year and recovery of a number of large value debts has produced significant reductions compared to outstanding balances at the end of 2014/15 financial year.
- 13.7 Within the Adult Care Functions, elements of Residential Care debt are underwritten by property charges. At the year end, these total £8,027,845 (£6,980,802 at 31st March 2015) and reduce the percentage of outstanding debt to 5.9% (4.7% at 31st March 2015).

- 13.8 An 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 £593,303, with a bad debt provision of £444,977. The net debt was £148,326. Enforcement agents are used to recover related debt only where all other approaches have failed. The use of enforcement agents are closely monitored by DCC Officers to ensure the impact is fully considered.
- 13.9 Invoiced income in respect of Devon Pension Fund is comparatively low in percentage terms and relates to a small number of debtors.
- 13.10 In addition, to mitigate the effect of non-recovery of debt, Provisions have been established to write-off corporate items which prove non-recoverable. At the year end, these total £200,000.

Mary Davis

Electoral Divisions: All

Local Government Act 2003

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Background Paper Date File Ref

Detailed financial working papers

Executive Member: Councillor John Clatworthy