

**Revenue Budget 2010/11**  
**Medium Term Financial Strategy to 2012/13**  
**Capital Programme 2010/11 to 2014/15**

CR/10/22  
County Council  
18<sup>th</sup> February 2010

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# Introduction

This budget book contains details of the County Council's revenue and capital budgets as approved by the County Council on 18th February 2010, together with associated financial and operational information. The content is based on the budget report to the Cabinet on 10th February 2010.

The Revenue Budget Overview and Medium Term Financial Strategy (MTFS) set out an overview of the Council's finances. Linked with the Corporate Business Plan, they set out the 2010/11 County Council budget, and outline how the Council is planning its finances over the next 3 years to achieve its strategic priorities. The opening pages provide summary budget data on revenue and capital spending for the whole County Council. The summaries are followed by more detailed analyses and explanations of the budgets allocated to each Directorate; the Medium Term Financial Strategy, (including the Council's plan to deliver Value for Money); a description of the Reserves held by the County Council; a summary of the Prudential Indicators that are taken into account when deciding how much the County Council can afford to borrow; and the risk assessment made of the budget plans.

## Setting the Budget

The Council's financial plans are drawn up with reference to:

- the County Council's strategic plan, which provides details of major policies and objectives of the Authority;
- the County Council's performance framework, which identifies how well each of the council's services are performing;
- demographic changes occurring within the county;
- consultation with local residents, businesses and other stakeholders.

Following the County Council election in June 2009, work began on a new strategic plan to take account of the priorities of the new administration, and link in with the priorities contained in the Devon Local Area Agreement. The plan sets out four new core principles, and five priorities.

### A. Core Principles:

1. Care – To deliver high quality services that care for Devon, its residents and environment.
2. Community – Work with local people to help build strong and prosperous communities and ensure a sustainable future for all.
3. Enterprise – To develop a competitive economy as the key to a better quality of life for all.
4. Value – To be a businesslike Council that is lean and focused, providing good value for money.

### B. Priorities:

1. Support local business and tourism.
2. Improve knowledge, skills and productivity.
3. Promote green travel, improve roads and reduce congestion.
4. Provide responsive services that support people and families in need.
5. Reduce waste, improve recycling and reduce landfill.

The Council has sought to prioritise its resources to support the achievement of these objectives in formulating its future spending plans.

The Government has a major influence on our budget. The Government prescribes a number of duties that we must carry out and/or the standards which must be met, and also contributes a significant proportion of our overall funding - a proportion of which is ring-fenced for spending on specific activities. The Government also has reserve powers to limit "excessive" budget increases, and may use the extent of increases in Council Tax as one of the criteria in deciding whether or not a budget increase is regarded as excessive.

An Equality Impact and Needs Assessment has been completed on the budget process and can be viewed on the County Council's website  
[http://www.devon.gov.uk/fit\\_equality\\_assessment.htm](http://www.devon.gov.uk/fit_equality_assessment.htm)

### **More Information**

Contact details are provided throughout the budget book, for any general budget issues please contact Chris Sanders, Assistant Director of Finance (Governance & Strategy) on 01392 382653, [chris.sanders@devon.gov.uk](mailto:chris.sanders@devon.gov.uk).

## Relevant Committee Reports

The following reports may be helpful in understanding the development of budget plans for 2010/11:

<b>Date</b>	<b>Committee</b>	<b>Subject</b>	<b>Ref N.o</b>
15th December 2009	Cabinet	Revenue/Capital Budget 2010/11	CR/09/78
13th January 2010	Environment, Economy and Culture Overview/Scrutiny	Draft Capital Programme 2010/11 - 2014/15 and Draft Revenue Budget 2010/11 Environment, Economy and Culture	CR/10/03
14th January 2010	Children and Young People's Services Overview/Scrutiny	Draft Capital Programme 2010/11 - 2014/15 and Draft Revenue Budget 2010/11 Children and Young People's Services	CR/10/04
15th January 2010	Health and Adult Services Overview/Scrutiny	Draft Capital Programme 2010/11 to 2014/15 and Draft Revenue Budget 2010/11 - Adult and Community Services Directorate	CR/10/05
28th January 2010	Policy and Resources Overview/Scrutiny	Draft Capital Programme 2010/11 to 2014/15 and Draft Revenue Budget 2010/11 – Director of Finance, the Chief Executive and the Deputy Chief Executive	CR/10/10
10th February 2010	Cabinet	Report of Consultations with representatives of the Devon Business Community; Older People and Voluntary Sector Representatives, and Trade Unions	CX/10/02
10th February 2010	Cabinet	Overview/Scrutiny Committee recommendations	CX/10/21
10th February 2010	Cabinet	Revenue Budget and Medium Term Financial Strategy 2010/11 - 2012/13 and Capital Programme 2010/11 - 2014/15	CR/10/21
18th February 2010	Council	Revenue Budget 2010/11, Capital Programme 2010/11 - 2014/15 and Medium Term Financial Strategy 2010/11 - 2012/13	CR/10/22

## **Statement of the Robustness of the Budget Estimates and the Adequacy of the County Council's Reserves**

Section 25 of the Local Government Act 2003 includes a specific duty on the Chief Finance Officer to make a report to the Council when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. (For the purpose of the Act reserves includes general balances). The Act requires the Council to have regard to the report in making its decisions.

The preparation of the budget for 2010/11 has been based on a detailed assessment of the risks associated with each budget and the goals and objectives included in the County Council's Strategic Plan and Local Area Agreement. A number of budgets can be classified as high risk because they are subject to external demands which are difficult to manage. Other budgets are affected by above average inflation, strong market forces or other factors whose influence is not easy to predict. Details of these budgets, the level of risk they present and the action taken to mitigate the risk can be found in an appendix of the budget report.

It has been necessary to make some budget reductions to meet the targets set by the Cabinet. Details of the reductions have been provided to Scrutiny Committee and are contained in the detailed budget booklet.

The availability of general balances to meet any unforeseen liabilities and provide flexibility during a period of change is a key element of prudent financial management. General balances for 2010/11 have been set at £14 million. This level is based on an assessment of the financial risks facing the authority. Full details of this assessment are provided within this book.

In addition to general balances, the County Council also holds earmarked reserves for specific purposes. The level of earmarked reserves as at 31st March 2011 is estimated at £30.7 million.

The total for revenue reserves and balances for 2010/11 is forecast as £44.9 million. This is judged to be appropriate in the context of the Medium Term Financial Strategy. Some call on reserves may be required to settle job evaluation appeals and emergency winter maintenance expenditure during 2009/10. The exact call cannot be determined until all payments have been processed.

Budget monitoring experience in 2009/10 provides an indication of the pressures facing the authority in 2010/11. In 2009/10 a number of demand led budgets have been under pressure, and this has required compensating actions to be taken elsewhere in order to ensure that overall the County Council's spending is forecast to remain within the budget total. Further action has been taken either to ensure that there is sufficient provision within the 2010/11 budget to meet service demands or to review service delivery so as to remain within the budget available.

It is my view that the budget proposed by the Cabinet represents a sound and achievable financial plan for 2010/11. The total level of reserves and balances of £44.9 millions has been based on a comprehensive risk assessment and is judged adequate to meet all reasonable forecasts of future liabilities.

***Mary Davis***

# Revenue Budget Overview

As ever, the production of the Budget has been challenging. It has been necessary to balance the need for spending levels that are sufficient to sustain vital services with the need to deliver a moderate increase in Council Tax. The 2010/11 budget aims to achieve this balance.

The Council Tax increase has been contained at 1.98%. Despite this, funding for Children and Young People's Services has increased by just under 3.5%. An additional £1.25 million has been allocated to remedial maintenance of the road network and for the support of flood preventions works. The Roads Emergency Reserve has been replenished.

In Adult and Community Services additional funding has been found for the development of the Dementia Service and provision has been made for the estimated cost of the Council's share of the proposed Government initiative to provide free personal care at home for certain groups of clients.

The Council is now working to a new strategic plan that sets out a number of pledges in key priority areas. These pledges have been costed and just over £1.3million has been earmarked in the 2010/11 budget to make a start on their implementation.

The budget has taken account of more than one year. 2010/11 is the final year of the current three year cycle of the central Government's financial planning. Despite fears to the contrary the Government has not reneged on its promised level of funding. Whilst the budget process has benefited from certainty about the level of government funding, it has also had to take account of the greater uncertainty over funding levels for 2011/12 and beyond. For that reason there has been no specific call on reserves to help balance the budget. Instead, in addition to the contribution for free personal care and the Roads Emergency Reserve, a further £4.850m has been added to reserves for such items as Extra-care Housing and European Matched funding.

Striking a balance between present and future needs and between the need for moderate council tax increases and service provision has not been easy. The task has been achieved through finding efficiency savings and budget reductions of £20.9m and taking advantage of relatively stable pay and price levels.

In summary, this is a prudent budget that has dealt with the main funding issues facing the Council, has protected reserves and kept the council tax increase to a moderate level.

## Key features of the 2010/11 revenue budget

The 2010/11 budget for Children and Young People's services has increased by nearly 3.5% in comparison with 2009/10. This is due in part to additional funding for safeguarding initiatives; providing support strategies for homeless 16 and 17 year olds and resourcing the revenue impact of the "Building Schools for the future" programme. However, pressures on the budget continue. The Directorate will be required to make cash releasing efficiency savings of £5.5m. It is recognised that it is difficult to make savings in child social care budgets hence this places a proportionately greater burden on other spending areas.

The Adult and Community Services Directorate now includes the Library Service. This will complement Adult and Community Learning and provide opportunities for greater synergy between these services. The Directorate has received significant additional funding as recognition of demographic growth and the increased incidence of complex cases. A reserve of £2.3 million is also being established to fund the estimated cost of the Council's share of free personal care at home - a national initiative that is only being partly funded by Government. An additional £396,000 has been allocated for the development of the Dementia Service. Within Adult and Community Services, greater emphasis is being placed on preventative strategies that will help to transform the way that care is delivered, help to contain long term demand pressures and give the people of

Devon a greater range of care options. Underpinning all of the preventative strategies , is the need to increase support to people living independently at home and reduce the proportion of spending that funds residential based services. This has been a long term trend and the budget seeks to accelerate it by focusing growth on community based services whilst containing spending on residential services.

The Environment, Economy and Culture Directorate now includes Trading Standards. This move will facilitate closer working and will enable a more comprehensive package of business advice and assistance to be given to the local business community. However, the focus remains on maintaining the road network and improving the infrastructure of the County. Medium term developments allow for both improving and making more sustainable the transport, tourism and business infrastructure of the County by increasing the cycle routes for work and pleasure, improving public realm areas and reducing carbon output through a range of actions. In terms of Waste Disposal, Devon is amongst the best performing nationally for waste recycling and the aim is to sustain and further encourage this.

This is the full first year of operation for the Corporate Resources Directorate that now includes Legal Service, Procurement, Human Resources, ICT, Customer Services, Business Transformation and Finance Services. Bringing together these support services should provide greater opportunities for improved efficiency and effectiveness. Corporate Resources is also responsible for the management of a number of significant cross cutting initiatives that have been developed to deliver cash releasing efficiencies that will help the Council to meet the financial challenge of the years ahead.

The Office of the Chief Executive is now smaller; Trading Standards has transferred to the Environment, Economy and Culture Directorate; Legal Services and the Business Transformation Unit, etc have moved to the Corporate Resources Directorate. The Organisational Development unit has moved into The Office of the Chief Executive. Additional funding has been provided within the budget in respect of Parish Planning and Rural Community engagement in partnership with the Community Council of Devon. The Council has also tried to protect funding levels for grant funded organisations who work in partnership with County Councils (such as the Citizens Advice Bureau) and to protect the funding of partnerships such as Against Domestic Violence and Abuse.

## **Responding to public consultation**

The County Council listens to the people of Devon and actively seeks to ascertain their views. As part of the budget consultation process a questionnaire was sent to Parish and Town Councils, Voluntary groups and businesses as well as being made available to all via the County Council website. In addition, the questionnaire was distributed as part of a series of more than a dozen face to face public meetings across the County.

Over 500 people responded to this year's budget consultation survey. The results of the survey indicate that the top public priorities for more support were facilities and opportunities for young people, care for the elderly, support for those who care for others and protecting children from abuse. Conversely, the areas identified where funding could be reduced if required included services such as street lighting and tourism promotion. This prioritisation of services was confirmed by the meetings that took place across the County. At these events, the condition of the County roads, including potholes was raised at nearly every meeting. There was also a lot of discussion about either end of the age spectrum - that is how to provide care for the growing elderly population and how to enhance the life opportunities of young people.

The Council has responded by allocating targeted additional funding of £1m for the remedial maintenance of the road network. Conversely, £500,000 has been removed from the street lighting budget partly due to energy savings from reduced night lighting. Similarly, tourism promotion budgets plus expenditure on cultural projects and the arts has been reduced. In terms of caring for vulnerable adults, especially the elderly, the Council has decided to set aside £2.3m to help fund free personal care at home - a national Government initiative that is not being fully financed from national funds. In

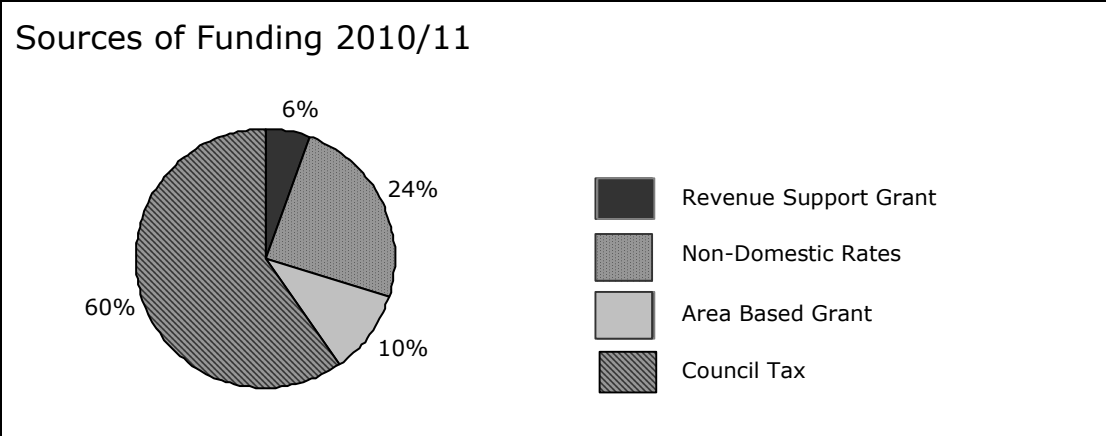
terms of funding services for young people, additional funding has also been allocated to improve safeguarding, improve the youth enquiry service and to put in place strategies that aid homeless 16 and 17 year olds.

In general, the consultation events highlighted the need for the Council to keep increases to a modest level, yet still provide for the needs of the people of Devon. The 2010/11 budget has tried to achieve this balance.

**Paying for the revenue budget**

The County Council's budget is financed from a combination of fees and charges, contributions from other bodies, Government grants and Council Tax, together with money drawn from reserves. The County Council's Budget Requirement is quoted net of income from reserves, contributions, fees & charges and specific grants. This definition results from the way that the calculation of the amount to be raised from Council Tax is laid out in the Local Government Finance Act 1992. At the time this definition made a great deal of sense, as it focussed on the amount contributed by taxpayers, both local and national (specific grants were relatively few and far between, consisting less than 5% of all funding from central Government).

The allocation of the Budget Requirement is set out in Key Table 1 (page 14), and the balance of funding between Government grant and Council Tax is shown in the chart below:



**Formula Grant**

Formula Grant is an umbrella term used to describe the sum of each local authority's share of National Non-Domestic Rates and Revenue Support Grant. Both sources of funding are pooled nationally and re-distributed according to a national formula (hence the term 'Formula Grant'). The amount of National Non-Domestic Rates income notionally allocated to each local authority bears no relationship to the amount that might be raised from this form of taxation in its own area. The distinction between National Non-Domestic Rates and Revenue Support Grant is only significant as an indicator of the extent to which the Government supplements income from Non-Domestic Rates with income derived from other national taxes (Income Tax, VAT etc.).

**Relative level of grant support**

Full comparisons of the level of specific grants allocated to individual local authorities are not yet available. As a result, the most realistic comparisons we can make are for Formula Grant, or the sum of Formula Grant and the provisional allocation of Dedicated Schools Grant.

For 2010/11, the sum of Formula Grant plus Dedicated Schools Grant allocated to Devon County Council works out as £698.60 per head of population, which is £40.04 per head less than the average allocated to county councils with no direct fire & rescue authorities (i.e. the county councils like Devon).

The only way to make comparisons with authorities other than similar county councils is to add up the grants received by all the local authorities operating in the Devon County Council area, in order to allow for the variety of different structures that operate in different parts of the country. This is shown in the table below:

	<b>Formula Grant + DSG per head 2010/11 £'s</b>
Devon & Cornwall Police Authority	112.18
Devon & Somerset Combined Fire & Rescue Authority	18.45
Devon County Council	698.60
Average District Council - see note below	79.54
<b>Total</b>	<b>908.77</b>
Average All-England Difference	1,162.33 253.56
DCC as a percentage of the all-England figure	78%

Note: the grant allocated to district councils within Devon varies considerably, from £59 per head in East Devon to £101 per head in Exeter.

Overall, the local authorities in Devon will receive just 78% of the national average level of grant support in 2010/11.

## **Council Tax**

Council Tax is - in concept, at least - a hybrid between a property tax and a tax on individuals, in that the initial tax level is based on the property value, but then modified by a series of discounts and exemptions that relate to the circumstances of the individuals living in the household. In order to avoid re-valuing homes every year, property values are fixed at 1991 values. This valuation is used to place each property in one of eight broad tax bands, each of which is weighted in proportion to the standard reference tax band (band D).

Council Tax Benefit provides an element of protection for households on low incomes, although the complexity of the claims process deters many people from taking up their entitlement to assistance. Although Council Tax Benefit is administered by billing authorities (district councils), the amounts paid out in benefit are reimbursed by central Government. In Devon, roughly 11% of households have their tax bills paid in full by Council Tax Benefit and a further 6% receive some partial assistance.

The County Council's budget for 2010/11 relies on raising £323.429 million from Council Tax. However, this requirement is offset by a surplus on the Collection Fund of just over £1.291 million: the surplus arises because the district councils collected more money in previous years than they estimated they would. The current economic climate may lead to reduced surpluses in future years. As a result, the amount that the County Council requires from new taxes in 2010/11 is £322.138 million, which translates into a Band D Council Tax figure of £1,116.36 - an increase of 1.98% compared to the previous year. This calculation is laid out in Key Table 2 (page 15)

## **Spending from available resources**

From the resources available the Council has to fund inflationary increases, and future spending pressures. The Council will also give priority to the delivery of its strategic plan when deciding how available resources are used and will seek to fund many of its new areas of spending by becoming more efficient and securing access to funding from other sources. Efficiency savings have been built into projections, based on the 4% target set by Government. Further details are included in the Medium Term Financial Strategy section of the Budget Book.

The Council's forecast expenditure, and the resources available to meet that expenditure are shown for 2010/11 in Key Table 1 (page 14), and for the following two years in Key Table 6 (page 20).

## **Specific Grants**

The Council receives a number of specific grants from central Government to support particular initiatives. Expenditure against specific grants is generally ring-fenced to fund the initiatives concerned, and cannot be used for general council expenditure. The number of specific grants reduced significantly when a number of them were transferred to become part of the general Area Based Grant (ABG). For the three year period from 2010/11 the Supporting People Programme Grant has been transferred to ABG, and this is reflected in the revised forecasts. Current estimates of the specific grants related to revenue expenditure are shown in Key Table 4 (page 18).

## **Schools' Funding**

The Council receives funding for schools in the form of the Dedicated Schools' Grant (DSG), which must be spent on schools and related expenditure. There is discretion to spend more than the amount funded by DSG on schools, and because Devon's schools are some of the most poorly funded by Government, being 148th out of 151 local authorities, the authority has therefore provided additional funding to schools to support Special Educational Needs, Pupil Referral Units and special schools. Otherwise the MTFS assumes that schools' budgets will continue to relate directly to the level of DSG funding in future years. More detail is given in the detailed budget pages for the Children and Young People's Services directorate.

## **Fees, Charges and other income**

Part of the County Council's income is generated by fees, charges and interest earned from treasury management activities. Just under half of this type of income is generated by means-tested charges for social care. In addition, the county council receives contributions from other public bodies towards the cost of jointly conducted activities.

The full schedule of fees and charges appears on the County Council's website at [http://www.devon.gov.uk/charging\\_policies\\_index.htm](http://www.devon.gov.uk/charging_policies_index.htm)

## **Medium Term Financial Strategy**

Devon County Council is a large, complex organisation. It cannot manage and plan its resources effectively by only budgeting on a year by year basis. It has to look ahead and plan over a longer time horizon. The County's Medium Term Financial Strategy that covers the period 2010/13 is set out as a later section of the Budget Book.

Although it is vital to look ahead in this way, the uncertainty that surrounds the future structure of Local Government in Devon makes it very difficult. Similarly the County Council has little idea of the funding that it will receive in 2011/12 from Central Government when the current three year settlement ends. These factors mean that any financial strategy can only be a guide and must be flexible enough to adapt as circumstances change.

## Key Table 1 - Budget Requirement

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Budget £'000
		<b>DIRECTORATE BUDGETS</b>		
358,771	2,970	Schools	12,199	373,940
(358,771)	(2,970)	Dedicated Schools Grant	(12,199)	(373,940)
111,098	1,229	Non-Schools	2,651	114,978
<b>111,098</b>	<b>1,229</b>	<b>Children &amp; Young People</b>	<b>2,651</b>	<b>114,978</b>
215,885	2,645	Adult and Community Services	(1,259)	217,271
106,965	108	Environment, Economy & Culture	(614)	106,459
9,805	(32)	Chief Executive's	(573)	9,200
21,970	(185)	Corporate Resources	(165)	21,620
<b>465,723</b>	<b>3,765</b>	<b>TOTAL DIRECTORATE BUDGETS</b>	<b>40</b>	<b>469,528</b>
		<b>Other budgets</b>		
54,187		Capital Financing Charges	677	54,864
10,048		PFI Financing Charges		10,048
(3,949)		Interest on Balances	2,236	(1,713)
0		Revenue Support for Flood Prevention Works	250	250
17,883		Spending from Reserves	(7,348)	10,535
		<b>Payments made to Outside Bodies</b>		
228		Environment Agency - Flood Defence	5	233
388		Devon Sea Fisheries Committee	8	396
<b>544,508</b>	<b>3,765</b>	<b>TOTAL NET BUDGETS</b>	<b>(4,132)</b>	<b>544,141</b>
		<b>Reserves and Balances</b>		
(17,883)		Use of Reserves	7,348	(10,535)
500		Customer Access Strategy	(500)	0
(4,500)		Extra Care Housing	4,500	0
0		General Reserve	3,300	3,300
(2,000)		Insurance Reserve	2,000	0
500		Lets Get Devon Moving	(500)	0
350		Matched Funding Reserve		350
3,079		Modernisation Fund	(3,079)	0
1,000		Redundancy Fund		1,000
0		Roads Emergency Reserve	1,000	1,000
<b>525,554</b>	<b>3,765</b>	<b>NET BUDGET</b>	<b>9,937</b>	<b>539,256</b>
		<b>Financed by:</b>		
55,966		Area Based Grant	(1,266)	54,700
<b>469,588</b>	<b>3,765</b>	<b>Budget Requirement</b>	<b>11,203</b>	<b>484,556</b>
28,692		Revenue Support Grant	(8,261)	20,431
124,307		Non-domestic Rates	16,389	140,696
<b>316,589</b>	<b>3,765</b>	<b>Council Tax</b>	<b>3,075</b>	<b>323,429</b>

## Key Table 2 - Precept and Council Tax

### TOTAL SPENDING TO BE MET FROM COUNCIL TAX

	<b>£'s</b>
County Council Budget funded by District Councils' collection funds	323,428,951.17
Net Surplus on Council Tax collection in previous years	-1,291,182.99
<b>Total to be met from Council Tax precepts in 2010/11</b>	<b>322,137,768.18</b>

### EQUIVALENT NUMBERS OF BAND "D" PROPERTIES

District Council	Tax Base (Relevant Amount)	Tax Base Used for Collection	Collection Rate %
East Devon	57,676.47	56,869.00	98.60
Exeter	38,599.00	37,827.00	98.00
Mid Devon	28,648.00	28,075.04	98.00
North Devon	35,077.61	34,726.83	99.00
South Hams	38,771.21	37,997.17	98.00
Teignbridge	49,574.00	49,078.00	99.00
Torridge	23,896.36	23,537.91	98.50
West Devon	20,867.24	20,449.88	98.00
<b>Total</b>	<b>293,109.89</b>	<b>288,560.83</b>	<b>98.45</b>

### COUNTY COUNCIL TAX DUE FOR EACH PROPERTY VALUATION BAND

Valuation Band	Government Multiplier		Council Tax £'s
	Ratio	% of Band D	
A	6/9	66.7	744.24
B	7/9	77.8	868.28
C	8/9	88.9	992.32
<b>D</b>	<b>1</b>	<b>100.0</b>	<b>1,116.36</b>
E	11/9	122.2	1,364.44
F	13/9	144.4	1,612.52
G	15/9	166.7	1,860.60
H	18/9	200.0	2,232.72

The County Council Tax for Band D represents an increase of 1.98% on the 2009/10 figure.

### NET AMOUNT DUE FROM EACH DISTRICT COUNCIL IN 2010/11

District Council	Surplus (deficit) for 2009/10 £'s	Precepts Due 2010/11 £'s	Total due in 2010/11 £'s
East Devon	206,138.19	63,486,276.84	63,692,415.03
Exeter	76,415.00	42,228,549.72	42,304,964.72
Mid Devon	579,104.00	31,341,851.65	31,920,955.65
North Devon	(319,100.83)	38,767,643.94	38,448,543.11
South Hams	192,000.00	42,418,520.70	42,610,520.70
Teignbridge	(146,166.00)	54,788,716.08	54,642,550.08
Torridge	535,637.00	26,276,781.21	26,812,418.21
West Devon	167,155.63	22,829,428.04	22,996,583.67
	<b>1,291,182.99</b>	<b>322,137,768.18</b>	<b>323,428,951.17</b>

## Key Table 3 - Reserves and Balances

<b>COUNTY FUND BALANCES</b>	<b>£'000</b>
Estimated balance as at 31st March 2010	14,239
Add contribution in 2010/11	0
<b>Estimated balance as at 31st March 2011</b>	<b>14,239</b>

Note: The estimate of both working balances and earmarked funds as at March 2010 reflect the best known information to date: the final totals may change as a result of decisions taken at outturn.

### EARMARKED REVENUE RESERVES

	Estimated Balance at 31.03.10 £'000	Estimated Spending £'000	Service Budgets Contribution £'000	Estimated Income £'000	As at 31.03.11 £'000
Affordable Housing	144	144			0
Blighted Properties	200				200
Building Maintenance	0				0
Customer Access Strategy	378				378
CYPS Invest to Save	640	640			0
Development Fund	2,150				2,150
Devon Cleaning and Catering	597				597
Emergency Planning	58				58
Energy & Water	55	10	5		50
Energy Conservation	200				200
Extra Care Housing	5,809		2,500		8,309
Financing Fund	75	55			20
General Reserve	0			3,300	3,300
Inspection & Implementation	78				78
Insurance	0				0
Integrated Youth Support Service	75				75
Lets Get Devon Moving	198	198			0
Local Authority Business Grant	1,903	1,179			724
Local Initiatives	186	81			105
LPSA (1) Reward	622				622
LPSA (2) Reward	2,644	2,097			547
Matched / European Funding	897	342		350	905
Modernisation	2,945	672			2,273
New Roads and Street Works Act	419	75			344
On Street Parking	615	360			255
PFI Sinking Fund	638	23	21		636
Prior Year Tax	100				100
Procurement	190	190			0
Redundancy	4,451	1,800		1,000	3,651
Redundant Landfill Sites	101	48			53
Response to the Economic Downturn Reserve	250				250
Roads Emergency	0			1,000	1,000
Service Development Fund	4,777	2,139	298		2,936
Systems Development Fund	105	105			0
Trading Accounts	2				2
Waste Management Fund	1,275	377			898
<b>Total Earmarked Revenue Reserves</b>	<b>32,777</b>	<b>10,535</b>	<b>2,824</b>	<b>5,650</b>	<b>30,716</b>

Reserves may be required to finance job evaluation and winter maintenance costs in 2009/10 which may reduce the opening position.

<b>PROVISIONS</b>	<b>Estimated Balance at 31.03.10 £'000</b>	<b>Estimated Spending £'000</b>	<b>Estimated Income £'000</b>	<b>As at 31.03.11 £'000</b>
Bad Debts	529	17	(36)	<b>476</b>
Insurance (from 1/4/98)	12,817	2,666	4,391	<b>14,542</b>
Insurance (prior to 1/4/98)	510	31	12	<b>491</b>
Out of date cheques	117	92	59	<b>84</b>
Other Liabilities	1,587	1,301	280	<b>566</b>
Staff transition	2,386	2,386		<b>0</b>
Trading Accounts	265	72		<b>193</b>
<b>Total Provisions</b>	<b>18,211</b>	<b>6,565</b>	<b>4,706</b>	<b>16,352</b>

## Key Table 4 - Government Specific Grants

	2010/11 £'000	2011/12 £'000	2012/13 £'000
<b>Children &amp; Young People's Services</b>			
Dedicated Schools (subject to confirmation in summer 2008)	373,940	373,940	373,940
Learning and Skills Council Post 16 Funding	30,769	30,769	30,769
Standards Funds	53,532	53,532	53,532
Exeter Schools – PFI project	8,748	8,748	8,748
Youth Opportunities Fund	341	341	341
Staff Inherited Liabilities (HEFCE)	443	443	443
Contact Point	120	120	120
Youth Service – miscellaneous grants	197	197	197
Secondary Teacher Training Grant	424	424	424
Primary Teacher Training Grant	431	431	431
Sure Start	17,226	17,226	17,226
Aiming High for Disabled Children	1,901	1,901	1,901
TDA School support	249	249	249
TDA School Workforce Modernisation	695	695	695
Children's Workforce Development Council	126	126	126
Instrument Purchase	131	131	131
Youth Justice Board - Youth Offending Team	600	600	600
Consortia Support Grant	613	613	613
Diploma Revenue Funds	135	135	135
Targeted Mental Health in Schools	150	150	150
Substance Misuse Grants	360	360	360
Miscellaneous other grants	480	480	480
<b>Children &amp; Young People's Services Total</b>	<b>491,611</b>	<b>491,611</b>	<b>491,611</b>
<b>Adult &amp; Community Services</b>			
Delivering Stroke Care for Adults	131	0	0
Learning Disability Campus Closure	82	0	0
Social Care Reform	3,604	0	0
Learning and Skills Council Adult Education Grants	4,660	4,660	4,660
<b>Adult &amp; Community Services Total</b>	<b>8,477</b>	<b>4,660</b>	<b>4,660</b>
<b>Environment, Economy &amp; Culture</b>			
European Union	951	951	951
Learning & Skills Council	57	57	57
Natural England	667	667	667
Road Safety grants	678	678	678
Future Jobs Fund	429	429	429
Exeter and Far South West Gateway Study	290	290	290
"Kickstart" Bus Challenge	29	29	29
South West Regional Development Agency	35	35	35
Other	74	74	74
<b>Environment, Economy &amp; Culture Total</b>	<b>3,210</b>	<b>3,210</b>	<b>3,210</b>
<b>Chief Executive's</b>			
Safer Devon Partnership	265	265	265
<b>Chief Executive's Total</b>	<b>265</b>	<b>265</b>	<b>265</b>
<b>Total Government Specific Grants</b>	<b>503,563</b>	<b>499,746</b>	<b>499,746</b>

Where grants are expected to be ongoing, but figures are currently unavailable, it is assumed that the same level of grant will be received as in previous years. In these instances, grant funded expenditure plans will be modified to reflect the level of grant funding when confirmed.

## Key Table 5 - Revenue Budget Analysed by Strategic Priorities and Supporting Strategies

	Directorate					Other Corporate Budgets £'000	Total £'000
	Children & Young People £'000	Adult & Community Services £'000	Environment, Economy & Culture £'000	Chief Executive's £'000	Corporate Resources £'000		
<b>Strategic Priorities</b>							
1 Support local business and tourism	0	0	8,621	159	424	4,821	<b>14,025</b>
2 Improve knowledge, skills and productivity	57,099	10,345	0	1,248	3,316	34,895	<b>106,903</b>
3 Promote green travel, improve roads and reduce congestion	0	0	64,458	1,193	3,170	24,016	<b>92,837</b>
4 Provide responsive services that support people and families in need	57,879	206,926	0	5,982	13,069	5,073	<b>288,929</b>
5 Reduce waste, improve recycling and reduce landfill	0	0	33,380	618	1,641	923	<b>36,562</b>
<b>2010/11 Total Revenue Budget</b>	<b>114,978</b>	<b>217,271</b>	<b>106,459</b>	<b>9,200</b>	<b>21,620</b>	<b>69,728</b>	<b>539,256</b>

### Core principles which will help us achieve our strategic priorities are:

Care - To deliver high quality services that care for Devon, its residents and environment.

Community - Work with local people to help build strong and prosperous communities and ensure a sustainable future for all.

Enterprise - To develop a competitive economy as the key to a better quality of life for all.

Value - To be a businesslike council that is lean and focused, providing good value for money.

### More Information

For more information about the County Council's Strategic Plan can be found on our website, address: [www.devon.gov.uk/strategicplan](http://www.devon.gov.uk/strategicplan)

## Key Table 6 - Medium Term Financial Strategy

### Summary of Forecast Expenditure

	Cumulative	
	2011/12	2012/13
	£'000	£'000
2010/11 Budget	539,256	539,256
Financing commitments - Inflation	9,827	21,155
Technical Changes	(2,407)	(2,394)
Directorate Service Changes	39,894	64,613
Strategic Priorities	1,963	2,632
Efficiency Savings	(19,374)	(39,329)
Other Savings	(30,821)	(39,308)
<b>Total</b>	<b>538,338</b>	<b>546,625</b>

### Summary of Forecast Income

	2011/12	2012/13
	£'000	£'000
<b>Government Support</b>		
Revenue Support Grant	18,388	18,388
Non-domestic Rates	126,626	126,626
Area Based Grant	62,128	62,128
	<b>207,142</b>	<b>207,142</b>
<b>Council Tax</b>	331,196	339,483
<b>Total</b>	<b>538,338</b>	<b>546,625</b>

### Directorate Guideline Allocations

	2011/12	2012/13
	£'000	£'000
Children and Young Peoples Services	116,186	117,372
Adult and Community Services	236,769	241,428
Environment, Economy and Culture	108,250	110,638
Office of the Chief Executive	8,901	8,594
Corporate Resources	21,117	20,442
Non-Directorate	77,936	87,459
Unallocated Savings	(30,821)	(39,308)
<b>Total</b>	<b>538,338</b>	<b>546,625</b>

The draft Capital plans for the next five years are also set out in this book.

### **More Information**

For more information contact Chris Sanders, Assistant Director of Finance on 01392 382653, [chris.sanders@devon.gov.uk](mailto:chris.sanders@devon.gov.uk)

# Capital Programme Overview

## The Capital Programme

The Capital Programme is a Medium Term Capital Plan (MTCP) covering five financial years. The Capital Programme details the Capital Investment plans for the Council and the way in which the plans are to be funded.

The Capital Programme is defined by the Capital Programme Group through the use of the Strategic Plan, Service Plans, the Capital Strategy and Asset Management Plan, Option Appraisal, Schedules of Works, Prioritisation and Prudential Indicators.

The planning levels over the period set out in this report represent a major investment in the infrastructure and the economy of Devon. However, forward forecasts from 2015/16 onwards indicated a major risk of the Council breaching one of the prudential indicators that ensures that the ratio of borrowing costs to net revenue streams is within 12%. In order to stay within this ratio, approximately £120 million of borrowing has therefore been removed from the capital programme from 2009/10 onwards. The medium Term capital programme for 2010/11 and beyond is shown in Table A.

**Table A**

	2010/11	2011/12	2012/13	2013/14	2014/15
Directorate	£'000	£'000	£'000	£'000	£'000
Adult & Community Services	5,088	8,204	13,885	9,440	7,075
Environment, Economy & Culture	86,058	86,166	81,966	111,217	97,176
Children and Young People's Services	75,703	57,134	45,489	37,649	32,554
Corporate Resources Directorate	2,874	2,326	649	80	0
Office of the Chief Executive	5,678	1,693	811	0	0
<b>Total</b>	<b>175,401</b>	<b>155,523</b>	<b>142,800</b>	<b>158,386</b>	<b>136,805</b>

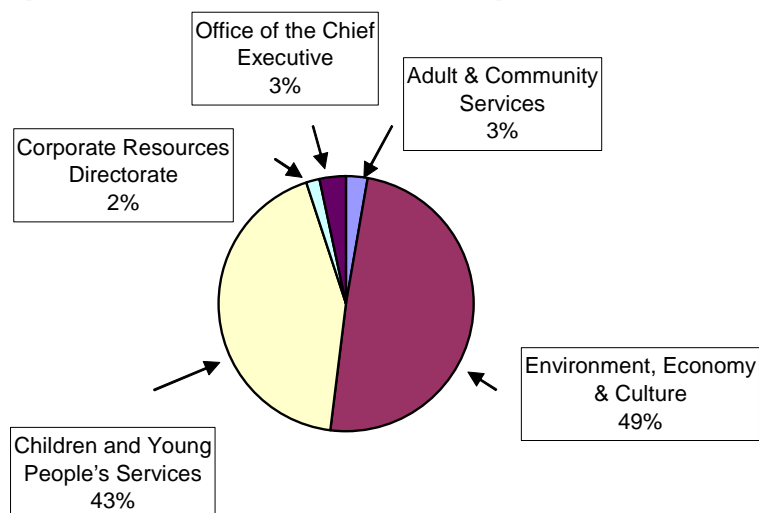
The values include expenditure related to the Investing in Devon (IID) programme. This is spending financed from the sale of Exeter Airport and totals £24.584 million over the five year period. Table B provides details of this programme. Total planned expenditure on the IID programme from 2008/09 and including the period of the MTCP equals £47.594 million.

**Table B**

	2010/11	2011/12	2012/13	2013/14	2014/15
Directorate	£'000	£'000	£'000	£'000	£'000
Adult & Community Services	150	500	7,000	2,350	0
Environment, Economy & Culture	2,325	1,904	718	0	0
Children and Young People's Services	1,990	0	0	0	0
Corporate Resources Directorate	0	0	0	0	0
Office of the Chief Executive	5,143	1,693	811	0	0
<b>Total</b>	<b>9,608</b>	<b>4,097</b>	<b>8,529</b>	<b>2,350</b>	<b>0</b>

Management of the Investing in Devon programme is ongoing and projects continue to be approved by Members. The planning level for the Office of the Chief Executive contains the balance of spending on schemes which remain to be approved.

## Capital Programme 2010/11 by Directorate



## Capital Finance

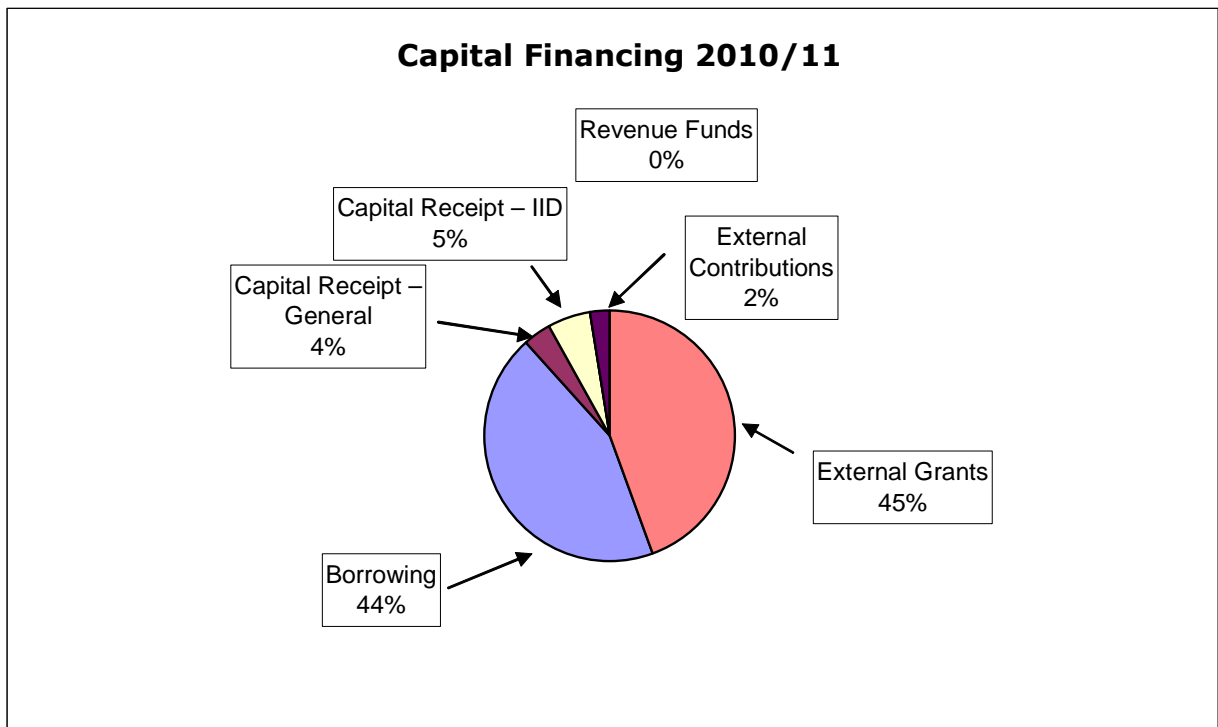
All capital expenditure requires a matching source of finance. The major element of finance is generally provided by borrowing and the County Council operates under the CIPFA Prudential Code which is explained elsewhere in the Budget Book.

Borrowing is either supported (where Government recognises the revenue cost of meeting such values through the annual finance settlement) or unsupported (for which no funding is provided by Government). Through the Medium Term Capital Programme, the County Council plans to utilise the full value of the capital receipt achieved from the sale of Exeter Airport and significant external grant contributions from the Government Departments.

Table C outlines the financing sources for the programme.

**Table C**

Funding Source	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Supported Borrowing	50,513	40,781	41,668	42,573	43,494
Unsupported Borrowing	24,816	38,416	13,345	16,506	3,653
Vehicle & Equip Loan Pool Borrowing	1,764	2,131	1,666	1,789	1,500
Capital Receipt – General	6,229	3,275	520	1,195	180
Capital Receipt – IID	9,608	4,097	8,529	2,350	0
Revenue Funds	197	1,821	4,200	6,000	5,400
External Contributions	4,122	2,913	15,356	5,181	5,423
External Grants	78,152	62,089	57,516	82,792	77,155
<b>Total</b>	<b>175,401</b>	<b>155,523</b>	<b>142,800</b>	<b>158,386</b>	<b>136,805</b>



## Borrowing

Borrowing is classified as either 'supported' or 'unsupported'. Supported borrowing relates to finance that is recognised by Government by way of the annual financial settlement. Government adjusts the Formula Grant, under the Capital Financing element, to reflect the cost of supported borrowing through the revenue budget. Unsupported borrowing does not attract Government recognition and the consequential revenue costs are borne by the Council outside of increased resources from the annual financial settlement. The Vehicle & Equipment Loan Pool is financed as unsupported borrowing, and annual revenue costs are borne directly by the Directorate budgets that acquire the assets.

The Council has been active in managing investment and interest risk. A report endorsed by the Executive in May 2009 outlined a strategy that would minimise counterparty risk by using cash to meet the costs of capital expenditure instead of borrowing to fund it. This practice is known as internal borrowing and has the advantage, when investment rates are low, of minimising counter party risk and net interest costs.

As a consequence, in the short term the capital programme can be financed without adding to balance sheet debt. No external borrowing has taken place in either 2008/09 or 2009/10 and only a marginal increase in debt is forecast for 2010/11.

## Capital Receipts

Capital Receipts represents the income from the sale of Council Assets and can be used to finance capital investment. The movement in capital receipts is forecast as follows:

	<b>2010/11</b>
	<b>£'000</b>
Estimated unapplied balance brought forward – general	6,776
Estimated unapplied balance brought forward – Investing in Devon	38,129
	<b>44,905</b>
Estimated receipts generated in-year	5,000
Anticipated application of receipts – General	(6,229)
Anticipated application of receipts – Investing in Devon	(9,608)
<b>Movement in Year</b>	<b>(10,837)</b>
Capital Receipts Unapplied at year end – general	5,547
Capital Receipts Unapplied at year end – Investing in Devon	28,521
<b>Total Capital Receipts Unapplied</b>	<b>34,068</b>

## Revenue Funds

This relates to the acquisition of assets, funded directly from revenue budget contributions or reserves.

## External Contributions and Grants

Relates to direct grants received from other public bodies, Government or private sector developers in the form of Section 106 Agreements to finance directly all or part of the cost of capital schemes.

## Risk Assessment

Risks to the capital programme and mitigation are set out below:

Risk: Costs being higher than estimated

Mitigation: Within the Programme Detail section of this report, directorates indicate their 'total scheme approvals' for new schemes. This improves accountability and provides a clear link between the initial estimate and the actual costs that arise.

Actual costs are monitored on a monthly basis and overspends are identified. Overspends are managed by either modifying the scope of the scheme or by redirecting funding from other projects.

Risk: External funding sources not being received

Mitigation: The potential impact of external funding sources not being received is reviewed when assessing the likely level of borrowing required to finance the capital programme. It is therefore factored into an assessment of borrowing limits. Projects are not committed unless funding sources are in place.

Risk: The Programme not being delivered on time

Mitigation: The Council aims to develop a medium term capital programme that can realistically be delivered to the time scales agreed. However there is always the risk that complications in specific projects arise or specialist contractors cannot be employed. In such circumstances other projects are advanced.

## Programme Detail

The following tables provide the detail of schemes contained within the Medium Term Capital Programme.

### Adult & Community Services

Project	Total Scheme Approvals	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>Adult Social Care</b>						
<u>New Starts</u>						
LD community hub, Newton Abbot	850	850	0	0	0	0
LD community hub, Torrington	250	250	0	0	0	0
Extra Care Housing	16,800	0	1,200	4,200	6,000	5,400
<u>Existing Schemes</u>						
Adaptations for disabled adults		45	90	80	100	100
Community equipment		150	150	150	150	150
Extra Care Housing (Grant Funded)		0	221	0	0	0
Handling & lifting equipment		24	24	0	10	10
IT strategy		265	150	135	105	0
Mental Health		231	231	231	231	231
Rolling upgrades		393	367	54	54	54
Service changes towards modernisation		193	5	0	0	105
		<b>2,401</b>	<b>2,438</b>	<b>4,850</b>	<b>6,650</b>	<b>6,050</b>
<b>Adult &amp; Community Learning</b>						
Adult learning centre upgrade, Newton Abbot		<b>225</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Libraries</b>						
Libraries modernisation: partnership schemes		484	2,070	1,375	50	775
Library modernisation: Cullompton		173	1,497	0	0	0
Library modernisation: Newton Abbot		519	509	0	0	0
Ottery Saint Mary Library		0	300	0	0	0
Sidmouth Library enhancement		0	295	410	0	0
Libraries minor works		250	250	250	250	250
Refurbishment of library estate		466	205	0	0	0
		<b>1,892</b>	<b>5,126</b>	<b>2,035</b>	<b>300</b>	<b>1,025</b>
<b>Vehicle &amp; Equipment Loans Pool (VELP)</b>						
Mobile libraries		<b>420</b>	<b>140</b>	<b>0</b>	<b>140</b>	<b>0</b>
<b>Investing In Devon</b>						
Devon & Exeter Forum		<b>150</b>	<b>500</b>	<b>7,000</b>	<b>2,350</b>	<b>0</b>
<b>Annual Total</b>		<b>5,088</b>	<b>8,204</b>	<b>13,885</b>	<b>9,440</b>	<b>7,075</b>
<b>Cumulative Total</b>		<b>5,088</b>	<b>13,292</b>	<b>27,177</b>	<b>36,617</b>	<b>43,692</b>

## Environment, Economy & Culture

Project	Total Scheme Approvals	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's
<b>Highway Management</b>						
<u>New Starts</u>						
A361/A39 Junction Capacity and Safety Improvement	1,400	100	1,300	0	0	0
Dawlish regeneration Phase 1 The Strand	1,500	50	700	750	0	0
Exeter Principal Urban Area Major Scheme Bid	35,845	0	518	3,084	14,920	9,853
High Quality Public Transport Major Scheme Bids	69,165	0	175	420	15,510	14,511
<u>Existing Schemes</u>						
Fishers Bridge	547	26	491	0	0	0
East of Exeter Phase 2 Major Scheme	16,247	7,307	6,880	20	281	0
Barnstaple Western Bypass	43,296	1,067	32	47	0	0
Carbon Management - street lighting		150	150	150	150	0
Crediton Link Road	7,750	500	350	400	3,000	2,550
Culverts		70	70	0	0	0
Depot Strategy		613	291	366	333	165
Exmouth The Strand	3,000	2,117	88	0	0	0
Footways - LPSA2 Reward Grant		110	0	0	0	0
Kingskerswell Bypass	129,900	4,628	27,000	29,000	27,750	28,270
Local Transport Plan Maintenance		31,789	28,800	29,577	30,370	31,176
M5 Junction 29 segregated bridge	5,500	4,681	0	0	0	0
M5 Junction 30 improvements	1,500	804	0	0	0	0
Public Rights of Way - LPSA2 reward grant		368	0	0	0	0
Road Safety Grant		230	0	0	0	0
Street Lighting		50	50	0	0	0
South Highways schemes		95	0	0	0	0
Vehicle and Equipment Loans Pool		1,144	1,791	1,466	1,449	1,500
<b>Total Highways and Transport</b>		<b>55,899</b>	<b>68,686</b>	<b>65,280</b>	<b>93,763</b>	<b>88,025</b>
<b>Planning and Transportation</b>						
Local Transport Plan Integrated Transport		8,185	8,253	8,418	8,586	8,758
Cycling - Bovey to Mortonhampstead	2,330	1,540	40	340	70	180
Cycling - Countywide Leisure grant	1,505	1,005	0	0	0	0
Cycling - Cycle Demonstration Town, Exeter	2,798	500	0	0	0	0
Cycling - Exe Estuary	17,464	1,986	650	2,980	3,726	0
Cycling - Kingsteignton to Newton Abbot Connect 2	3,057	148	70	2,282	0	0
Cycling - Tavistock to Bere Alston Railway Path	100	50	0	0	0	0
Cycling - Tavistock to Plymouth Gem Bridge	3,470	775	2,047	28	0	0
<b>Total Planning and Transportation</b>		<b>14,189</b>	<b>11,060</b>	<b>14,048</b>	<b>12,382</b>	<b>8,938</b>
<b>Public and Community Transport</b>						
Public Transport - LPSA2 reward grant		737	0	0	0	0
<b>Total Public and Community Transport</b>		<b>737</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Environment, Economy & Culture (Continued)

Project	Total Scheme Approvals	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's
<b>Waste Management</b>						
<u>New Starts</u>						
Recycling Centres - Dawlish	1,000	0	0	0	0	30
Recycling Centres - Ivybridge	2,500	80	70	500	1,850	0
Teignbridge Transfer Station	3,000	0	0	100	2,862	38
<u>Existing Schemes</u>						
Exeter Waste to Energy Plant	5,634	500	600	0	0	0
In-vessel Composting - Deep Moor	6,100	154	0	0	0	0
In-vessel Composting - Waste Infrastructure Capital Grant		480	0	0	0	0
Landfill Site Restoration		309	67	0	0	0
Recycling Centres - Cullompton	2,000	600	1,300	0	0	0
Recycling Centres - East of Exeter (Pinbrook)	3,800	67	0	0	0	0
Recycling Centres - Exton Road incorp Salt Barn	500	343	7	0	0	0
Recycling Centres - Woods Farm replacement	2,000	150	1,180	590	30	0
<b>Total Waste Service</b>		<b>2,683</b>	<b>3,224</b>	<b>1,190</b>	<b>4,742</b>	<b>68</b>
<b>Economy and Tourism</b>						
Science Park Phase 1 Development	18,575	8,144	0	0	0	0
Economic Development Fund:-						
Coastal Towns Community Infrastructure	750	86	282	100	75	20
Devon Employment Space Strategy	1,500	350	500	375	125	125
ICT Strategy	700	100	300	150	0	0
Renewable Energy for Devon	450	150	0	0	0	0
SkyPark - strategic infrastructure	1,400	700	0	0	0	0
Industrial Estates		255	80	0	100	0
<b>Total Economy and Tourism</b>		<b>9,785</b>	<b>1,162</b>	<b>625</b>	<b>300</b>	<b>145</b>
<b>Countryside, Heritage &amp; Arts</b>						
Grand Western Canal - sustainable silt & nutrient management		160	100	75	0	0
Jurassic Coast Interpretation Projects		30	30	30	30	0
World Heritage Site - Visitor Centres Dorset and East Devon	1,000	250	0	0	0	0
<b>Total Countryside, Heritage &amp; Arts</b>		<b>440</b>	<b>130</b>	<b>105</b>	<b>30</b>	<b>0</b>
<b>Investing in Devon - EEC</b>						
<u>New starts</u>						
Grand Western Canal Visitor Centre	240	240	0	0	0	0
Yeoford Platform	250	250	0	0	0	0
<u>Existing Schemes</u>						
Around Devon Cycle Route	5,000	1,552	1,780	668	0	0
Devon Cultural Acquisitions Fund	250	100	50	50	0	0
The Walronds, Cullompton	250	100	50	0	0	0
Devon Schools' Organic Waste	190	83	24	0	0	0
<b>Total Investing in Devon - EEC</b>		<b>2,325</b>	<b>1,904</b>	<b>718</b>	<b>0</b>	<b>0</b>
<b>Annual Total</b>		<b>86,058</b>	<b>86,166</b>	<b>81,966</b>	<b>111,217</b>	<b>97,176</b>
<b>Cumulative Total</b>		<b>86,058</b>	<b>172,224</b>	<b>254,190</b>	<b>365,407</b>	<b>462,583</b>

## Children and Young People's Services

Project	Total Scheme Approvals	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>Schools</b>						
<u>New Starts</u>						
14-19 Rurality		500	0	0	0	0
Building Schools for the Future - Wave 1					3,700	
Cranbrook New Community	13,500	150	850	12,260	0	0
Extended Schools		648	0	0	0	0
		4,875	0	0	0	0
Harnessing Technology						
Relocation of Clyst Vale	1,000	0	0	0	1,000	0
Schools Access Initiative Programme		1,371	1,400	1,400	1,400	1,400
Shaldon Primary School	1,400	0	100	0	0	0
Teign School sports hall	2,800	0	2,800	0	0	0
Vehicle and Equipment Loans Pool		200	200	200	200	
Devolved Formula Capital		24,005	13,000	13,000	13,000	13,000
Mill Water	8,305	0	800	0	0	0
<u>Existing Schemes</u>						
Building Schools for the Future - Bideford		9,900	2,800	0	0	0
DCSF KS3 Food Technology		600	0	0	0	0
Hill Crest Invest to Save		500	0	0	0	0
NDS Modernisation		3,185	7,000	7,000	7,000	7,000
Primary Capital Programme		2,216	6,000	6,000	6,000	6,000
School Kitchens		261	0	0	0	0
The Castle Primary School - Tiverton		100	0	0	0	0
Basic Need (Commitments and New Starts)		8,639	19,615	5,000	5,000	5,000
Targeted Capital Fund - 14-19/SEN		4,000	0	0	0	0
		<b>61,150</b>	<b>54,565</b>	<b>44,860</b>	<b>37,300</b>	<b>32,400</b>
<b>Early Years</b>						
<u>New Starts</u>						
Children's Centres		1,938	0	0	0	0
Early Years Preschool		6,100	0	0	0	0
		<b>8,038</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Children Services</b>						
<u>New Starts</u>						
16-17 unintentionally homeless - LPSA2		347	0	0	0	0
Adaptations for Additional Need		75	75	75	75	75
Adoptions of children looked after - LPSA2		29	0	0	0	0
Aiming High for Disabled Children (AHDC)		618	0	0	0	0
Care Leavers in Employment, Education and Training at age 19		52	0	0	0	0
Children's Personal Social Services		244	79	79	79	79
		60	60	60	60	0
Children's Services - Foster Carers - Adaptations						
Pupils participating in Sport		270				
Rifford Road Children's Home	1,000	0	750	250	0	0
<u>Existing Schemes</u>						
Adaptations for Children with specific needs		201	75	75	75	0
Computers For Carers		87	0	0	0	0
		<b>1,983</b>	<b>1,039</b>	<b>539</b>	<b>289</b>	<b>154</b>

## Children and Young People's Services (continued)

Project	Total Scheme	2010/11	2011/12	2012/13	2013/14	2014/15
	Approvals	£'000	£'000	£'000	£'000	£'000
<b><u>Integrated Youth Support Service</u></b>						
<u>New Starts</u>						
Bideford Integrated Youth Support Services Centre	430	320	0	0	0	0
Chulmleigh Integrated Youth Provision	450	300	0	0	0	0
Integrated Youth Provision Exeter	140	140	0	0	0	0
Youth Participation 'Hear by Right'		38	0	0	0	0
South Molton Integrated Youth Provision	410	200	0	0	0	0
South Molton Youth Centre		160	0	0	0	0
Youth Capital Fund		295	0	0	0	0
Youth Minor Works		150	80	90	60	0
<u>Existing Schemes</u>						
Axminster Youth Centre		25	0	0	0	0
		150	0	0	0	0
Dawlish Youth Centre - Dawlish Town Council						
Dawlish Youth Centre - MYPLACE		300	0	0	0	0
Moretonhampstead IYSS Centre		87	0	0	0	0
		<b>2,165</b>	<b>80</b>	<b>90</b>	<b>60</b>	<b>0</b>
<b><u>Office Strategy</u></b>						
<u>New Starts</u>						
Exeter Office Rationalisation & Remodelling	1,000	500	500	0	0	0
Office Modernisation	249	0	50	0	0	0
Roundswell Office Accommodation	400	0	400	0	0	0
South Devon Hub	500	0	500	0	0	0
<u>Existing Schemes</u>						
Digital Archiving		25	0	0	0	0
		<b>525</b>	<b>1,450</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Investing in Devon</u></b>						
<u>New Starts</u>						
Mobile Working		313	0	0	0	0
Playgrounds and MUGAS		500	0	0	0	0
<u>Existing Schemes</u>						
Renewable Energy Challenge Fund		350	0	0	0	0
Video Conferencing		75	0	0	0	0
		<b>1,238</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Other External Funding</u></b>						
<u>New Starts</u>						
Playbuilder		604	0	0	0	0
		<b>604</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Annual Total</b>		<b>75,703</b>	<b>57,134</b>	<b>45,489</b>	<b>37,649</b>	<b>32,554</b>
<b>Cumulative Total</b>		<b>75,703</b>	<b>132,837</b>	<b>178,326</b>	<b>215,975</b>	<b>248,529</b>

## Corporate Resources

Project	Total Scheme Approvals	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>ICT</b>						
<u>New Starts</u>						
Infrastructure Modernisation (Note 1 & 2)	1,819	139	380	100	0	0
<b>ICT - Total</b>		<b>139</b>	<b>380</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>Business Transformation Unit</b>						
<u>Existing Schemes</u>						
New Ways of Working - Hub Centres & Flexible Working		650	250	0	0	0
Compliance - Disability Discrimination Act		150	150	150	0	0
Boiler replacement programme		165	930	0	0	0
Barnstaple Civic Centre - Works		133	14	14	0	0
<u>New Starts</u>						
Barnstaple Civic Centre - Rewiring (Note 2)	215	0	115	100	0	0
Barnstaple Civic Centre - External redecoration (Note 2)	144	0	144	0	0	0
Great Moor House - roof (Note 2)	403	403	0	0	0	0
<b>Business Transformation Unit - Total</b>		<b>1,501</b>	<b>1,603</b>	<b>264</b>	<b>0</b>	<b>0</b>
<b>County Farms</b>						
Compliance - Nitrate Vulnerable Zones (Farms)		200	200	200	0	0
County Farms - Restructuring		53	53	0	0	0
<b>County Farms - Total</b>		<b>253</b>	<b>253</b>	<b>200</b>	<b>0</b>	<b>0</b>
<b>Other Services</b>						
Enabling Works		95	90	85	80	0
High Bickington		850	0	0	0	0
Sustainable Village Communities		36	0	0	0	0
<b>Other Services - Total</b>		<b>981</b>	<b>90</b>	<b>85</b>	<b>80</b>	<b>0</b>
<b>Annual Total</b>		<b>2,874</b>	<b>2,326</b>	<b>649</b>	<b>80</b>	<b>0</b>
<b>Cumulative Total</b>		<b>2,874</b>	<b>5,200</b>	<b>5,849</b>	<b>5,929</b>	<b>5,929</b>

## Office of the Chief Executive

Project	Total Scheme Approvals	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b><u>Safer Devon Partnership</u></b>						
Safer Devon Partnership - theme groups		218	0	0	0	0
<b>Safer Devon Partnership - Total</b>		<b>218</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Other Services</u></b>						
Investing In Devon		5,143	1,693	811	0	0
<b>Other Services - Total</b>		<b>5,143</b>	<b>1,693</b>	<b>811</b>	<b>0</b>	<b>0</b>
<b><u>LPSA2 Funding</u></b>						
Domestic Violence		317	0	0	0	0
<b>LPSA2 Funding - Total</b>		<b>317</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Annual Total</b>		<b>5,678</b>	<b>1,693</b>	<b>811</b>	<b>0</b>	<b>0</b>
<b>Cumulative Total</b>		<b>5,678</b>	<b>7,371</b>	<b>8,182</b>	<b>8,182</b>	<b>8,182</b>

## More Information

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**Children & Young People’s Services Directorate**

## Executive Director's Commentary

Following the Children Act 2004, local authorities have been required to establish Children's Trust partnerships and integrated educational and social care provision. In Devon this was extended to include the developing close relationship with health services, including joint commissioning arrangements. In this context Children and Young People's Services (CYPS), established on 1 April 2006, has worked consistently to develop a focus on outcomes that will break down service and agency silos, and put children and families at the centre of planning and delivery.

Notable steps forward in 2009/10 were

- the joint appointment with NHS Devon of an Assistant Director for integrated services;
- public recognition of excellent joint commissioning practice through the Beacon status award;
- endorsement of the educational vision developed with schools through approval for our Strategy for Change, and early inclusion in the Building Schools for the Future (secondary building) programme;
- strong partnership work between the authority and its schools, which identified resource and commitment to secure a continuum of provision for children and families with additional needs.

Devon continues to be at the leading edge of innovation and development, and is path finding or advising on many initiatives across the spectrum of children's services, from Young Commissioners to Targeted Mental Health in Schools.

In terms of service modernisation, underpinned by the cultural change that promotes an understanding of different ways of securing effective services, the priority programmes set out in 2009/10 are on track:

- the Learning and Development Partnership (Devon) (LDP), a former DSCF commissioning pilot, is into Phase 3 of its transformation project; there is considerable national interest in this model, which should provide better outcomes for all stakeholders, including staff;
- the Stepping Stones programme (developing the continuum of provision referred to above) is in the implementation phase; in 2010/11 the focus will be on developing Local Area Bases in partnership with schools. These will ensure local provision for vulnerable groups (including those with Social and Emotional Behavioural Difficulties, Autistic Spectrum Disorders and Profound and Multiple Learning Difficulties) and will be supported by three area hubs in Exeter, North Devon, and South Devon. As part of the programme the current Pupil Referral Units will be rebadged as short-stay schools, a new government requirement.

The most significant influence on all authorities' children's services functions has been the strong national focus on safeguarding arrangements. In 2009 the Devon Safeguarding Children Board, a consortium of partners under an independent chair, was formally constituted to provide support and challenge to the authority and its Children's Trust Board. There is corporate ownership of safeguarding arrangements for all vulnerable groups, and strong political leadership to support robust approaches. Devon was one of the first authorities whose arrangements were inspected under the revised Children's Services framework. Provision for safeguarding was judged to be adequate and services for looked after children to be good. Overall effectiveness was judged good or better in the majority of services and settings. A Post-Ofsted Action Plan is on track: most notably the overhaul of electronic records systems, and a revised approach to the social care remodelling programme to recognise the need to release social workers from 'box ticking' bureaucracy, and enable them to give more direct time to families.

These have been challenges for all authorities, which Devon had recognised and started working towards before the inspection visit. There is already a rolling programme to secure recruitment and retention of social workers, including skills and career development. This should be seen not only as a response to tighter safeguarding requirements, but in the context of the wider multi-agency workforce transformations that are in hand in all authorities, and for which Directors of Children's Services have a responsibility. This needs careful collaborative planning, including with staff associations from different agencies, in order to ensure that integrated service provision (in-house or through development of new markets) can respond effectively to joint commissioning strategies.

Children's services are not unique in anticipating rough waters ahead, where economic recession increases vulnerability and demand for services at the same time as financial constraints put them at risk. The aftermath of national high profile safeguarding failures is putting unprecedented pressure on services, with significant upward trends in referrals to social care, and costly legal requirements. Funding is unlikely to rise to meet demand fully, and we are conscious that efforts must be redoubled to look at radical change to how we identify and meet needs. Our commitment to early intervention is sound both philosophically and economically, and we must ensure that in fulfilling the 'fire fighting' imperatives we do not limit our ability to act early and coherently, making best collaborative use of all agencies' skills, knowledge and capacity.

Cash-releasing efficiency requirements pose a £5.5m challenge to the Directorate. With social care representing almost 50% of CYPS' (non-schools) budget it is hard to identify efficiencies in this area that do not expose us to serious risks, and on other large budgets the 4% target is also very challenging. The priority programmes (most notably the LDP) are contributing well to more efficient infrastructures and it is essential that we deliver these. We have protected the social care workforce in our proposals, and when we take into account other areas where no efficiencies are possible, the target for the remainder rises to over 8%, and this cannot be achieved without some difficult decisions.

The ring-fenced Dedicated Schools Grant (DSG), distributed by formula to support over 90,000 pupils in 363 schools, is determined by Government in three-year settlement periods, with annual pupil number adjustments. The overall DSG settlement for 2010/11 has been the best of the multi-year period, but still places Devon almost at the bottom of the funding 'league'. It is a credit to staff and governors that Devon schools sustain their performance against the paucity of grant. The DSG also funds the expanding early years provision and the rising number of statements for children with special needs. A Task and Finish Group of DCC officers and Devon Education (Schools) Forum representatives has been scrutinising all aspects of spend to bring forward proposals on containing costs and maximising positive influences on raising achievement and narrowing gaps in outcomes over the coming difficult years. Successes in developing Extended Services, Healthy Schools, Children's Centres and work with parents have already contributed to the economic benefits of early intervention, and are being increasingly matched to local integrated service delivery as the sustainable way forward.

14-19 provision is still a fast developing area, with the onus on authorities to ensure a smooth transfer of responsibilities from the Learning and Skills Council in April 2010. We have been fully involved in regional and sub-regional transition planning: the Chief Executive chairs the main regional group. Strong collaboration will be required across educational providers, employers, and advice and support agencies to ensure we are developing the skills and culture in our young people to contribute to economic wellbeing. Reduction to Area Based Grants is necessary to meet our target, and this could have an impact on this age group.

Against the demands and difficulties we envisage, short-term fixes will not do, and planning is already in hand for 2011/12 and beyond. We recognise in all aspects of our work that we oversee provision ranging from universal to individual, and we will continue to raise the bar on outcomes for all children. To do this we must position ourselves to derive maximum benefit from increased preventative investment, building on our relationship with schools and health as universal providers. If we can root targeted interventions into the continuum of provision for all age groups, we will be better placed to meet statutory requirements for vulnerable groups and fulfil the priorities in the Strategic Plan and our continuing commitment to 'think child, think family, and think community'.

***Anne Whiteley***

**Executive Director of Children & Young People's Service**

For more information on the contents of this section of the budget book, please contact Nicola Allen, Principal Finance Manager on 01392 383435 or email [nicola.allen@devon.gov.uk](mailto:nicola.allen@devon.gov.uk)

## How the 2010/11 Budget has been Built Up

	Revenue				Capital			2010/11 TOTAL Investment £'000
	2009/10 Adjusted Budget £'000	Inflation £'000	Changes £'000	2010/11 Outturn Budget £'000	2009/10 Adjusted Budget £'000	Changes £'000	2010/11 Outturn Budget £'000	
<b>Be Healthy</b>	8,554	54	(141)	<b>8,467</b>	500	1,131	<b>1,631</b>	<b>10,098</b>
<b>Stay Safe</b>	30,044	346	869	<b>31,259</b>	2,281	1,343	<b>3,624</b>	<b>34,883</b>
<b>Enjoy &amp; Achieve</b>	39,025	468	(906)	<b>38,587</b>	87,203	(25,539)	<b>61,664</b>	<b>100,251</b>
<b>Make a Positive Contribution</b>	13,999	138	(822)	<b>13,315</b>	2,027	794	<b>2,821</b>	<b>16,136</b>
<b>Achieve Economic Wellbeing</b>	2,330	40	1,828	<b>4,198</b>	9,013	(3,050)	<b>5,963</b>	<b>10,161</b>
<b>DCC Employer Costs</b>	17,146	183	1,823	<b>19,152</b>	0	0	<b>0</b>	<b>19,152</b>
<b>Total</b>	<b>111,098</b>	<b>1,229</b>	<b>2,651</b>	<b>114,978</b>	<b>101,024</b>	<b>(25,321)</b>	<b>75,703</b>	<b>190,681</b>

### Reasons for changes in the Revenue Budget

	£'000
<b><u>Technical changes</u></b>	
Student Finance	(78)
Care Matters ABG	(68)
<b>Total technical changes</b>	<u>(146)</u>
<b><u>Service changes</u></b>	
Exeter Schools PFI	2,722
Building Schools for the Future	1,000
Court directed assessments: Mother and Baby placements	426
Singleton Review: Safeguarding in independent schools	22
Southwark Judgement:	
Homelessness and vulnerable young children and people	2,500
Safeguarding: Child Protection Plans and children in care legal orders	254
Learning and Development Partnership	219
Strategic Planning: Area Review Process and Performance Monitoring	100
Great Moor House	30
Youth Enquiry Service	55
Educational Achievement	213
SEN Parent Partnerships	35
Adoption Allowances	38
Increased Social Worker costs	192
Further increases in Care Leavers costs	143
Increased premises costs	82
Increased pensions costs	145
Post 16 Educational Transport	600
Support for families with children with additional needs	600
Other minor changes, including small reductions in income	200
<b>Total service changes</b>	<u>9,576</u>
<b>Efficiency savings</b>	(5,453)
<b>Budget reductions</b>	(1,326)
<b>Total changes</b>	<u>2,651</u>

## Staffing Data

	2009/10 Adjusted Total FTEs	Changes FTEs	2010/11		Total FTEs
			Revenue Funded FTEs	Externally Funded FTEs	
<b>Be Healthy</b>	<b>405</b>	(3)	400	2	<b>402</b>
<b>Stay Safe</b>	<b>488</b>	(26)	451	11	<b>462</b>
<b>Enjoy &amp; Achieve</b>	<b>699</b>	(54)	569	76	<b>645</b>
<b>Make a Positive Contribution</b>	<b>295</b>	(9)	273	13	<b>286</b>
<b>Achieve Economic Wellbeing</b>	<b>3</b>	0	3	0	<b>3</b>
<b>DCC Employer Costs</b>	<b>643</b>	23	663	3	<b>666</b>
<b>Total</b>	<b>2,533</b>	<b>(69)</b>	<b>2,359</b>	<b>105</b>	<b>2,464</b>

### Explanation of Movements

Be Healthy: DCCS service review	(3)
Stay Safe: Service review of the Atkinson Unit	(32)
Stay Safe: Children in Care	14
Stay Safe: Sure Start	2
Stay Safe: Escorts are now contractors	(10)
Enjoy & Achieve: Community Homes	(4)
Enjoy & Achieve: Nursery School Staff	(9)
Enjoy & Achieve: Sure Start Grant	(2)
Enjoy & Achieve: Closure of Playlines	(27)
Enjoy & Achieve: Other net changes	(5)
Make a Positive Contribution: YOS Staffing	(9)
DCC Employer Costs: Children in Care	21
DCC Employer Costs: CYPS Directorate Support	(3)
DCC Employer Costs: Commissioning Team	5

### Technical Adjustments

Enjoy & Achieve: transfers to the Corporate Resources Directorate	(7)
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<b>Total</b>	<b>(69)</b>
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## Analysis of Total Expenditure 2010/11

	Gross Expenditure	Grant Income	External Income	Internal Income	Net Expenditure	Of which Funded by Dedicated Schools Grant
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Be Healthy</b>	10,701	0	(80)	(2,154)	<b>8,467</b>	3,266
<b>Stay Safe</b>	36,500	(2,111)	(3,071)	(59)	<b>31,259</b>	1,033
<b>Enjoy &amp; Achieve</b>	566,922	(485,098)	(5,501)	(37,736)	<b>38,587</b>	(4,549)
<b>Make a Positive Contribution</b>	16,291	(916)	(1,136)	(924)	<b>13,315</b>	309
<b>Achieve Economic Wellbeing</b>	4,219	0	(14)	(7)	<b>4,198</b>	62
<b>DCC Employer Costs</b>	27,800	(1,633)	(2,630)	(4,385)	<b>19,152</b>	(121)
<b>Totals</b>	<b>662,433</b>	<b>(489,758)</b>	<b>(12,432)</b>	<b>(45,265)</b>	<b>114,978</b>	0

The following services, not included above, are budgeted on the basis that all costs will be fully covered by income. The figure for internal income therefore reflects the net cost of these services elsewhere in directorates' budgets.

	Gross Expenditure	Grant Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
<b>Be Healthy</b>					
Devon Cleaning and Catering Services	8,491	0	(4,917)	(3,029)	<b>545</b>
Learning and Development Partnership	4,263	(36)	(53)	(4,174)	<b>0</b>
<b>Stay Safe</b>					
Devon Cleaning and Catering Services	5,226	0	(3)	(5,597)	<b>(374)</b>
Learning and Development Partnership	1,548	0	(26)	(1,522)	<b>0</b>
<b>Enjoy and Achieve</b>					
Learning and Development Partnership	20,643	(1,086)	(1,395)	(18,162)	<b>0</b>
<b>Make a Positive Contribution</b>					
Learning and Development Partnership	2,533	(131)	(81)	(2,321)	<b>0</b>
Youth Offending Service	1,788	(600)	(314)	(874)	<b>0</b>
<b>Achieve Economic Wellbeing</b>					
Learning and Development Partnership	140	0	(13)	(127)	<b>0</b>
<b>DCC Employers Costs</b>					
Devon Cleaning and Catering Services	3,742	0	(832)	(3,081)	<b>(171)</b>
Learning and Development Partnership	290	0	(26)	(264)	<b>0</b>
<b>Totals</b>	<b>48,664</b>	<b>(1,853)</b>	<b>(7,660)</b>	<b>(39,151)</b>	<b>0</b>

## Grant Summary

Some of the costs of providing the above services are funded by external grants, the table below shows details of the grant funding expected for 2010/11.

<b>Service</b>	<b>Funded by</b>	<b>Amount £'000</b>
<b>Dedicated Schools Grant*</b>	Department for Children, Schools and Families	373,940
<b>Standards funds</b>	Department for Children, Schools and Families	53,532
<b>Staff Inherited Liabilities</b>	HEFCE	443
<b>Learning and Skills</b>	Learning and Skills Council	29,986
<b>Learner Support</b>	Learning and Skills Council	36
<b>PFI Credits</b>	Communities and Local Government	6,939
<b>PFI VA Credits</b>	Department for Children, Schools and Families	1,809
<b>TDA School Support</b>	Department for Children, Schools and Families	249
<b>TDA School Workforce Modernisation and Golden Hello's</b>	Department for Children, Schools and Families	695
<b>Integrated Working &amp; newly qualified social workers</b>	Children's Workforce Development Council	126
<b>Walking to School Initiative</b>	Department for Children, Schools and Families	53
<b>Youth Opportunity</b>	GOSW	341
<b>Play Builder</b>	Department for Children, Schools and Families	18
<b>Youth Service - Miscellaneous Grants</b>	Various	197
<b>14-19 Projects</b>	Department for Children, Schools and Families	829
<b>14-19 Projects</b>	Learning and Skills Council	747
<b>Contact Point</b>	Department for Children, Schools and Families	120
<b>Sure Start</b>	Department for Children, Schools and Families	17,226
<b>SLCN Pathfinder</b>	Department of Health	60
<b>Aiming high for disabled children</b>	Department for Children, Schools and Families	1,901
<b>Targeted Mental Health in Schools</b>	Department for Children, Schools and Families	150
<b>Substance Misuse</b>	Youth Justice Board	115
<b>Substance Misuse</b>	NHS Devon	245
<b>Early Years Minor grants</b>	Various	2
<b>Secondary Teacher Training Grant</b>	Training and Development Agency	424
<b>Primary Teacher Training Grant</b>	Training and Development Agency	431
<b>Music Instrument Grant</b>	Federation of Music Services	131
<b>Learning and Development Partnership</b>	Various	266
<b>Youth Offending Team</b>	Youth Justice Board	600
<b>Total</b>		<b>491,611</b>

\* The estimated Dedicated Schools Grant notified to the council is £373.9m

The grant is based on the estimated pupil numbers in Schools in January 2010 and will be consequently revised. The figure above takes into account the latest forecast of pupils from schools and has consequently been adjusted.

## Medium Term Financial Strategy

The following details the significant changes we can expect to affect the budget over the next two financial years.

This table does not include Schools.

	<b>Cumulative</b>	
	<b>2011/12</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financing commitments - Inflation</b>	<b>2,312</b>	<b>4,448</b>
<b>Technical Changes</b>		
Exeter Schools PFI	(2,170)	(2,170)
Specific Grant	(250)	(250)
	<b>(2,420)</b>	<b>(2,420)</b>
<b>Service Changes</b>		
Demographic and Demand Pressures	5,000	8,500
Safeguarding: Child Protection Plans and Children in Care Legal Orders	152	152
Educational Achievement	125	250
Support for families with children with additional needs	600	600
	<b>5,877</b>	<b>9,502</b>
<b>Efficiency Savings</b>	<b>(4,561)</b>	<b>(9,136)</b>
<b>Total</b>	<b>1,208</b>	<b>2,394</b>

## Service Statistics

Service	Unit	2009/10	Change	2010/11
<b>Children in Care</b>				
<u>Fostering</u>				
Internal Mainstream Foster Care	No. of Young People	285	-19	263
Internal Special Needs Foster Care	No. of Young People	24	-4	20
External Mainstream Foster Care	No. of Young People	30	6	36
External Special Needs Foster Care	No. of Young People	18	5	23
Care Leavers (Post 16)	No. of Young People	66	124	148
Care Leavers Special Needs	No. of Young People	3	0	3
Family Care Worker Service	No. of Young People	74	0	67
External Mainstream Residential	No. of Young People	13	0	13
External Special Needs Residential	No. of Young People	39	-1	38
		<b>552</b>	<b>111</b>	<b>611</b>
Kinship	No. of Young People	58	-12	53
Residence Orders	No. of Young People	129	-12	119
Adoption Allowances	No. of Young People	139	-11	128
Special Guardianship Orders - mainstream	No. of Young People	0	64	64
Special Guardianship Orders - special needs	No. of Young People	0	2	2
Children Subject to a Child Protection Plan	No. of Young People	303	97	400
Direct payments	No. of Young People	490	2	492
Community Homes	No. of Young People	13	2	15
Nursery Schools	Pupil Nos	119	-29	90
Primary Schools	Pupil Nos	49752	-117	49635
Secondary Schools	Pupil Nos	38128	-357	37771
Independent Special Schools	Pupil Nos	240	4	244

## Be Healthy

**Service Objective:** Children are physically, mentally, emotionally and sexually healthy, have healthy lifestyles, choose not to take illegal drugs. Parents, carers and families promote healthy lifestyles.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000	DSG Funded £'000	Directorate Budget £'000
		<b>Expenditure</b>				
		<b>Children Looked After</b>				
98	2	Boarding at QE Community College	0	100	0	100
		<b>Targeted</b>				
4,111	68	Education psychologists & behaviour support teams	(422)	3,757	1,310	2,447
882	11	CAMHS Expenditure	(19)	874	0	874
171	3	Teenage Pregnancy Expd	(13)	161	0	161
640	(1)	AXS Pathways Expenditure	133	772	0	772
		<b>Universal</b>				
3,569	(6)	Healthy eating in schools	(1,206)	2,357	2,357	0
1,500	0	Fresh Start Programme	(51)	1,449	1,449	0
231	0	Health & Safety	5	236	0	236
147	2	Education Health Partnership	(2)	147	0	147
907	0	Management & Support	(59)	848	156	692
<b>12,256</b>	<b>79</b>	<b>Gross Spend</b>	<b>(1,634)</b>	<b>10,701</b>	<b>5,272</b>	<b>5,429</b>
		<b>Income</b>				
(3,555)	(24)	Internal Income	1,425	(2,154)	(1,926)	(228)
0	0	Specific Grants	0	0	0	0
(95)	(1)	Sales, fees and charges	16	(80)	(80)	0
(52)	0	Other income	52	0	0	0
<b>(3,702)</b>	<b>(25)</b>	<b>Gross Income</b>	<b>1,493</b>	<b>(2,234)</b>	<b>(2,006)</b>	<b>(228)</b>
<b>8,554</b>	<b>54</b>	<b>Net Cost of Service</b>	<b>(141)</b>	<b>8,467</b>	<b>3,266</b>	<b>5,201</b>

<b>Analysis of changes:</b>	<b>Total</b>
<b><u>Expenditure</u></b>	
	<b>£'000</b>
<b><u>Efficiency Changes:</u></b>	
Children and Adolescents Mental Health Services	(23)
Teenage Pregnancy	(7)
Management & Support efficiencies	(19)
<b>Total Efficiency Changes:</b>	<b>(49)</b>
<b><u>Technical Changes:</u></b>	
Educational Psychologists and Behaviour Support:	
Decreased ABG Allocation	(184)
Technical changes arising from service realignment (contra in LDP)	(260)
AXS Pathways	
Increased ABG allocation and other minor changes	193
Transfer of 1 FTE to Management Information Systems - Enjoy and Achieve	(60)
Healthy Eating in Schools:	
Technical changes arising from service realignment offset by internal income	(1,206)
Fresh Start Programme	
Lower costs of service provision	(51)
Management & Support	
Reallocation of management and support	(59)
Other technical changes	7
<b>Total Technical changes</b>	<b>(1,620)</b>
<b><u>Service Changes</u></b>	
Educational Psychologists and Behaviour Support	
Additional investment for SEN Parent Partnerships	35
<b>Total Service Changes</b>	<b>35</b>
<b>Total Changes in Expenditure</b>	<b>(1,634)</b>
<b><u>Income</u></b>	
<b><u>Internal income</u></b>	
Healthy Eating in Schools:	
Technical changes arising from service realignment offset by reduction in expenditure and reduction in schools buyback and standards fund	1,331
Other technical changes	95
<b><u>Other income</u></b>	
Healthy Eating in Schools : Reduced pupil meal income	16
Education psychologists and behaviour support team	
Commissioned budget with the Learning and Development Partnership	51
Other technical changes	
<b>Total Changes in Income</b>	<b>1,493</b>
<b>Total</b>	<b>(141)</b>

## Stay Safe

**Service Objective:** Safe from maltreatment, neglect, violence, sexual exploitation, accidental injury and death, bullying, discrimination, crime and anti-social behaviour in and out of school. Have security, stability and are cared for. Parents, carers and families provide safe homes and stability.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000	DSG Funded £'000	Directorate Budget £'000
<b>Expenditure</b>						
<b>Children Looked After</b>						
3,459	(5)	Atkinson Unit	(1,073)	2,381	0	2,381
2,000	40	Independent Fostering	650	2,690	77	2,613
5,840	114	Internal fostering	(400)	5,554	0	5,554
600	(2)	Care Matters	(525)	73	0	73
43	0	Corporate Parenting	(43)	0	0	0
1,158	0	Special Schools (Escorts)	396	1,554	10	1,544
<b>Targeted</b>						
104	0	Access for the Disabled in Schools	0	104	104	0
338	7	Adaptations/Equipment for children with special needs	(2)	343	0	343
801	15	Adoption recurring means tested allowances	(29)	787	0	787
798	(2)	Carebank to provide court directed contact	(12)	784	0	784
2,279	54	Contracts with the voluntary sector	1,383	3,716	0	3,716
1,705	34	Day Services providing carers breaks	(268)	1,471	0	1,471
1,356	36	Direct Payments providing carers breaks	535	1,927	0	1,927
1,593	(7)	Family Support Workers	247	1,833	0	1,833
88	2	Kinship allowances for children placed with friends or relatives	(16)	74	0	74
1,523	15	Respite Services providing carers breaks	(603)	935	0	935
664	13	Residence allowances for court directed placements	(31)	646	0	646
2,372	(2)	Safeguarding Services	1,026	3,396	0	3,396
1,422	20	Children's fund expenditure	(177)	1,265	0	1,265
739	14	Transport for children	58	811	0	811
0	0	Children with additional needs	600	600	0	600
<b>Universal</b>						
1,350	(2)	Education Welfare Service	(35)	1,313	64	1,249
4,534	2	Management & Support	(293)	4,243	778	3,465
<b>34,766</b>	<b>346</b>	<b>Gross Spend</b>	<b>1,388</b>	<b>36,500</b>	<b>1,033</b>	<b>35,467</b>
<b>Income</b>						
(2,287)	0	Internal Income	2,228	(59)	0	(59)
0	0	Specific Grants	(2,111)	(2,111)	0	(2,111)
(16)	0	Sales, fees and charges	6	(10)	0	(10)
(2,419)	0	Other income	(642)	(3,061)	0	(3,061)
<b>(4,722)</b>	<b>0</b>	<b>Gross Income</b>	<b>(519)</b>	<b>(5,241)</b>	<b>0</b>	<b>(5,241)</b>
<b>30,044</b>	<b>346</b>	<b>Net Cost of Service</b>	<b>869</b>	<b>31,259</b>	<b>1,033</b>	<b>30,226</b>

<b>Analysis of changes:</b>	<b>Total</b>
<b><u>Expenditure</u></b>	<b>£'000</b>
<b><u>Efficiency Changes</u></b>	
Cap inflation on family care workers and adoption allowances	(105)
Reduction in contracted escorts costs	(4)
Reduction in Young Devon Contract costs	(61)
Withdrawal of Exeter Housing Post	(17)
Changes to services funded by ABG	(80)
Reduction in Carers breaks	(150)
Commissioning contracts with the third sector	(100)
<b>Total efficiency changes</b>	<b>(517)</b>
<b><u>Technical Changes:</u></b>	
Care Matters - ABG funding devolved to various Children in Care budgets	(525)
Corporate Parenting - funding transferred to Extended Schools - Enjoy & Achieve	(43)
Contracts with the voluntary sector:	
Reduction to contract costs	(23)
Transfer of funding to Care Management (contra on DCC Employer Costs)	(70)
Transfer of funding to Safeguarding Services	(366)
Family Support Workers:	
Technical changes arising from service realignment (external contract now provided in house)	331
Budget reductions	(50)
Safeguarding:	
Transfer of funding from Contracts with Voluntary Sector (see above)	366
Transfer of funding regarding additional investment in 09/10 for Baby P (contra on Enjoy & Achieve)	381
Management and support: Reduction and reallocation of management and support costs	(293)
Other technical changes	(26)
<b>Total technical changes</b>	<b>(318)</b>
<b><u>Service Changes</u></b>	
Atkinson Unit : Service reorganisation	(1,073)
Independent and Internal fostering:	
Additional investment to support court directed residential assessments	240
Special Schools - escorts: Increase in nursery travel costs	400
Adoption Allowances: Higher level of care needs for placements	38
Contracts with the voluntary sector:	
Increase in Aiming High Project ( fully funded by grant income)	1,901
Increase in other fully funded grant activities	210
Reductions in contract costs	(116)
Carer's breaks:	
Change in service delivery from provision of residential respite to direct payments and day services	(229)
Investment to support additional costs of the "Southwark Judgement"	40
Personalised support to 8,000 families with children with additional needs	600
Safeguarding:	
Investment to support additional costs of the "Southwark Judgement"	190
Investment for the "Singleton Review" - safeguarding in independent schools	22
<b>Total service changes</b>	<b>2,223</b>
<b>Total changes in expenditure</b>	<b>1,388</b>
<b><u>Income</u></b>	
<b><u>Internal Income</u></b>	
Atkinson Unit: Reduction in income from Youth Justice Board	2,218
Other changes	10
	<b>2,228</b>
<b><u>Specific Grants</u></b>	
Increase in grant funded activities for children with additional needs (contra Contracts with Voluntary Sector)	<b>(2,111)</b>
<b><u>Other Income</u></b>	
Atkinson Unit: Income from other local authorities	(766)
Reduced income from Health Partners	171
Other technical changes	(41)
	<b>(636)</b>
<b>Total changes in income</b>	<b>(519)</b>
<b>Total</b>	<b>869</b>

## Enjoy & Achieve

**Service Objective:** Children are ready for school, attend and enjoy school. Achieve stretching educational standards, personal and social development and enjoy recreation.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000	DSG Funded £'000	Directorate Budget £'000
<b>Expenditure</b>						
<b>Children Looked After</b>						
1,738	(14)	Community Homes	682	2,406	0	2,406
6,363	128	Independent Residential Fees	258	6,749	387	6,362
9,288	61	Independent Special Schools	128	9,477	9,477	0
<b>Targeted</b>						
5,968	90	SEN	(125)	5,933	4,988	945
6,378	51	Education Other Than At School (EOTAS)	(510)	5,919	5,919	0
3,029	33	Extended Schools	3,115	6,177	0	6,177
0	0	Care Matters - designated leads	0	0	0	0
0	0	Raising Achievement through Participation Project	0	0	0	0
18,062	116	Special Schools	81	18,259	15,844	2,415
<b>Universal</b>						
673	4	Nursery	(69)	608	608	0
184,663	1,753	Primary	8,349	194,765	194,765	0
187,772	1,523	Secondary	3,441	192,736	192,736	0
28,939	(17)	Early Years	2,317	31,239	13,543	17,696
31,070	(4)	Schools Standards Funds Expenditure	945	32,011	0	32,011
1,870	(3)	Access to Education	686	2,553	408	2,145
200	0	Strategic Maintenance	(200)	0	0	0
22,073	365	Home to School/ College Transport	(1,410)	21,028	0	21,028
2,353	(131)	Exeter PFI/ Building Schools for the Future	4,167	6,389	0	6,389
10,932	15	Other school support and development	8,997	19,944	11,411	8,533
500	(24)	School Contingency	274	750	750	0
1,143	27	Maternity/Paternity Cover in Schools	39	1,209	1,209	0
5,246	66	School Improvement Services	(2,978)	2,334	152	2,182
8,189	2	Management & Support	(1,755)	6,436	1,180	5,256
<b>536,449</b>	<b>4,041</b>	<b>Gross Spend</b>	<b>26,432</b>	<b>566,922</b>	<b>453,377</b>	<b>113,545</b>
<b>Income</b>						
(28,177)	(250)	Internal Income	(9,309)	(37,736)	(27,796)	(9,940)
(462,741)	(3,299)	Specific Grants	(19,058)	(485,098)	(427,025)	(58,073)
(2,050)	(6)	Sales, fees and charges	387	(1,669)	(735)	(934)
(4,456)	(18)	Other income	642	(3,832)	(2,370)	(1,462)
<b>(497,424)</b>	<b>(3,573)</b>	<b>Gross Income</b>	<b>(27,338)</b>	<b>(528,335)</b>	<b>(457,926)</b>	<b>(70,409)</b>
<b>39,025</b>	<b>468</b>	<b>Net Cost of Service</b>	<b>(906)</b>	<b>38,587</b>	<b>(4,549)</b>	<b>43,136</b>

<b>Analysis of changes:</b>	<b>Total £'000</b>
<b>Efficiency Changes</b>	
Independent Residential Fees : Reduction in Out of County Placements	(120)
Home to School / Home to College Transport	(1,583)
Other Schools Support and Development:	(201)
Learning and Development Partnership - commissioning	(901)
<b>Total efficiency changes</b>	<b>(2,805)</b>
<b>Technical Changes:</b>	
Access to Education:	
Transfer of funding to Student Finance	190
ABG devolved to Student Transport	230
Home to School / Home to College Transport	
Transfer of funding for Nursery Schools (contra Stay Safe)	(246)
Reduction in ABG funding	(181)
Other Schools Support and Development:	
Technical changes arising from service realignment - LDP commissioning	2,439
Transfer of funding regarding additional investment in 09/10 for Baby P to Safeguarding	(381)
Other technical changes arising from service realignment	923
Management & Information Systems - transfer of 1 FTE	60
Management and support	(1,755)
Other technical changes	39
<b>Total technical changes</b>	<b>1,318</b>
<b>Service Changes</b>	
Community Homes:	
Planned efficiency in 09/10 realigned	400
Increased costs relating to Social Workers and Care Workers	192
New investment to support costs of the ""Southwark Judgement""	90
Independent Residential Fees	
New investment to support additional costs of Mother & Baby Placements	186
Increase in placements funded by Health	192
Extended Schools: Increased activity funded from Standards Funds	3,115
<b>Schools:</b>	
Independent Special Schools:	
Inflationary increase in costs of placements, offset by reduced recoupment	128
Targeted SEN: Slower growth in funded statements	(125)
Special Schools: Increase in places offset by reduced threshold funding	81
Education other than at School:	
Reallocation of ABG funding	(653)
Increase in numbers of placements in Pupil Referral Units	57
Governor Body Training	35
The Lamb Enquiry (SEN assessments)	37
Educational Achievement	50
Funding increases to Individual Schools Budgets (contra in Specific Grants)	14,038
Increase in Schools Standards Funds	945
Strategic maintenance: Budget no longer required	(200)
Increase in schools contingency	274
Maternity / Paternity cover in schools: Increase in cases	39
School improvement services:	
Reallocation of LDP funding	(2,294)
Increase in service provision	217
Access to Education:	
Increase in legislative requirements for admissions	50
Walking to School Initiative funded by grant	53
Narrow the gap in achievement between 11 year olds from disadvantaged backgrounds and their peers	125
Help 60% of children to leave school with 5 or more GCSEs including English and Maths	38
Post 16 education transport	600
Exeter PFI/ Building Schools for the Future:	
Additional investment for Exeter PFI Schools	2,722
Additional investment to support revenue costs of BSF project	1,000
Increased utility and other costs offset by increased Governor's contributions	445
Other Schools Support and Development:	
Local Learning Community costs funded by Standards Funds	4,500
Various 14 - 19 Projects funded by grant	1,500
Increased premises and building costs	82
<b>Total service changes</b>	<b>27,919</b>
<b>Total Expenditure</b>	<b>26,432</b>

<b>Income</b>	<b>Total £'000</b>
<b><u>Internal Income</u></b>	
Increase in Standards Funds allocation	(5,636)
Technical changes arising from service realignment	(3,673)
	<b>(9,309)</b>
<b><u>Specific Grants</u></b>	
Increase in Dedicated Schools Grant	(11,749)
Increase in Learning and Skills Council Grant	(3,260)
Increase in Childcare Grant	(2,399)
Increase in Standards Funds	(1,623)
Increase in 14-19 Projects	(1,575)
Technical changes arising from service realignment and other reductions	1,548
	<b>(19,058)</b>
<b><u>Other Income</u></b>	
Other changes	<b>1,029</b>
<b>Total Income</b>	<b>(27,338)</b>
<b>Total</b>	<b>(906)</b>

## Make a Positive Contribution

**Service Objective:** Children and young adults engage in decision-making, support the community and environment, and engage in law-abiding and positive behaviour. Develop positive relationships and choose not to bully and discriminate, are self confident and deal with significant life changes and challenges. Parents, carers and families promote positive behaviour.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000	DSG Funded £'000	Directorate Budget £'000
<b>Expenditure</b>						
<b>Targeted</b>						
593	(3)	Youth development	364	954	0	954
2,186	24	Youth offending	(93)	2,117	0	2,117
8	0	Gifted children	0	8	0	8
<b>Universal</b>						
1,289	12	Music services	(604)	697	0	697
5,979	30	Youth services	177	6,186	104	6,082
5,055	75	Connexions	(145)	4,985	0	4,985
1,351	0	Management & Support	(7)	1,344	232	1,112
<b>16,461</b>	<b>138</b>	<b>Gross Spend</b>	<b>(308)</b>	<b>16,291</b>	<b>336</b>	<b>15,955</b>
<b>Income</b>						
(1,227)	0	Internal Income	303	(924)	(8)	(916)
(624)	0	Specific Grants	(292)	(916)	(5)	(911)
(533)	0	Sales, fees and charges	(37)	(570)	(11)	(559)
(78)	0	Other income	(488)	(566)	(3)	(563)
<b>(2,462)</b>	<b>0</b>	<b>Gross Income</b>	<b>(514)</b>	<b>(2,976)</b>	<b>(27)</b>	<b>(2,949)</b>
<b>13,999</b>	<b>138</b>	<b>Net Cost of Service</b>	<b>(822)</b>	<b>13,315</b>	<b>309</b>	<b>13,006</b>

<b>Analysis of changes:</b>	<b>Total £'000</b>
<b><u>Efficiency Changes:</u></b>	
Youth Offending: Reduction in allocation of ABG funding	(9)
Music Services: Reduction in commissioning costs	(68)
Youth Services: Review of Youth Service provision	(350)
Connexions: Review of service provision	(306)
<b>Total efficiency changes</b>	<b>(733)</b>
<b><u>Technical Changes:</u></b>	
Youth Development: Funding transfer re Frontiers	50
Technical changes arising from service realignment, contra other income	314
Music Services: Technical changes arising from service realignment, contra internal income	(537)
Youth Services: Transfer of funding for Publicising Positive Activities	51
Transfer of funding for Care Matters (contra Stay Safe)	46
Other funding transfers between Youth Service and YOT	101
Technical changes arising from service realignment	329
Youth Offending: Change in Preventative Partnership funding	100
Other funding transfers between Youth Service and YOT	(101)
Technical changes arising from service realignment.	(82)
Connexions: Increase in ABG allocation	161
Management and support	(7)
<b>Total technical changes</b>	<b>425</b>
<b>Total expenditure changes</b>	<b>(308)</b>
<b><u>Income</u></b>	
<b><u>Internal</u></b>	
Music Services: Technical changes arising from service realignment, contra expenditure	<b>303</b>
<b><u>Specific grants</u></b>	
Substance Misuse Grant	(350)
Other minor changes	58
	<b>(292)</b>
<b><u>Other income</u></b>	
Youth Development: Technical changes arising from service realignment, contra expenditure	(314)
Other income changes	(211)
	<b>(525)</b>
<b>Total income changes</b>	<b>(514)</b>
<b>Total</b>	<b>(822)</b>

## Achieve Economic Wellbeing

**Service Objective:** Engage in further education or training on leaving school, be ready for employment. Live in decent homes and sustainable communities. Access to transport and material goods. Live in households free from low income. Parents, carers and families are supported to be economically active.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000	DSG Funded £'000	Directorate Budget £'000
		<b>Expenditure Targeted</b>				
2,118	40	Care leavers	1,715	3,873	0	3,873
10	0	Clothing allowances	0	10	0	10
359	0	Management and Support	(23)	336	62	274
<b>2,487</b>	<b>40</b>	<b>Gross Spend</b>	<b>1,692</b>	<b>4,219</b>	<b>62</b>	<b>4,157</b>
		<b>Income</b>				
(147)	0	Internal Income	140	(7)	0	(7)
0	0	Specific Grants	0	0	0	0
0	0	Sales, fees and charges	0	0	0	0
(10)	0	Other income	(4)	(14)	0	(14)
<b>(157)</b>	<b>0</b>	<b>Gross Income</b>	<b>136</b>	<b>(21)</b>	<b>0</b>	<b>(21)</b>
<b>2,330</b>	<b>40</b>	<b>Net Cost of Service</b>	<b>1,828</b>	<b>4,198</b>	<b>62</b>	<b>4,136</b>

### Analysis of changes:

**Total  
£'000**

#### Expenditure

##### Technical Changes:

Management and Support Costs: Change in allocation of costs

(23)

##### **Total technical changes**

**(23)**

##### Service Changes

Care leavers:

Additional investment to support costs of the "Southwark Judgement"  
Increase in service demand

1,572  
143

##### **Total service changes**

**1,715**

##### **Total expenditure changes**

**1,692**

#### Income

##### Internal income:

Reallocation of internal recharges to DCC Employee Costs & other changes

136

##### **Total**

**1,828**

## Devon County Council Employer Costs

This includes all the central management and admin support for the directorate. It includes the care management staff such as social workers dealing with children. Unavoidable pension costs are recorded here.

2009/10 Adjusted Inflation Budget £'000		Changes £'000		2010/11 Outturn Budget £'000	DSG Funded £'000	Directorate Budget £'000
<b>Expenditure</b>						
11,567	(10)	Care management	(101)	11,456	0	11,456
4,203	2	Management & support	1,645	5,850	1,073	4,777
100	0	Beacon Status	(4)	96	0	96
2,651	40	Trading units and Self Performing Schools	(889)	1,802	0	1,802
600	0	09/10 forecast DSG pressures	(600)	0	0	0
(1,250)	0	09/10 Adjustment to DSG Funding	1,250	0	0	0
400	8	Training	(8)	400	0	400
7,402	150	Pensions and Redundancy	644	8,196	1,000	7,196
<b>25,673</b>	<b>190</b>	<b>Gross Spend</b>	<b>1,937</b>	<b>27,800</b>	<b>2,073</b>	<b>25,727</b>
<b>Income</b>						
(4,184)	0	Internal Income	(201)	(4,385)	(2,194)	(2,191)
(2,153)	(7)	Specific Grants	527	(1,633)	0	(1,633)
(8)	0	Sales, fees and charges	(35)	(43)	0	(43)
(2,182)	0	Other income	(405)	(2,587)	0	(2,587)
<b>(8,527)</b>	<b>(7)</b>	<b>Gross Income</b>	<b>(114)</b>	<b>(8,648)</b>	<b>(2,194)</b>	<b>(6,454)</b>
<b>17,146</b>	<b>183</b>	<b>Net Cost of Service</b>	<b>1,823</b>	<b>19,152</b>	<b>(121)</b>	<b>19,273</b>

<b>Analysis of changes:</b>	<b>Total £'000</b>
<b><u>Efficiency Changes</u></b>	
Care Management: Realignment of working practices	(50)
Management and Support	(405)
Trading Units and Self Performing Schools:	
DCCS service reorganisation and phasing out of JE support to schools	(911)
<b>Total efficiency changes</b>	<b>(1,366)</b>
<b><u>Technical Changes</u></b>	
Care Management:	
Transfer of funding from Care Matters - contra Stay Safe	361
Transfer of funding from Stay Safe	70
Management and support:	
Technical changes arising from service realignment - contra across each Every Child Matters budget page	1,740
DSG Adjustments not required in 2010/11	650
Other technical changes	10
<b>Total technical changes</b>	<b>2,831</b>
<b><u>Service Changes</u></b>	
Care Management:	
Additional investment to support costs of the "Southwark Judgement"	608
Additional investment for Safeguarding: Child Protection Plans	254
Savings in management and staffing costs	(420)
Technical changes arising from service realignment - contra across each budget page	(614)
Pension and redundancy:	
Increased demand pressures	644
<b>Total service changes</b>	<b>472</b>
<b>Total Changes in Expenditure</b>	<b>1,937</b>
<b><u>Income</u></b>	
<b><u>Internal</u></b>	
Change in allocation of internal reimbursements - Standards Funds and ABG	(201)
<b><u>Specific Grants</u></b>	
Childcare Grant: Supports Stay Safe activities	589
Other changes in funding levels	(62)
	<b>527</b>
<b><u>Other income</u></b>	
Increase in reimbursements from external organisations - Care Management, procurement and buildings	(306)
Other changes, including Lifelong Learning Partnership	(134)
	<b>(440)</b>
<b>Total income changes</b>	<b>(114)</b>
<b>Total</b>	<b>1,823</b>

**Dedicated Schools Grant 2010/11**

	£'000	<b>2010/11 Budget £'000</b>
Individual Schools Budget		361,693
Private/voluntary/independent fees for education of children Under 5		<u>13,230</u>
Less Learning & Skills Council funding included in ISB.		<u>(25,836)</u>
		<u>349,087</u>
Travellers Education	254	
School-specific contingencies	927	
Provision for Special Needs Children	2,994	
Support for inclusion	746	
Inter-authority recoupment	256	
Fees for pupils at independent special schools	8,702	
Education Other Than Schools and Pupil Referral Units	5,272	
Central expenditure Children Under 5	2,579	
Behaviour Support Services	1,162	
School Meals - nursery, primary and special schools	531	
Healthy eating	1,500	
Museum Services	49	
Library Services - nursery, primary and special schools	9	
School admissions	335	
Licences/subscriptions	232	
Miscellaneous	615	
Support for School Associations	320	
Servicing schools forum	50	
Staff costs - Maternity and Paternity	1,470	
Redundancy	<u>1,000</u>	
		<u>29,003</u>
<b>Total Expenditure</b>		<b>378,090</b>
Learning and Skills Council grant - Special Education needs pupils	(4,150)	
Dedicated schools grant	<u>(373,940)</u>	
<b>Total Income</b>		(378,090)
Overspend/(unallocated)		<u><u>0</u></u>

## Capital Programme

The following table details the medium term capital programme for this directorate, and how that programme is being funded.

A detailed capital work programme is being prepared and will be brought forward for consideration at a subsequent Cabinet Meeting.

Project	Total Scheme Approvals	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>Schools</b>						
<u>New Starts</u>						
14-19 Rurality		500	0	0	0	0
Building Schools for the Future - Wave 1					3,700	
Cranbrook New Community	13,500	150	850	12,260	0	0
Extended Schools		648	0	0	0	0
		4,875	0	0	0	0
Harnessing Technology						
Relocation of Clyst Vale	1,000	0	0	0	1,000	0
Schools Access Initiative Programme		1,371	1,400	1,400	1,400	1,400
Shaldon Primary School	1,400	0	100	0	0	0
Teign School sports hall	2,800	0	2,800	0	0	0
Vehicle and Equipment Loans Pool		200	200	200	200	
Devolved Formula Capital		24,005	13,000	13,000	13,000	13,000
Mill Water	8,305	0	800	0	0	0
<u>Existing Schemes</u>						
Building Schools for the Future - Bideford		9,900	2,800	0	0	0
DCSF KS3 Food Technology		600	0	0	0	0
Hill Crest Invest to Save		500	0	0	0	0
NDS Modernisation		3,185	7,000	7,000	7,000	7,000
Primary Capital Programme		2,216	6,000	6,000	6,000	6,000
School Kitchens		261	0	0	0	0
The Castle Primary School - Tiverton		100	0	0	0	0
Basic Need (Commitments and New Starts)		8,639	19,615	5,000	5,000	5,000
Targeted Capital Fund - 14-19/SEN		4,000	0	0	0	0
		<b>61,150</b>	<b>54,565</b>	<b>44,860</b>	<b>37,300</b>	<b>32,400</b>
<b>Early Years</b>						
<u>New Starts</u>						
Children's Centres		1,938	0	0	0	0
Early Years Preschool		6,100	0	0	0	0
		<b>8,038</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Children Services</b>						
<u>New Starts</u>						
16-17 unintentionally homeless - LPSA2		347	0	0	0	0
Adaptations for Additional Need		75	75	75	75	75
Adoptions of children looked after - LPSA2		29	0	0	0	0
Aiming High for Disabled Children (AHDC)		618	0	0	0	0
Care Leavers in Employment, Education and Training at age 19		52	0	0	0	0
Children's Personal Social Services		244	79	79	79	79
		60	60	60	60	0
Children's Services - Foster Carers - Adaptations						
Pupils participating in Sport		270				
Rifford Road Children's Home	1,000	0	750	250	0	0
<u>Existing Schemes</u>						
Adaptations for Children with specific needs		201	75	75	75	0
Computers For Carers		87	0	0	0	0
		<b>1,983</b>	<b>1,039</b>	<b>539</b>	<b>289</b>	<b>154</b>

Project	Total Scheme	2010/11	2011/12	2012/13	2013/14	2014/15
	Approvals	£'000	£'000	£'000	£'000	£'000
<b><u>Integrated Youth Support Service</u></b>						
<u>New Starts</u>						
Bideford Integrated Youth Support Services Centre	430	320	0	0	0	0
Chulmleigh Integrated Youth Provision	450	300	0	0	0	0
Integrated Youth Provision Exeter	140	140	0	0	0	0
Youth Participation 'Hear by Right'		38	0	0	0	0
South Molton Integrated Youth Provision	410	200	0	0	0	0
South Molton Youth Centre		160	0	0	0	0
Youth Capital Fund		295	0	0	0	0
Youth Minor Works		150	80	90	60	0
<u>Existing Schemes</u>						
Axminster Youth Centre		25	0	0	0	0
		150	0	0	0	0
Dawlish Youth Centre - Dawlish Town Council						
Dawlish Youth Centre - MYPLACE		300	0	0	0	0
Moretonhampstead IYSS Centre		87	0	0	0	0
		<b>2,165</b>	<b>80</b>	<b>90</b>	<b>60</b>	<b>0</b>
<b><u>Office Strategy</u></b>						
<u>New Starts</u>						
Exeter Office Rationalisation & Remodelling	1,000	500	500	0	0	0
Office Modernisation	249	0	50	0	0	0
Roundswell Office Accommodation	400	0	400	0	0	0
South Devon Hub	500	0	500	0	0	0
<u>Existing Schemes</u>						
Digital Archiving		25	0	0	0	0
		<b>525</b>	<b>1,450</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Investing in Devon</u></b>						
<u>New Starts</u>						
Mobile Working		313	0	0	0	0
Playgrounds and MUGAS		500	0	0	0	0
<u>Existing Schemes</u>						
Renewable Energy Challenge Fund		350	0	0	0	0
Video Conferencing		75	0	0	0	0
		<b>1,238</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Other External Funding</u></b>						
<u>New Starts</u>						
Playbuilder		604	0	0	0	0
		<b>604</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Annual Total</b>		<b>75,703</b>	<b>57,134</b>	<b>45,489</b>	<b>37,649</b>	<b>32,554</b>
<b>Cumulative Total</b>		<b>75,703</b>	<b>132,837</b>	<b>178,326</b>	<b>215,975</b>	<b>248,529</b>
<b><u>Financed by :-</u></b>						
Borrowing - Supported		13,267	6,479	6,479	6,479	6,479
Borrowing - Unsupported		10,800	22,805	550	3,970	75
External Funding - Grants		47,396	26,000	26,000	26,000	26,000
External Funding - S106		250	850	12,260	0	0
External Funding - Contributions		500	0	0	0	0
Capital Receipts - General		1,300	800	0	1,000	0
Borrowing - VELP		200	200	200	200	0
Capital Receipts - IID		1,990	0	0	0	0
		<b>75,703</b>	<b>57,134</b>	<b>45,489</b>	<b>37,649</b>	<b>32,554</b>

The Total Scheme Approvals column formally states the estimated amount that the scheme will cost to deliver at the point when a specific scheme is first approved.

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**Adult & Community Services Directorate**

## Director's Commentary

The restructure of directorate functions means that Libraries, Coroners and the Registration Service will become part of Adult and Community Services from April 2010. They will join Adult and Community Learning in providing services offered to all adults in Devon and we will seek to maximise opportunities provided by joining together universal services such as these with an increasing emphasis on universal and preventative services in social care. These strategies are the means by which we will seek to manage the demand for high cost social care in the coming years. Well directed advice and information, increased independence, well being and health, early intervention and prevention are at their heart.

Across the country adult social care is facing an increasing need for services resulting both from people living longer, and from a growing incidence of people with disability who also often live longer. These factors are not short term but are expected to continue over the next 20 years. Over this period it is expected that the numbers of people aged 85 and over will more than double (increase by 109%). The impact of an ageing population is particularly acute in Devon due to its age profile. The proportion of people aged 85 plus to total population in Devon is one of the highest in the country, and the rate of growth of this age group is also significantly higher than the national average at 3% in 2009 alone.

In Devon, the financial year 2009/10 has seen very rapid growth in demand for social care and robust action is being taken to challenge all spending to ensure that it is necessary and that we are consistently and correctly applying Fair Access to Care Services (FACS) eligibility criteria. Although the budget increase allows for growth in the number of people receiving care, the directorate will continue to face a difficult task in managing demand throughout 2010/11. At the same time we must seek to institute preventative strategies and transform the way that care is delivered to people so that the long term pressures noted above can also be contained.

2010/11 is the final year of Social Care Reform Grant funding (£3.604m in 2010/2011). In line with the grant conditions, this will be used to further the programme of change in social care which has been advancing in recent years. This includes plans to create personal budgets for those who need care and encourage the use of direct payment as a standard method. We recognise the need to increase investment in preventative services aimed at improving or maintaining people's independence and well-being for as long as possible. This is an essential component in containing the longer term growth in costs of social care. It will comprise many strands, including the following:

- Continuing the development of "joined up" local operational services with the NHS in Devon. The local services deal with complex cases often requiring health and social care intervention, in social care they are supported by a telephone based county wide information and advice service (Care Direct) and 3 Area-based assessment and brokerage centres (Care Direct Plus). We will review the working of these to ensure that people can easily identify the support, advice or care they need;
- Improving our speed of response to those who need urgent help or intervention;
- Intervening sooner and being more proactive in preventing deterioration of people's independence, rather than picking up the consequences after a crisis has been reached;
- Continued support to community mentoring aimed particularly at groups where, perhaps for cultural reasons, people with health and social care needs may be less inclined to seek outside help;
- Encouraging the uptake of direct payments, wherever possible and appropriate and seeking to remove obstacles to people exercising choice;
- Making advice and information available to as many people as possible - this will include funding for voluntary sector representatives to support complex care

teams operating across health and social care; enhancing and making more consistent the provision of independent advocacy services; as well as the direct provision of information and advice by our own staff and simplifying our own processes so that people in very varying circumstances can find what they need simply; and

- Developing the use of technological solutions to give improved and more consistent delivery of personal care; and where people wish it to enable monitoring of their health and physical condition by telecare alarm systems, again with the aim of people being able to continue to live independently for longer;

Development costs will be funded primarily from the government grant intended for this purpose. In addition to this temporary funding, an investment budget for preventative services was identified in last year's budget. Some of the above services require permanent funding as well as set up costs, and this budget will be used for that purpose as requirements become clear. Around half of the investment budget has been allocated in the current budget and it is expected that most of the remainder will be allocated permanently in next year's budget towards the above purposes.

We have allocated funding to develop further ways to help support people with dementia and people with conditions in the autistic spectrum. The incidence of both conditions is growing and different approaches and different services must be developed in response to these needs.

We intend to reduce the costs of providing care services which we manage ourselves. Equally we will expect those from whom we purchase care to also make efficiency savings.

Proposals around the future in-house residential services for older people will continue to be developed with the aim of procuring radical changes to the pattern of care in Devon including extra care housing schemes which enable people to live independently, knowing that care is easily accessible when needed. Until detailed decisions are possible on this externalisation process, the budget has been prepared with in-house operations continuing to be shown as such. The impact of any changes to revenue and capital budgets will then be recognised subject to any future Council decision.

A bill currently before Parliament will enable the Government to prescribe an expansion of free rehabilitation services, followed by the provision of free personal care at home to clients assessed as having critical needs and requiring assistance with certain specific tasks. The stated intention is to introduce this policy change with effect from October 2010. The implications for the council could be in excess of £12 million for a full year, as the Government is not proposing to fund the entire cost of its proposal. Since this change would take place after the next General Election, there is a degree of uncertainty about whether the enabling legislation will be enacted, or whether the new Government will implement such a policy in the form currently proposed. Provision will be made at a corporate level for the costs potentially falling on the County Council in 2010/11 as part of its overall risk management arrangements.

Underpinning all the preventative strategies, is the need to increase support to people living independently at home and reduce the proportion of spending that goes to residential based services. This has been a long term trend and we will seek to accelerate it by focusing growth elements on community based services while containing or reducing spending on residential based services. Obviously the actual delivery of such changes depends on the individual circumstances of people needing care - this strategy does not imply a quota system but a desired redirection of resources to where they will be most effectively applied.

There is a reduction planned in spending on Adult and Community Learning to be achieved by restructuring the management of the service. The need for this stems from lower uptake of courses and therefore lowers student income and less government support. This is partly due to the redirection of government resources to more directly educational courses.

## ***Jennie Stephens***

### **Interim Director of Adult & Community Services**

For more information on the contents of this section, contact John Holme, Principal Finance Manager, 01392 382357 [john.holme@devon.gov.uk](mailto:john.holme@devon.gov.uk).

## How the 2010/11 Budget has been Built Up

	Revenue				Capital			2010/11 TOTAL Investment
	2009/10 Adjusted Budget	Inflation	Changes	2010/11 Outturn Budget	2009/10 Adjusted Budget	Changes	2010/11 Outturn Budget	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Services:</b>								
<b>Older People &amp; Disability</b>	107,081	1,444	880	<b>109,405</b>	607	5	<b>612</b>	<b>110,017</b>
<b>Learning Disability</b>	44,095	806	(29)	<b>44,872</b>	0	1,100	<b>1,100</b>	<b>45,972</b>
<b>Mental Health</b>	10,228	134	(356)	<b>10,006</b>	231	0	<b>231</b>	<b>10,237</b>
<b>Strategic &amp; Corporate</b>	17,329	(52)	457	<b>17,734</b>	258	7	<b>265</b>	<b>17,999</b>
<b>Supporting People</b>	20,198	391	(900)	<b>19,689</b>	0	0	<b>0</b>	<b>19,689</b>
<b>Adult &amp; Community Learning</b>	0	0	0	<b>0</b>	0	225	<b>225</b>	<b>225</b>
<b>Libraries</b>	10,552	(75)	(132)	<b>10,345</b>	4,954	(2,492)	<b>2,462</b>	<b>12,807</b>
<b>Coroners</b>	979	0	(41)	<b>938</b>	0	0	<b>0</b>	<b>938</b>
<b>Registration Service</b>	523	(3)	(22)	<b>498</b>	0	0	<b>0</b>	<b>498</b>
<b>Extra care Housing</b>	2,500	0	0	<b>2,500</b>	0	0	<b>0</b>	<b>2,500</b>
<b>Investment in Preventative Services</b>	2,400	0	(1,116)	<b>1,284</b>	250	(57)	<b>193</b>	<b>1,477</b>
<b>Total</b>	<b>215,885</b>	<b>2,645</b>	<b>(1,259)</b>	<b>217,271</b>	<b>6,300</b>	<b>(1,212)</b>	<b>5,088</b>	<b>222,359</b>

Reasons for changes in Revenue Budget	Change
<u>Technical Changes</u>	£'000
Inter Directorate Budget Transfers (Net)	(110)
<u>Service Changes</u>	
Demographic Growth and increased incidence of complex cases	7,213
Staffing costs in respect of Waking Night Care/Working Time Directive	500
Preventative investment in community based mentoring groups	150
Investment in voluntary sector joint working with complex care teams	217
Development strategies to support people with conditions in the autistic spectrum	150
Development strategies to support people with dementia	546
Strategies to contain demographic pressures and other actions	(3,760)
Investment in Preventative Services - Transfer back to operational budgets	482
Investment in Preventative Services - Rapid Equipment & Minor Adaptation (REMAS)	315
Investment in Preventative Services - Safeguarding Adults	175
Investment in Preventative Services - Fusion - user led consultation and engagement	50
Investment in Preventative Services - Advocacy	50
Investment in Preventative Services - Funded from Investment Budget	(1,072)
Libraries - Reduction in staffing expenditure due to vacancy management programme	(150)
Libraries - Restructuring of front line management deployment	(20)
Libraries - Additional Investment in libraries modernisation programme	68
Libraries - Funding of staff increments and increased premises costs	90
Libraries - Additional income from revised fees and charges, including public PC access	(90)
<u>Efficiency Savings</u>	
Efficiencies in Commissioning Costs	(3,179)
Savings planned from restructure of in house residential services for older people	(2,307)
Estimated savings planned from restructure and changes to working practices for Learning Disability in house provision	(484)
Libraries - Restructuring of back office processes	(30)
Coroners - Efficiency Savings in supplies & services and establishment expenses	(41)
Registration Service - Efficiency Savings in respect of staffing	(22)
<b>Total</b>	<b>(1,259)</b>

## Staffing Data

	2009/10	Changes	2010/11		Total
	Adjusted Total FTEs		FTEs	Revenue Funded FTEs	
<b>Services:</b>					
<b>Older People &amp; Disability</b>	1,556	(212)	1,335	9	<b>1,344</b>
<b>Learning Disability</b>	284	(8)	269	7	<b>276</b>
<b>Mental Health</b>	85	(5)	79	1	<b>80</b>
<b>Strategic &amp; Corporate</b>	279	(8)	248	23	<b>271</b>
<b>Supporting People</b>	8	(2)	6	0	<b>6</b>
<b>Adult &amp; Community Learning (incl tutors)</b>	159	(18)	0	141	<b>141</b>
<b>Libraries</b>	263	(1)	258	4	<b>262</b>
<b>Coroners</b>	2	0	1	1	<b>2</b>
<b>Registration Service</b>	26	0	26	0	<b>26</b>
<b>Total</b>	<b>2,662</b>	<b>(254)</b>	<b>2,222</b>	<b>186</b>	<b>2,408</b>

### Explanation of Movements

Older People & Disability In House - In house Residential Home re-structure	(212)
Learning Disability In house - Transfer of unit clerks	9
Learning Disability In house - New posts to give people skills to live independently	7
Learning Disability in house - Estimated reduction of in house restructure	(24)
Mental Health - TUPE of staff to external organisations (-4) + other minor variations (-1)	(5)
Strategic and Corporate - Admin and Property re-organisation (this is in addition to 33 posts deleted last year)	(2)
Strategic and Corporate - Transfer of unit clerks to Learning Disability	(9)
Strategic and Corporate - Increase in Emergency Duty team for Approved Social Worker scheme.	3
Strategic and Corporate - Transfer back to CYPS of 4 social work trainees (Child Care Assessment team) plus 1 to sensory team	(5)
Strategic and Corporate - Information Management and Technology increase of Care Support Officers	1
Strategic and Corporate - Increase of Safeguarding Adults team	4
Supporting People - admin and service review development officer posts not filled	(2)
Adult and Community Learning - Restructure of management and administration	(13)
Adult and Community Learning - Reduction of Tutor hours due to lower demand for PCDL courses	(5)
Libraries - Reduction in management structure	(1)
<b>Total</b>	<b>(254)</b>

In addition to the above, there is funding for 1 year from the Social Care Reform Grant for up to 10 posts. It is intended to employ people on temporary contracts rather than as consultants for this transformation work.

## Medium Term Financial Strategy

The following details the significant changes we can expect to affect the budget over the next two financial years.

	Cumulative	
	2011/12	2012/13
	£'000	£'000
<b>Financing commitments - Inflation</b>	5,197	11,688
<b><u>Service changes</u></b>		
Personal Care at Home (if enabling legislation is enacted)	6,100	6,100
Funding transfer for LD commissioning	9,116	9,116
Demographic & demand pressures	7,330	14,829
Demographic growth and increased incidence of complex cases	216	410
Created 600 additional specialist care beds	672	672
	<b>23,434</b>	<b>31,127</b>
<b>Efficiency savings</b>	(9,133)	(18,658)
<b>Total</b>	<b>19,498</b>	<b>24,157</b>

## Analysis of Total Expenditure for 2010/11

	Gross Expenditure	Grant Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
<b>Services:</b>					
<b>Older People and Disability</b>	147,213	(131)	(37,330)	(347)	<b>109,405</b>
<b>Learning Disability</b>	56,625	(82)	(11,671)	0	<b>44,872</b>
<b>Mental Health</b>	11,674	0	(1,668)	0	<b>10,006</b>
<b>Strategic &amp; Corporate</b>	22,614	(3,604)	(1,276)	0	<b>17,734</b>
<b>Supporting People</b>	20,421	0	(605)	(127)	<b>19,689</b>
<b>Libraries</b>	11,599	0	(1,169)	(85)	<b>10,345</b>
<b>Coroners</b>	938	0	0	0	<b>938</b>
<b>Registration Service</b>	1,495	0	(997)	0	<b>498</b>
<b>Extra care Housing</b>	2,500	0	0	0	<b>2,500</b>
<b>Investment in Preventative Services</b>	1,284	0	0	0	<b>1,284</b>
<b>Totals</b>	<b>276,363</b>	<b>(3,817)</b>	<b>(54,716)</b>	<b>(559)</b>	<b>217,271</b>

The following service, not included above, is budgeted on the basis that all costs will be fully covered by income. The figure for internal income therefore reflects the net cost of this services elsewhere in directorates' budgets.

	Gross Expenditure	Grant Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
<b>Adult &amp; Community Learning</b>	5,228	(4,660)	(551)	(17)	<b>0</b>

In the tables that follow internal income is netted off against gross expenditure

## Grant Summary

Some of the costs of providing the above services are funded by external grants, the table below shows details of the grant funding expected for 2010/11.

<b>Service</b>	<b>Funded by</b>	<b>Amount £'000</b>
<b><u>Social Care Grants</u></b>		
Delivering Stroke Care for Adults	DoH	131
Learning Disability Campus Closure	DoH	82
Social Care Reform	DoH	3,604
<b>sub total</b>		<u>3,817</u>
<b><u>Adult Education Grants</u></b>		
Additional Learning Support	LSC	130
Adults 19+ Adult Learner Responsive	LSC	1,561
Employer Responsive-Further Ed Workplace NVQ	LSC	367
Family Learning	LSC	94
Family Literacy, Language & Numeracy	LSC	150
First Steps	LSC	472
Neighbourhood learning in deprived communities	LSC	25
Personal & Community Development Learning	LSC	1,814
Young People 16-18	LSC	47
<b>sub total</b>		<u>4,660</u>
<b>Total</b>		<u><u>8,477</u></u>

## Service Statistics

Service/Activity	Unit of Measurement	Units of Care Available			Number of Service Users		
		2009/10	Change	2010/11	2009/10	Change	2010/11
<b>Older People &amp; Disability - Commissioning</b>							
Residential including respite	Bed Night	613,674	36,544	650,218	1,681	100	1,781
Nursing including respite	Bed Night	264,006	6,833	270,839	723	19	742
Day Care	Session	79,733	(13,630)	66,103			
Domiciliary Care	Hour	1,067,920	157,846	1,225,766	2,731	404	3,135
Individualised Support	Hour	150,066	1,779	151,845			
Direct Payments	Clients	692	244	936	692	244	936
<b>Older People &amp; Disability - In house</b>							
Residential including respite	Bed Night	n/a		213,853	n/a		586
Day Care	Sessions	n/a		78,538	n/a		753
Domiciliary Care	Hour	n/a		376,868	n/a		964
<b>Learning Disabilities - Commissioning</b>							
Residential including respite	Bed Night	279,296	(5,909)	273,387	789	(15)	774
Nursing including respite	Bed Night	15,974	(5,389)	10,585	43	(15)	28
Supported Accommodation	Clients	n/a		71	n/a		71
Day Care	Hour	94,591	39,725	134,316	151	(2)	149
Domiciliary Care	Hour	134,250	(38,189)	96,061	91	(5)	86
Individualised Support	Hour	653,088	42,430	695,518	374	99	473
Direct Payments	Clients	175	32	207	175	32	207
<b>Learning Disabilities - In house</b>							
Residential including respite	Bed Night	8,381	0	8,381	144	0	144
Day Care	Hour	55,825	0	55,825	338	0	338
Short Breaks		n/a			12	0	12
Employment Services		n/a			297	0	297
<b>Mental Health Services (Including drugs and alcohol)</b>							
Residential including respite	Bed Night	44,484	(16,201)	28,283	203	(34)	169
Block Contracts	Bed Night	12,045	1,460	13,505	33	4	37
Nursing including respite	Bed Night	4,948	0	4,948	14	0	14
Supported Accommodation	Bed Night	0	3,276	3,276	0	9	9
Drug & Alcohol Services	Bed Night	2,834	86	2,920	13	0	13
Day Care	Session	1,191	1,019	2,210	15	5	20
Day Care - Block Contracts	Visits	22,015	0	22,015	728	0	728
Domiciliary Care	Hour	10,860	(385)	10,475	25	6	31
Individualised Support	Hour	20,952	29,048	50,000	70	20	90
Direct Payments	Clients	30	20	50	30	20	50

## Service Statistics (continued)

Service/Activity	Unit of Measurement	2009/10	Change	2010/11
<b>Libraries</b>				
Libraries	No.	50	0	50
Mobile libraries	No.	11	0	11
Visits made to the library service p.a.	No.	4 million	0	4 million
Loans of books, audio books, CDs, DVDs etc p.a.	No.	4.6 million	0	4.6 million
PCs available with public access	No.	482	9	491
Usage of PCs by the public per month	Sessions	50,000	1,000	51,000

### Coroners

Caseload 2,971 (2008/09)

Total inquests opened 385 (2008)

### Registration Service

Certificates issued 2008/9 - 49,525

Marriage Registrations (registration office) - 1,071

Marriage Registrations (approved premises) - 1,575

## Older People and Disability Services

**Service Objective:** This budget provides services related to the social care of older people and people with a sensory or a physical disability.

### Commissioning

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
<b>Expenditure</b>				
<b>Accommodation Based Services</b>				
34,414	689	Residential care (including respite)	3,685	38,788
17,639	369	Nursing care (including respite)	(77)	17,931
<b>Community Based Services</b>				
2,127	42	Day care	(451)	1,718
1,844	38	Individualised support	247	2,129
15,510	312	Domiciliary care	3,505	19,327
8,004	160	Direct Payments	1,299	9,463
<b>Other Services</b>				
14,208	(16)	Care management & management support	(396)	13,796
9,078	264	Other	(669)	8,673
<b>102,824</b>	<b>1,858</b>	<b>Gross Spend</b>	<b>7,143</b>	<b>111,825</b>
<b>Income</b>				
(30,207)	0	Client contributions	(5,034)	(35,241)
(2,211)	0	Fees and charges	515	(1,696)
(131)	0	Grant Income	0	(131)
(4)	0	Miscellaneous	4	0
<b>(32,553)</b>	<b>0</b>	<b>Gross Income</b>	<b>(4,515)</b>	<b>(37,068)</b>
<b>70,271</b>	<b>1,858</b>	<b>Net Cost of Commissioning</b>	<b>2,628</b>	<b>74,757</b>

### In house (DCC Managed Provision)

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
<b>Expenditure</b>				
<b>Accommodation Based Services</b>				
22,773	(247)	Residential care (including respite)	(2,219)	20,307
<b>Community Based Services</b>				
4,391	(67)	Day care	(9)	4,315
8,962	(99)	Domiciliary care	190	9,053
<b>Other Services</b>				
1,109	(1)	Care management & management support	227	1,335
1	0	Other	30	31
<b>37,236</b>	<b>(414)</b>	<b>Gross Spend</b>	<b>(1,781)</b>	<b>35,041</b>
<b>Income</b>				
(30)	0	Fees and charges	27	(3)
(371)	0	Sales	2	(369)
(25)	0	Miscellaneous	4	(21)
<b>(426)</b>	<b>0</b>	<b>Gross Income</b>	<b>33</b>	<b>(393)</b>
<b>36,810</b>	<b>(414)</b>	<b>Net Cost of In house</b>	<b>(1,748)</b>	<b>34,648</b>
<b>107,081</b>	<b>1,444</b>	<b>Total Net Cost of Older People &amp; Disability</b>	<b>880</b>	<b>109,405</b>

## Older People and Disability Services

### Reasons for changes

#### Commissioning

	<b>Change £'000</b>
<b><u>Technical Changes</u></b>	
Inter Directorate Budget Transfers (Net)	(21)
<b><u>Service Changes</u></b>	
Demographic growth and increased incidence of complex cases	3,701
Preventative investment in community based mentoring groups	150
Development strategies to support people with dementia	396
Investment in voluntary sector joint working and complex care teams	217
Strategies to contain demographic pressures and other actions	(870)
Investment in Preventative Services - Transfer back to operational budgets	560
Investment in Preventative Services - Rapid Equipment & Minor Adaptation (REMAS)	315
Agreed virements between ACS Client Groups	(112)
<b><u>Efficiency Savings</u></b>	
Efficiencies in Commissioning Costs	(1,708)
<b><u>Total - Commissioning</u></b>	<b><u>2,628</u></b>

#### In house (DCC Managed Provision)

	<b>Change £'000</b>
<b><u>Service Changes</u></b>	
Staffing Costs in respect of Waking Night Care / Working Time Directive	370
Agreed virements between ACS Client Groups	189
<b><u>Efficiency Savings</u></b>	
Savings planned from restructure of in house residential services for older people	(2,307)
<b><u>Total - In house</u></b>	<b><u>(1,748)</u></b>
<b><u>Total - Older People &amp; Disability</u></b>	<b><u>880</u></b>

## Learning Disability Services

**Service Objective:** This budget provides services related to the social care of people with a learning disability.

### Commissioning

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
<b>Expenditure</b>				
<b>Accommodation Based Services</b>				
29,957	594	Residential care (including respite)	(2,473)	28,078
1,890	36	Nursing care (including respite)	(676)	1,250
<b>Community Based Services</b>				
1,190	24	Day care	76	1,290
8,745	178	Individualised support	1,593	10,516
1,366	27	Domiciliary care	194	1,587
1,313	26	Direct Payments	930	2,269
<b>Other Services</b>				
1,866	(12)	Care management & management support	279	2,133
2,878	15	Other	(521)	2,372
<b>49,205</b>	<b>888</b>	<b>Gross Spend</b>	<b>(598)</b>	<b>49,495</b>
<b>Income</b>				
(3,547)	0	Client contributions	(11)	(3,558)
(7,834)	0	Fees and charges	775	(7,059)
(50)	0	Grant Income	(32)	(82)
(41)	0	Miscellaneous	0	(41)
<b>(11,472)</b>	<b>0</b>	<b>Gross Income</b>	<b>732</b>	<b>(10,740)</b>
<b>37,733</b>	<b>888</b>	<b>Net Cost of Commissioning</b>	<b>134</b>	<b>38,755</b>

### In house (DCC Managed Provision)

2009/10 Outturn Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
<b>Expenditure</b>				
<b>Accommodation Based Services</b>				
1,533	(23)	Residential care (including respite)	344	1,854
<b>Community Based Services</b>				
5,458	(57)	Day care	(471)	4,930
<b>Other Services</b>				
344	(2)	Care management & management support	4	346
<b>7,335</b>	<b>(82)</b>	<b>Gross Spend</b>	<b>(123)</b>	<b>7,130</b>
<b>Income</b>				
(17)	0	Client contributions	(21)	(38)
(836)	0	Fees and charges	49	(787)
(120)	0	Miscellaneous	(68)	(188)
<b>(973)</b>	<b>0</b>	<b>Gross Income</b>	<b>(40)</b>	<b>(1,013)</b>
<b>6,362</b>	<b>(82)</b>	<b>Net Cost of In house</b>	<b>(163)</b>	<b>6,117</b>
<b>44,095</b>	<b>806</b>	<b>Total Net Cost of Learning Disability Services</b>	<b>(29)</b>	<b>44,872</b>

## Learning Disability Services

### Commissioning

	<b>Change £'000</b>
<b><u>Technical Changes</u></b>	
Inter Directorate Budget Transfers (Net)	(32)
<b><u>Service Changes</u></b>	
Demographic growth and increased incidence of complex cases	3,037
Strategies to contain demographic pressures and other actions	(1,496)
Transfer to investment in Preventative Services - new Continuing Healthcare transfers	(85)
Agreed virements between ACS Client Groups	(387)
<b><u>Efficiency Savings</u></b>	
Efficiencies in Commissioning Costs	(903)
<b>Total - Commissioning</b>	<b>134</b>

### In house (DCC Managed Provision)

	<b>Change £'000</b>
<b><u>Technical Changes</u></b>	
Inter Directorate Budget Transfers (Net)	(7)
<b><u>Service Changes</u></b>	
Staffing Costs in respect of Waking Night Care / Working Time Directive	130
Agreed virements between ACS Client Groups	198
<b><u>Efficiency Savings</u></b>	
Estimated savings planned from restructure and changes to working practices for Learning Disability in house provision	(484)
<b>Total - In house</b>	<b>(163)</b>
<b>Total - Learning Disability Services</b>	<b>(29)</b>

## Mental Health Services

**Service Objective:** This budget provides services related to the social care of people with mental illness.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
<b>Expenditure</b>				
<b>Accommodation Based Services</b>				
4,598	91	Residential care (including respite)	(1,386)	3,303
447	9	Nursing care (including respite)	(18)	438
<b>Community Based Services</b>				
1,753	31	Day care	29	1,813
348	9	Individualised support	373	730
155	3	Domiciliary care	(26)	132
105	2	Direct Payments	91	198
<b>Other Services</b>				
690	(11)	In-house care provision	15	694
3,868	(1)	Care management & management support	410	4,277
87	1	Other	1	89
<b>12,051</b>	<b>134</b>	<b>Gross Spend</b>	<b>(511)</b>	<b>11,674</b>
<b>Income</b>				
(555)	0	Client contributions	40	(515)
(1,225)	0	Fees and charges	115	(1,110)
(43)	0	Miscellaneous	0	(43)
<b>(1,823)</b>	<b>0</b>	<b>Gross Income</b>	<b>155</b>	<b>(1,668)</b>
<b>10,228</b>	<b>134</b>	<b>Net Cost of Service</b>	<b>(356)</b>	<b>10,006</b>

### Reasons for changes

Change  
£'000

#### Service Changes

Demographic Growth and increased incidence of complex cases	174
Strategies to contain demographic pressures and other actions	(411)
Investment in Preventative Services - Transfer back to operational budgets	7
Agreed virements between ACS Client Groups	35

#### Efficiency Savings

Efficiencies in Commissioning Costs	(161)
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**Total** **(356)**

## Strategic & Corporate Services

**Service Objective:** This budget provides for strategic commissioning and central services.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
21,465	(52)	<b>Gross Spend</b>	1,201	<b>22,614</b>
		<b>Income</b>		
(520)	0	Fees and charges	(58)	(578)
(2,898)	0	Grant Income	(706)	(3,604)
(718)	0	Miscellaneous	20	(698)
<b>(4,136)</b>	<b>0</b>	<b>Gross Income</b>	<b>(744)</b>	<b>(4,880)</b>
<b>17,329</b>	<b>(52)</b>	<b>Net Cost of Strategic &amp; Corporate Services</b>	<b>457</b>	<b>17,734</b>

### Reasons for changes

**Change  
£'000**

#### Technical Changes

Inter Directorate Budget Transfers (Net)

(6)

#### Service Changes

Development strategies to support people with conditions in the autistic spectrum

150

Development strategies to support people with dementia

150

Cost Reductions

(175)

Investment in Preventative Services - Safeguarding Adults

175

Investment in Preventative Services - Fusion - user led consultation and engagement

50

Investment in Preventative Services - Advocacy

50

Agreed virements between ACS Client Groups

77

#### Efficiency Savings

Efficiencies in Commissioning Costs

(14)

**Total**

**457**

## Supporting People

This budget provides supported housing to help vulnerable people maintain their independence in society.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
20,799	391	<b>Supporting people Gross Spend</b>	(896)	20,294
(601)	0	<b>Gross Income</b>	(4)	(605)
<b>20,198</b>	<b>391</b>	<b>Net Cost of Service</b>	<b>(900)</b>	<b>19,689</b>
<b>Reasons for changes</b>				<b>Change £'000</b>
<b>Service Changes</b>				
Demographic Growth and increased incidence of complex cases				301
Strategies to contain demographic pressures and other actions				(808)
<b>Efficiency Savings</b>				
Efficiencies in Commissioning Costs				(393)
<b>Total</b>				<b>(900)</b>

## Adult & Community Learning

This budget provides adult learning opportunities for people in Devon

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
5,531	0	<b>Adult &amp; Community Learning Gross Spend</b>	(320)	5,211
5,531	0		(320)	5,211
(813)	0	Fees and Charges Income	262	(551)
(4,718)	0	Grant Income	58	(4,660)
<b>(5,531)</b>	<b>0</b>	<b>Gross Income</b>	<b>320</b>	<b>(5,211)</b>
<b>0</b>	<b>0</b>	<b>Net Cost of Service</b>	<b>0</b>	<b>0</b>

## Libraries

This budget provides the County Library Service.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
<b>Expenditure</b>				
<b>11,631</b>	<b>(75)</b>	<b>Library Service Gross Spend</b>	<b>(42)</b>	<b>11,514</b>
<b>Income</b>				
(1,043)	0	Sales ,Fees and Charges	(90)	(1,133)
(36)	0	Other External Income	0	(36)
<b>(1,079)</b>	<b>0</b>	<b>Gross Income</b>	<b>(90)</b>	<b>(1,169)</b>
<b>10,552</b>	<b>(75)</b>	<b>Net Cost of Library Service</b>	<b>(132)</b>	<b>10,345</b>

Reasons for changes	Change £'000
<b>Service Changes</b>	
Reduction in staffing expenditure due to vacancy management programme	(150)
Restructuring of front line management deployment	(20)
Additional Investment in libraries modernisation programme	68
Funding of staff increments and increased premises costs	90
Additional income from revised fees and charges, including public PC access	(90)
<b>Efficiency Savings</b>	
Restructuring of back office processes	(30)
<b>Total</b>	<b>(132)</b>

## Coroners

The Coroner investigates all unexpected, accidental and/or suspicious deaths in order to establish the cause of death. This includes the conduct of Inquests into the death, and these are attended by interested parties and sometimes expert witnesses. The position of Coroner is mandatory and is a Crown appointment. This post is assisted by officers provided by the Devon and Cornwall Police and local pathologists.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
<b>979</b>	<b>0</b>	<b>Net Cost of Coroners Service</b>	<b>(41)</b>	<b>938</b>

Reasons for changes	Change £'000
<b>Efficiency Savings</b>	
Efficiency Savings in supplies & services and establishment expenses	(41)
<b>Total</b>	<b>(41)</b>

## Registration Service

This budget provides facilities for the registration of births and deaths, marriages and civil partnerships that take place within the Devon County Council area (in accordance with statutory requirements).

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
1,462	(3)	Registration Service Gross Spend	36	1,495
(939)	0	Registration Service Gross Income	(58)	(997)
<b>523</b>	<b>(3)</b>	<b>Net Cost of Service</b>	<b>(22)</b>	<b>498</b>

Reasons for changes	Change £'000
<b>Efficiency Savings</b>	
Efficiency Savings in respect of staffing	(22)
<b>Total</b>	<b>(22)</b>

## Extra Care Housing

This budget provides for a contribution to a reserve which will be used for Extra Care housing schemes in conjunction with the private/independent sector.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
<b>2,500</b>	<b>0</b>	<b>Extra Care Housing</b>	<b>0</b>	<b>2,500</b>

## Investment in Preventative Services

This budget provides for investment in services to improve early intervention, rapid response and other services aimed at improving people's independence and wellbeing. This work supports and is in line with the aims of the Social Care Reform Grant. As projects become operational funding is moved from this source to ensure sustained improvements.

<b>2009/10</b>	<b>Inflation</b>		<b>Changes</b>	<b>2010/11</b>
<b>Adjusted</b>				<b>Outturn</b>
<b>Budget</b>				<b>Budget</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>2,400</b>	<b>0</b>	<b>Investment in Preventative Services</b>	<b>(1,116)</b>	<b>1,284</b>

<b>Reasons for changes</b>	<b>Change</b>
<b>Technical Changes</b>	<b>£'000</b>
Inter Directorate Budget Transfers (Net)	(44)
<b>Service Changes</b>	
Transfer back to operational budgets	(482)
Investment in Preventative Services - Rapid Equipment & Minor Adaptation (REMAS)	(315)
Investment in Preventative Services - Safeguarding Adults	(175)
Investment in Preventative Services - Fusion - user led consultation and engagement	(50)
Investment in Preventative Services - Advocacy	(50)
<b>Total</b>	<b>(1,116)</b>

## Capital Programme

The following table details the medium term capital programme for this directorate, and how that programme is being funded.

Project	Total Scheme Approvals	2010/11	2011/12	2012/13	2013/14	2014/15
		£'000	£'000	£'000	£'000	£'000
<b>Adult Social Care</b>						
<u>New Starts</u>						
LD community hub, Newton Abbot	850	850	0	0	0	0
LD community hub, Torrington	250	250	0	0	0	0
Extra Care Housing	16,800	0	1,200	4,200	6,000	5,400
<u>Existing Schemes</u>						
Adaptations for disabled adults		45	90	80	100	100
Community equipment		150	150	150	150	150
Extra Care Housing (Grant Funded)		0	221	0	0	0
Handling & lifting equipment		24	24	0	10	10
IT strategy		265	150	135	105	0
Mental Health		231	231	231	231	231
Rolling upgrades		393	367	54	54	54
Service changes towards modernisation		193	5	0	0	105
		<b>2,401</b>	<b>2,438</b>	<b>4,850</b>	<b>6,650</b>	<b>6,050</b>
<b>Adult &amp; Community Learning</b>						
Adult learning centre upgrade, Newton Abbot		<b>225</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Libraries</b>						
Libraries modernisation: partnership schemes		484	2,070	1,375	50	775
Library modernisation: Cullompton		173	1,497	0	0	0
Library modernisation: Newton Abbot		519	509	0	0	0
Ottery Saint Mary Library		0	300	0	0	0
Sidmouth Library enhancement		0	295	410	0	0
Libraries minor works		250	250	250	250	250
Refurbishment of library estate		466	205	0	0	0
		<b>1,892</b>	<b>5,126</b>	<b>2,035</b>	<b>300</b>	<b>1,025</b>
<b>Vehicle &amp; Equipment Loans Pool (VELP)</b>						
Mobile libraries		<b>420</b>	<b>140</b>	<b>0</b>	<b>140</b>	<b>0</b>
<b>Investing In Devon</b>						
Devon & Exeter Forum		<b>150</b>	<b>500</b>	<b>7,000</b>	<b>2,350</b>	<b>0</b>
<b>Annual Total</b>		<b>5,088</b>	<b>8,204</b>	<b>13,885</b>	<b>9,440</b>	<b>7,075</b>
<b>Cumulative Total</b>		<b>5,088</b>	<b>13,292</b>	<b>27,177</b>	<b>36,617</b>	<b>43,692</b>
<b>Financed by:</b>						
Capital grants		908	871	650	650	650
External contributions		300	0	0	0	0
Direct Revenue Funding - reserves		0	1,710	4,200	6,000	5,400
Capital receipts - general		462	1,238	0	0	0
Capital receipts - Investing in Devon		150	500	7,000	2,350	0
Unsupported borrowing		2,848	3,745	2,035	300	1,025
Unsupported borrowing - VELP		420	140	0	140	0
		<b>5,088</b>	<b>8,204</b>	<b>13,885</b>	<b>9,440</b>	<b>7,075</b>

The Total Scheme Approvals column formally states the estimated amount that the scheme will cost to deliver at the point when a specific scheme is first approved.

**Notes**

The capital programme for the Adult & Community Services Directorate underpins strategies for improving efficiency through use of technology and co-location of services with partners in the NHS.

The most significant area for proposed investment is the Extra Care Housing Strategy: the figures shown represent the potential county council contribution to a wider programme totalling £112 million. Provision is also made for the acquisition of two community hubs for the delivery of learning disability services.

The capital programme also covers investment in four library buildings (one of which is also an adult education centre) and a similar number of partnership projects. Funding of £10 million from Investing in Devon is earmarked for major developments in Exeter.

Mobile library acquisition is managed by the Community Transport section in the Environment, Economy & Culture Directorate. The Capital Programme provides for replacement of existing vehicles reaching the end of their operational lives.

**Environment, Economy & Culture Directorate**

## **Executive Director's Commentary**

2010/11 will be a year of great short and longer term challenges and also of some early transition. Internally, we will see further changes to the Directorate as the Library Service moves to ACS and Trading Standards joins the Directorate. The Library Service leaves EEC with a strong focus on modernisation and a robust capital programme including exciting new initiatives in the form of the Cullompton and Newton Abbot 'Library and Community Hubs'.

Looking forward we welcome Trading Standards Service to the Directorate. The move will facilitate closer working, particularly in the area of support for local business and will allow us to shape a more comprehensive package of business advice and assistance. Trading Standards are aiming to further develop the scope and effectiveness of the support they provide to local businesses during the next financial year. This will include the 'Buy With Confidence' approved trader scheme, a renewed focus on engaging and working with major Devon enterprises and additional support for new business start-ups.

The Council's Administration, newly elected during 2009, has set out its Strategic Plans. Working with Cabinet Members, the Directorate has begun to realign and adapt its approach and priorities to better align with these. This work will continue into 2010/11. The impact of the economic downturn, restricted resources and new legislation has also necessitated a re-evaluation of the strategic objectives and services to be delivered in 2010/11. The challenge will be to balance efficient service delivery on budget with the need to work corporately to create change that can have real effect both in 2010/11 and subsequently.

The focus remains on supporting activities which will provide improved infrastructure ensuring an impetus to economic recovery within the County. Short scale initiatives to build tourism and business in Devon include the Tour of Britain cycle race, improving Broadband accessibility and renewable energy for businesses. Additionally the Authority has a new legal requirement to produce a Local Economic Assessment and this will increasingly form an important, evidence based, platform for better understanding and targeting needs and opportunities widely across Devon. Medium term developments allow for both improving and "greening" the transport, tourism and business infrastructure of the County through increasing the cycle routes for work and pleasure, improving public realm areas with an emphasis on coastal and market towns and visitor centre development, and reducing carbon output through a range of actions.

Longer term objectives will be met by continuing work on major developments, in particular, for the East of Exeter region, the Newton Abbot area and Plymouth Eastern corridor. These developments will provide business opportunities to support and reinforce the local economy (Science Park and Skypark Developments at Exeter and Langage near Plymouth), improve the road system for all users (Kingskerswell Bypass, Crediton Link Road, East of Exeter access strategy), provide more choices for public transport (improved facilities at railway stations, the new Cranbrook Station, more footways, cycle routes and access to the Countryside) and more affordable housing. In view of the national economic forecasts for the next few years, delivery of schemes such as these will be highly challenging but the County Council and its partners are well placed to promote and justify them and will take every opportunity to do so.

Devon is amongst the best performing authorities nationally for waste recycling. Our communities, with the support and encouragement of all Devon's councils, are making a real contribution to waste avoidance and minimisation; we shall further encourage this. Notwithstanding, the need for disposal of residual waste remains and is both a high priority and high cost, through the County Council as waste disposal authority. The two largest initiatives (Exeter and Plymouth Energy from Waste plants) are both contractually and financially complex; these are moving steadily through the necessary processes. Other strands to the waste strategy include the continuing investment for improved recycling facilities and diversion of more food waste to In-Vessel composting plants.

The delivery of the Directorate objectives within a reduced revenue budget (£106.5m) will require strong management and clear focus. The continued requirement to identify 'Improvement and Efficiency' savings (£5m) is becoming an increasing challenge as many savings have already been made. Although subject to tightening borrowing requirements the capital programme remains strong (£464m over five years) with a significant element of external funding (48%). Many uncertainties remain for the future including the speed of economic recovery which would impact heavily on Waste tonnages for disposal and inflationary increases, and the future Local Government financial settlements.

Through all this the Directorate is keen to ensure that its services add value to other objectives of the Council so that different parts can better become mutually reinforcing and also capitalise on economies of scale and other opportunities.

The key challenge for 2010/2011 is to sustain the planned activities in-year during a period of national financial uncertainty and against a somewhat reduced budget base for the Directorate, the details of which are set out in the following pages. Looking further ahead, we need to ensure that both the directorate and, more widely, the Council are fully prepared for the seemingly significant reductions in public sector expenditure and support that are widely forecast for several years. Many of these are likely to impact directly and potentially heavily on the services for which EEC is responsible. The Directorate has already started actions to ready itself for this by scenario planning, "what if?" analysis and better understanding of the management of expectations.

***Chris McCarthy***

**Executive Director of Environment, Economy & Culture.**

For more information on the contents of this section of the budget book, please contact Andy Rogers, Principal Finance Manager on 01392 382360 or email [andy.rogers@devon.gov.uk](mailto:andy.rogers@devon.gov.uk)

## How the 2010/11 Budget has been built up

	Revenue				Capital			2010/11 TOTAL Investment £'000
	2009/10 Adjusted Budget £'000	Inflation £'000	Changes £'000	2010/11 Outturn Budget £'000	2009/10 Adjusted Budget £'000	Changes £'000	2010/11 Outturn Budget £'000	
<b>Highway Management</b>	55,062	(375)	(768)	<b>53,919</b>	75,964	(20,065)	<b>55,899</b>	<b>109,818</b>
<b>Planning &amp; Transportation</b>	3,092	(7)	(242)	<b>2,843</b>	20,152	(4,411)	<b>15,741</b>	<b>18,584</b>
<b>Public &amp; Community Transport</b>	8,026	169	(499)	<b>7,696</b>	0	987	<b>987</b>	<b>8,683</b>
<b>Waste Disposal &amp; Recycling</b>	31,541	335	1,504	<b>33,380</b>	22,569	(19,803)	<b>2,766</b>	<b>36,146</b>
<b>Economy &amp; Industrial Estates</b>	1,943	(4)	(301)	<b>1,638</b>	11,528	(1,743)	<b>9,785</b>	<b>11,423</b>
<b>Countryside, Heritage &amp; Arts</b>	4,611	(5)	(257)	<b>4,349</b>	540	340	<b>880</b>	<b>5,229</b>
<b>Trading Standards</b>	2,690	(5)	(51)	<b>2,634</b>	0	0	<b>0</b>	<b>2,634</b>
<b>Total</b>	<b>106,965</b>	<b>108</b>	<b>(614)</b>	<b>106,459</b>	<b>130,753</b>	<b>(44,695)</b>	<b>86,058</b>	<b>192,517</b>

### Reasons for changes in the Revenue Budget

Change  
£000

#### Technical changes

Realignment of central support services	112
Alternative funding for Public Transport services from On Street Parking Account	(329)
	<u>(217)</u>

#### Service changes

Other net changes	15
Additional funding for safety defects	150
Reduction in general highway maintenance budget	(293)
Reduction of street lighting maintenance programme and energy savings from part night lighting	(500)
Additional Road Safety Initiatives including funding for Tour of Britain cycle race	212
Reduction in supplies and services	(330)
Increased charges for On Street and residents parking	(220)
Investment re Pitt Report (flood management)	284
Improvement & Efficiency initiatives	500
Reduction in income to the directorate	98
Reduction in staffing expenditure due to vacancy management programme	(367)
Staffing restructures	(567)
Exeter Business Park Section 106 (Developer contributions) residual cost	264
Reductions in Bus Service support, rural transport schemes & project support	(361)
Cessation of Park & Ride Security	(68)
Additional funding for waste tonnage	170
Additional funding for change in landfill regulations and Landfill Allowance Tax	1,500
Landfill tax savings due on reduction in tonnage growth / contingency	(78)
Additional funding for change in landfill regulations	346
Reduction in tonnage growth / contingency	(112)
Reduction in waste reduction campaign work	(377)
Reduction of economic regeneration and tourism promotion budgets	(114)
Reduction in expenditure on cultural projects, arts investment and heritage	(192)
Reduction in expenditure on Environmental Management projects	(60)
Additional funding: carbon management - carbon trading scheme	73
	<u>(27)</u>

#### Efficiency Savings

Procurement of street lighting energy contract and rationalised maintenance schedule	(250)
Supplies & services efficiency reductions	(9)
Efficiency savings in respect of staffing restructure	(111)
	<u>(370)</u>

<b>Total</b>	<b>(614)</b>
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## Staffing Data

	2009/10 Adjusted Total FTEs	Changes FTEs	2010/11		Total FTEs
			Revenue Funded FTEs	Externally Funded FTEs	
<b>Highway Management</b>	408	1	388	21	<b>409</b>
<b>Planning &amp; Transportation</b>	60	(2)	56	2	<b>58</b>
<b>Public &amp; Community Transport</b>	45	5	39	11	<b>50</b>
<b>Waste Disposal &amp; Recycling</b>	18	0	18	0	<b>18</b>
<b>Economy</b>	31	(4)	20	7	<b>27</b>
<b>Countryside, Heritage &amp; Arts</b>	71	(1)	59	11	<b>70</b>
<b>Trading Standards</b>	76	(2)	59	15	<b>74</b>
<b>Total</b>	<b>709</b>	<b>(3)</b>	<b>639</b>	<b>67</b>	<b>706</b>

### Explanation of Movements

#### Highway Management

Net reduction in Area Office staff due to budget constraints	(1)
Reduction in senior management structure	(1)
Inclusion of a corporate apprentice	1
New temporary 12 month post funded by Cycle England grant	1
Road Safety post transferred to revenue	1

#### Planning & Transportation

Net reduction of 2 revenue funded posts due to budget constraints:	
Development Manager	(1)
Development Management Officer	(1)

#### Public & Community Transport

New Transport Coordination post funded by internal income from CYPS directorate	1
Externally funded Concessionary Travel Coordination posts	3
Transport Coordinator post funded by DCSF 14-19 Transport Partnership Grant	1

#### Economy

Reduction of 2 Economic Development posts due to budget constraints	(2)
Reduction of 2 externally funded project officers due to funding completion	(2)

#### Countryside, Heritage & Arts

Reduction of 1 Coast Path officer post	(1)
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#### Trading Standards

Reductions in hours across the service	(2)
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<b>Total</b>	<b>(3)</b>
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## Analysis of Total Expenditure for 2010/11

	Gross Expenditure	Grant Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
<b>Highway Management</b>	65,267	(678)	(1,730)	(8,940)	<b>53,919</b>
<b>Planning &amp; Transportation</b>	3,493	0	(520)	(130)	<b>2,843</b>
<b>Public &amp; Community Transport</b>	17,709	0	(10,013)	0	<b>7,696</b>
<b>Waste Disposal &amp; Recycling</b>	35,164	0	(1,397)	(387)	<b>33,380</b>
<b>Economy</b>	1,740	0	(102)	0	<b>1,638</b>
<b>Countryside, Heritage &amp; Arts</b>	5,111	(166)	(388)	(208)	<b>4,349</b>
<b>Trading Standards</b>	3,325	0	(691)	0	<b>2,634</b>
<b>Totals</b>	<b>131,809</b>	<b>(844)</b>	<b>(14,841)</b>	<b>(9,665)</b>	<b>106,459</b>

The following services, not included above, are budgeted on the basis that all costs will be fully covered by income. The figure for internal income therefore reflects the net cost of these services elsewhere in directorates' budgets.

	Gross Expenditure	Grant Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
<b>Highway Management</b>					
Depots	396	0	(42)	(354)	<b>0</b>
On-street parking	1,735	0	(1,735)	0	<b>0</b>
Other rechargeable services	991	0	(960)	(31)	<b>0</b>
<b>Public &amp; Community Transport</b>					
Projects and partnerships	103	(103)	0	0	<b>0</b>
Transport coordination	933	0	(927)	(6)	<b>0</b>
Delivering a Sustainable Transport System	290	(290)	0	0	<b>0</b>
Rechargeable engineering work	227	0	0	(227)	<b>0</b>
<b>Economy</b>					
Making it Local	614	(614)	0	0	<b>0</b>
LSC Skills for Life	249	(249)	0	0	<b>0</b>
Future Jobs Fund	429	(429)	0	0	<b>0</b>
Other	184	(147)	(12)	(25)	<b>0</b>
<b>Countryside, Heritage &amp; Arts</b>					
Channel Arc Manche Integrated Strategy	42	(21)	0	(21)	<b>0</b>
Exe Estuary Partnership	42	0	(32)	(10)	<b>0</b>
Devon Maritime Forum	48	0	(43)	(5)	<b>0</b>
South West Coast Path Team	147	(137)	(10)	0	<b>0</b>
Blackdown Hills AONB	282	(203)	(67)	(12)	<b>0</b>
North Devon AONB	224	(173)	(34)	(17)	<b>0</b>
<b>Totals</b>	<b>6,936</b>	<b>(2,366)</b>	<b>(3,862)</b>	<b>(708)</b>	<b>0</b>

## Grant Summary

Some of the costs of providing the above services are funded by external grants, the table below shows details of the grant funding expected for 2010/11.

<b>Service</b>	<b>Funded by</b>	<b>Amount £'000</b>
<b><u>Government and Other Grants</u></b>		
<b>Road Safety Grant - Cycle England</b>	D f T	278
<b>Road Safety on Rural Roads</b>	D f T	400
<b>Exeter &amp; Far South West Gateway Study</b>	D f T	290
<b>Making It Local</b>	European Union	600
<b>Making It Local</b>	ED & BDH AONB	14
<b>Rural Development Programme England</b>	European Union	81
<b>Skills for Life</b>	European Union	249
<b>CAMIS (Channel Arc Manche Integrated Strategy)</b>	European Union	21
<b>Future Jobs Fund</b>	Department of Work & Pensions	429
<b>Ward Foresters Project</b>	Forestry Commission	31
<b>Devon Towns Forum</b>	South West Regional Development Agency	35
<b>Post 16 Transport Partnership Project</b>	Learning and Skills Council	57
<b>Post 14-19 Transport Partnership Project</b>	Department for Children, Schools & Families	17
<b>Kickstart Bus Challenge - Tavy Goldline</b>	Department for Transport	29
<b>Areas of Outstanding Natural Beauty</b>	Natural England	375
<b>South West Coast Path</b>	Natural England	292
<b>Other</b>	Other	12
<b>Total</b>		<b>3,210</b>

## Medium Term Financial Strategy

The following details the significant changes we can expect to affect the budget over the next two financial years.

	<b>Cumulative</b>	
	<b>2011/12</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financing commitments - Inflation</b>	<b>2,003</b>	<b>4,454</b>
<b>Mandatory / Legislative Requirements</b>		
Waste tonnage, change in landfill regulations and Landfill Allowance Tax	2,515	4,315
Operational costs of energy from waste and recycling	266	2,087
Carbon management - carbon trading scheme	73	146
Highways - Pitt Report	500	500
Waste - change to land fill tax regulations	522	1,123
Highways - Tour of Britain	0	(85)
Reduce potholes	150	300
Recycling target	200	400
	<b>4,226</b>	<b>8,786</b>
<b>Cashable Efficiency Savings</b>		
Efficiency savings to be identified	<b>(4,438)</b>	<b>(9,061)</b>
<b>Total</b>	<b>1,791</b>	<b>4,179</b>

## Service Statistics

Service/Activity	Unit of Measurement	2009/10	Change	2010/11
<b>Highway Management</b>				
Size of Network	Km	12,831	9	12,840
Size of Network	Miles	7,973	7	7,980
Bridges	No.	3,133	0	3,133
Street lights maintained (approx)	No.	75,000	0	75,000
Rights of way	Km	5,000	0	5,000
Strategic road salted p.a.	Km	2,653	70	2,723
Illuminated road markings and signs	No.	11,506	494	12,000
Gullies emptied p.a. (approx)	No.	170,000	0	170,000
Grass cut p.a. (approx)	m <sup>2</sup>	13 million	0	13 million
Surface dressed p.a. (approx)	Km	400	0	400
Resurfacing / reconstruction p.a. (approx)	Km	200	0	200
<b>Development Management</b>				
County Matter applications p.a.	No.	40	0	40
County Council development applications p.a.	No.	100	0	100
Listed building consents applications p.a.	No.	10	0	10
Strategic Planning consultations p.a.	No.	20	0	20
Planning application consultations (externally driven by the economy - estimate based on actuals so far during 2009/10)	No.	15,000	(3,000)	12,000
<b>Public &amp; Community Transport</b>				
Local bus services provided (approx)	No.	200	0	200
Pop'n with daily (Mon-Fri) public or community service	Percentage	99	0	99
Passenger journeys made p.a.	No.	24.0 million	0	24.0 million
People travelling on Devon's supported services	No.	8.9 million	0.1	9.0 million
Ring and Ride community transport schemes	No.	16	0	16
Community car schemes	No.	14	0	14
Shop mobility schemes	No.	5	3	8
Community buses	No.	6	0	6
Fare car supported taxi schemes	No.	11	0	11
<b>Waste Disposal &amp; Recycling</b>				
Waste growth p.a.	Percentage	-2	2	0
Municipal waste disposed of (approx)	Tonnes	431,000	0	431,000
Recycling and composting	Percentage	53	1.5	54.5
Recycling centres provided	No.	20	1	21
Rural skips provided	No.	8	0	8
Landfill sites after care	No.	55	0	55
<b>Countryside, Arts &amp; Heritage</b>				
Percentage of Local Wildlife Sites in positive management	Percentage	39	5	44
Verified historic monument records on Heritage Gateway website	No.	0	49,940	49,940
Parish tithe maps digitally available in Devon Record Office	No.	60	450	510
<b>Trading Standards</b>				
Business premises with Trading Standards potential 'risk'	No.	32,565	663	33,228
High risk business premises (excluding Farms) inspected	Percentage	99.7	0.3	100.0
Complaints and requests for service responded to within 5 days	Percentage	98	0	98

## Highway Management

**Service Objective:** This budget provides services to ensure the availability of a safe Highway Network and to preserve that asset for people to use and to support the economy of the County and the region.

<b>2009/10</b>			<b>Changes</b>	<b>2010/11</b>
<b>Adjusted Budget</b>	<b>Inflation</b>			<b>Outturn Budget</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>				
<b>Highway Maintenance</b>				
5,134	85	Principal Roads	0	5,219
1,100	0	Detrunked Roads	0	1,100
26,930	475	Non-principal roads and bridges	(143)	27,262
6,989	(894)	Highway lighting	(750)	5,345
831	11	Maintenance of Public rights of way	0	842
15	0	Coast Protection	0	15
36	0	Other highways services	(0)	36
				0
<b>Road Safety</b>				
943	(2)	Publicity & Training (inc Devon Drivers' Centre)	(127)	814
1,728	0	Road Safety Initiatives	212	1,940
114	0	School Travel Plan	0	114
344	0	School crossing patrols	(0)	344
				0
<b>Highway Network Management</b>				
7,101	(22)	Area Offices	(88)	6,991
7,074	(12)	Network Management	(154)	6,908
6,794	(10)	Engineering & Transport Services	187	6,971
2,994	(6)	Management & Support	(1,622)	1,366
<hr/>				
<b>68,127</b>	<b>(375)</b>	<b>Gross Spend</b>	<b>(2,485)</b>	<b>65,267</b>
<b>Income</b>				
(1,194)	0	Sales, Fees and Charges	37	(1,157)
(678)	0	Grant Income	0	(678)
(90)	0	Contributions	5	(85)
(491)	0	Other External Income	3	(488)
(10,612)	0	Internal Income	1,672	(8,940)
<hr/>				
<b>(13,065)</b>	<b>0</b>	<b>Gross Income</b>	<b>1,717</b>	<b>(11,348)</b>
<hr/>				
<b>55,062</b>	<b>(375)</b>	<b>Net Cost of Service</b>	<b>(768)</b>	<b>53,919</b>

<b>Reasons for changes</b>	<b>Change £'000</b>	<b>Total Changes £'000</b>
<b>Highway Maintenance</b>		
<b>Non-principal roads and bridges</b>		
<b>Service changes</b>		
Additional funding for safety defects	150	
Reduction in general highway maintenance budget	<u>(293)</u>	(143)
<b>Highway lighting</b>		
<b>Service changes</b>		
Reduction of street lighting maintenance programme and energy savings from part night lighting	(500)	
<b>Efficiency savings</b>		
Savings on procurement of street lighting energy contract and rationalised maintenance schedule	<u>(250)</u>	(750)
<b>Road Safety</b>		
<b>Service changes</b>		
Reduced running costs at Devon Drivers' Centre	(46)	
Transfer of 2 Publicity & Training posts to Network Management (**)	<u>(81)</u>	(127)
Additional Road Safety Initiatives including funding for Tour of Britain cycle race	212	212
<b>Highway Network Management</b>		
<b>Area Offices</b>		
<b>Service changes</b>		
Net reduction in staffing expenditure due to vacancy management programme	(70)	
Reduction in vehicle lease costs	<u>(18)</u>	
<b>Network Management</b>		(88)
<b>Service changes</b>		
Highway Management restructuring and other staffing savings	(153)	
Reduction in staffing expenditure due to vacancy management programme	(146)	
Transfer of 2 Publicity & Training posts from Road Safety (**)	81	
Increased charges for On Street and residents parking	(220)	
Investment re Pitt Report (flood management)	<u>284</u>	(154)
<b>Engineering &amp; Transport Services</b>		
<b>Service changes</b>		
Growth funded by increased income (***)	187	187
<b>Management &amp; Support:</b>		
<b>Technical changes</b>		
Realignment of Support Services budget (*)	(1,700)	
Centralisation of PC maintenance budgets in Corporate Resources Directorate	(14)	
<b>Service changes</b>		
Reduction in staffing expenditure due to vacancy management programme	(29)	
Savings from senior management restructure	(130)	
Reduction in computer installations	(95)	
Reduction in Service Level Agreements	(149)	
Other net reductions	(5)	
Improvement & Efficiency initiatives	<u>500</u>	(1,622)
<b>Sales, Fees and Charges, Contributions, and Other External Income</b>		
<b>Service changes</b>		
Course fee structure changes at Devon Drivers Centre	46	
Increase in pensions costs recharged	<u>(9)</u>	37
Reduction in contribution income in Engineering & Transport Services	5	5
Reduction in business management external income	3	3
<b>Internal income</b>		
<b>Technical changes</b>		
Realignment of Support Services budget (*)	1,700	
Reapportionment of support services	156	
<b>Service changes</b>		
Increased income from Bus Travel Scheme Partnership and other income to Engineering & Transport Services (***)	<u>(184)</u>	1,672
<b>Total</b>		<b>(768)</b>

\*s denote changes which have a nil impact on the net budget

## Planning and Transportation

**Service Objective:** This budget provides funding for developing and contributing to strategies and policies that support the promotion of sustainable communities, the delivery of sustainable transport modes, and the development of Devon's infrastructure.

2009/10 Adjusted Budget £'000	Inflation £'000	Changes £'000	2010/11 Outturn Budget £'000
<b>Expenditure</b>			
3,739	(7)	(239)	3,493
<b>3,739</b>	<b>(7)</b>	<b>(239)</b>	<b>3,493</b>
<b>Income</b>			
(539)	0	19	(520)
(108)	0	(22)	(130)
<b>(647)</b>	<b>0</b>	<b>(3)</b>	<b>(650)</b>
<b>3,092</b>	<b>(7)</b>	<b>(242)</b>	<b>2,843</b>

### Reasons for changes

	Change £'000	Total Changes £'000
<b>Expenditure</b>		
<b>Technical changes</b>		
Reapportionment of support services	(20)	
<b>Service changes</b>		
Reduction of 2 staff posts	(104)	
Savings from staff grade restructure	(50)	
Reduction in staffing expenditure due to vacancy management programme	(38)	
Reduction in consultancy fees	(24)	
<b>Efficiency savings</b>		
Cessation of lease car	(3)	
<b>Income</b>		(239)
<b>Service changes</b>		
Reduction in development control monitoring external fee income	19	19
Additional internal income from review of Transportation Strategy charges	(22)	(22)
<b>Total</b>		<b>(242)</b>

## Public and Community Transport

**Service Objective:** This budget provides transport services to enable people to access services and facilities using a sustainable transport mode.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
		<b>Expenditure</b>		
		<b>Public Transport</b>		
326	0	Management costs	(6)	320
5,256	105	Revenue Support	(536)	4,825
723	13	Development & Contributions	(136)	600
2,915	51	Rural Bus Subsidies	(150)	2,816
		<b>National Travel Scheme</b>		
256	0	Management costs	0	256
8,325	0	Payments to operators	567	8,892
<b>17,801</b>	<b>169</b>	<b>Gross Spend</b>	<b>(261)</b>	<b>17,709</b>
		<b>Income</b>		
		<b>Public Transport</b>		
(260)	0	Contributions - Rural Bus subsidies	(8)	(268)
(934)	0	Other Contributions	337	(597)
		<b>National Travel Scheme</b>		
(8,581)	0	Contributions	(567)	(9,148)
<b>(9,775)</b>	<b>0</b>	<b>Gross Income</b>	<b>(238)</b>	<b>(10,013)</b>
<b>8,026</b>	<b>169</b>	<b>Net Cost of Service</b>	<b>(499)</b>	<b>7,696</b>
<b>Reasons for changes</b>			<b>Change</b>	<b>Total</b>
			<b>£'000</b>	<b>Changes</b>
				<b>£'000</b>
<b>Public Transport</b>				
<b>Management Costs</b>				
<b>Technical changes</b> - Change in apportionment base			(6)	(6)
<b>Revenue Support</b>				
<b>Technical changes:</b>				
Alternative funding for Bus Service support			(200)	
Alternative funding to Dartmoor Sunday Rover			(68)	
Realignment of Bus services budget (**)			158	
<b>Service Changes</b>				
Exeter Business Park Section 106 (Developer contributions) residual cost			264	
Cessation of external funding section 106 requirement (***)			(336)	
Reductions in Bus Service support			(286)	
Cessation of Park & Ride Security			(68)	(536)
<b>Development &amp; Contributions</b>				
<b>Technical changes</b> - Alternative funding to Dartmoor Railway support			(61)	
<b>Service Changes</b>				
Deferred Transport Projects			(22)	
Reductions to rural transport schemes and project support			(53)	(136)
<b>Rural Bus Subsidies</b>				
<b>Technical changes</b>				
Realignment of Bus services budget (**)			(158)	
Change in apportionment base			8	(150)
<b>National Travel Scheme</b>				
<b>Service Changes:</b> Additional payments to operators funded by external contributions (*)			567	567
<b>Public Transport income</b>				
<b>Service Changes</b>				
<b>Rural Bus subsidies:</b> Increased contributions for external funded services			(8)	(8)
<b>Other Contributions:</b> Cessation of external funding requirement (***) and net change			337	337
<b>National Travel Scheme income</b>				
<b>Service changes</b> - Additional contributions from partnership (*)			(567)	(567)
<b>Total</b>				<b>(499)</b>

\* denote changes which do not have an effect on the net budget for the service.

## Waste Disposal and Recycling

**Service Objective:** This budget provides funding for the County Council to discharge its statutory responsibilities as Waste Disposal Authority and to minimise the amount of waste going to landfill.

<b>2009/10 Adjusted Budget</b>	<b>Inflation</b>		<b>Changes</b>	<b>2010/11 Outturn Budget</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>				
<b>Contracted Services</b>				
10,626	201	Disposal of statutory waste	575	11,402
8,344	9	Landfill tax on disposal	1,017	9,370
6,777	136	Recycling centres	266	7,179
238	0	Haulage	2	240
<b>Waste disposal site restoration, maintenance and recycling services</b>				
662	(9)	Environmental protection and reinstatement works	(9)	644
89	0	Recycling centres (not contract costs)	53	142
3,965	0	Recycling credits	(32)	3,933
69	0	In Vessel Composting loan repayments	1	70
1,152	0	Waste minimisation activities	85	1,237
960	(2)	Management	(11)	947
<b>32,882</b>	<b>335</b>	<b>Gross Spend</b>	<b>1,947</b>	<b>35,164</b>
<b>Income</b>				
(1,051)	0	Trade waste income from District Councils	88	(963)
(252)	0	Sales, Fees and Charges	(145)	(397)
(38)	0	Contributions	1	(37)
0	0	Internal Income	(387)	(387)
<b>(1,341)</b>	<b>0</b>	<b>Gross Income</b>	<b>(443)</b>	<b>(1,784)</b>
<b>31,541</b>	<b>335</b>	<b>Net Cost of Service</b>	<b>1,504</b>	<b>33,380</b>

<b>Reasons for changes</b>	<b>Change £'000</b>	<b>Total Changes £'000</b>
<b>Contracted Services</b>		
<b>Disposal of statutory waste</b>		
<b>Technical changes</b>		
Transfer of recycling subsidy from Landfill tax on disposal***	405	
<b>Service changes</b>		
Additional funding for waste tonnage	<u>170</u>	
		575
<b>Landfill tax on disposal</b>		
<b>Technical changes</b>		
Transfer of recycling subsidy to Disposal of statutory waste***	(405)	
<b>Service changes</b>		
Additional funding for change in landfill regulations and Landfill Allowance Tax	1,500	
Landfill tax savings due on reduction in tonnage growth / contingency	<u>(78)</u>	
		1,017
<b>Recycling centres</b>		
<b>Service changes</b>		
Additional funding for change in landfill regulations	346	
Reduction in tonnage growth / contingency	<u>(80)</u>	
<b>Haulage</b>		266
<b>Service changes: Other net changes</b>	2	2
<b>Waste disposal site restoration, maintenance and recycling services</b>		
<b>Environmental protection and reinstatement works</b>		
<b>Service changes</b>		
Other net changes	(9)	(9)
<b>Recycling centres (not contract costs)</b>		
<b>Service changes: Other net changes including security cover</b>	53	53
<b>Recycling credits</b>		
<b>Service changes</b>		
Net reduction in tonnage growth / contingency	(32)	(32)
<b>In Vessel Composting loan repayments</b>		
<b>Service changes: Operational costs of energy from waste and recycling</b>	1	1
<b>Waste minimisation activities</b>		
<b>Technical changes</b>		
Grossed budget for SW Devon Waste Partnership Plymouth Energy from Waste project and materials to be recycled*	490	
<b>Service changes</b>		
Reduction in waste reduction campaign work	(377)	
Other net changes	<u>(28)</u>	
		85
<b>Management</b>		
<b>Technical changes</b>		
Reapportionment of support services	(9)	
<b>Service changes</b>		
Reduction of waste management function	<u>(2)</u>	
		(11)
<b>Income</b>		
<b>Trade waste income from District Councils</b>		
<b>Service Changes</b>		
Reduced income from District Councils due to reduced tonnage growth	88	88
<b>Sales, Fees and Charges</b>		
<b>Technical changes</b>		
Grossing up of budget for agreements re: materials to be recycled*	(106)	
<b>Service Changes</b>		
Increase in Waste Electrical & Electronic Equipment and lettings income	(57)	
Reduction in scheme works income	<u>18</u>	
		(145)
<b>Contributions</b>		
<b>Service changes: Other net changes</b>	1	1
<b>Internal income</b>		
<b>Technical changes</b>		
Grossing up of budget for SW Devon Waste Partnership Plymouth Energy from Waste project*	(387)	(387)
<b>Total</b>		<b><u>1.504</u></b>

\*s denote changes which do not have an effect on the net budget for the service.

## Economy

**Service Objective:** This budget supports services to provide a strategic overview of the economy.

2009/10 Adjusted Budget £'000	Inflation £'000		Changes £'000	2010/11 Outturn Budget £'000
<b>Expenditure</b>				
<b>Economy Service</b>				
1,734	(4)	Economic Development	(282)	1,448
148	0	Economic Assessment	(12)	136
220	0	<b>Industrial Estates</b>	(64)	156
<b>2,102</b>	<b>(4)</b>	<b>Gross Spend</b>	<b>(358)</b>	<b>1,740</b>
<b>Income</b>				
<b>Economy Service</b>				
(2)	0	Sales, Fees and Charges	0	(2)
<b>Industrial Estates</b>				
(157)	0	Sales, Fees and Charges	57	(100)
<b>(159)</b>	<b>0</b>	<b>Gross Income</b>	<b>57</b>	<b>(102)</b>
<b>1,943</b>	<b>(4)</b>	<b>Net Cost of Service</b>	<b>(301)</b>	<b>1,638</b>

### Reasons for change

	Change £'000	Total Changes £'000
<b>Economic Development</b>		
<b>Technical changes</b>		
Reapportionment of support services	(26)	
<b>Service changes</b>		
Reduction in staffing expenditure due to vacancy management programme	(14)	
Restructure of operations (including reduction of 2 posts)	(128)	
Reduction of economic regeneration and tourism promotion budgets	(114)	
		(282)
<b>Economic Assessment</b>		
<b>Service changes</b>		
Reduction in staffing expenditure due to vacancy management programme	(12)	(12)
<b>Industrial Estates</b>		
<b>Service changes</b>		
Reduction in electricity distributor connection charges	(44)	
Reduction in internal legal costs	(14)	
<b>Efficiency savings</b>		
Reduction in electricity distributor connection charges	(6)	
		(64)
<b>Service changes</b>		
Reduction in rental income from leased Industrial Estate properties	57	57
<b>Total</b>		<b>(301)</b>

## Countryside, Heritage & Arts

**Service Objective:** This budget provides the County Record Office and other services relating to the Council's cultural and environmental priorities.

2009/10 Adjusted Budget	Inflation		Changes	2010/11 Outturn Budget
£'000	£'000		£'000	£'000
<b>Expenditure</b>				
1,149	(1)	Devon Record Office	(24)	1,124
4,293	(8)	Countryside, Heritage & Arts	(747)	3,538
677	4	Environmental Policy projects	(232)	449
<b>6,119</b>	<b>(5)</b>	<b>Gross Spend</b>	<b>(1,003)</b>	<b>5,111</b>
<b>Income</b>				
(248)	0	Sales, Fees and Charges	(2)	(250)
(720)	0	Grant Income	554	(166)
(313)	0	Contributions	176	(137)
(11)	0	Other External Income	10	(1)
(216)	0	Internal Income	8	(208)
<b>(1,508)</b>	<b>0</b>	<b>Gross Income</b>	<b>746</b>	<b>(762)</b>
<b>4,611</b>	<b>(5)</b>	<b>Net Cost of Service</b>	<b>(257)</b>	<b>4,349</b>
<b>Reasons for changes</b>				
<b>Devon Record Office</b>			<b>Change</b>	<b>Total</b>
			<b>£'000</b>	<b>Changes</b>
				<b>£'000</b>
<b>Technical changes</b>	-	Transfer of Museums Officer from Countryside, Heritage & Arts**	17	
<b>Service changes</b>	-	Reduction in staffing expenditure due to vacancy management programme	(13)	
		Reduction in expenditure due to Baranja funding ending and cessation of Wellcome Grant	(28)	
				(24)
<b>Countryside &amp; Heritage</b>				
<b>Technical changes</b>	-	Reapportionment of support services	(46)	
		Realignment of various staffing budgets within the service**	288	
		Transfer of various countryside management projects to net nil status *	(720)	
<b>Service changes</b>	-	Reduction in expenditure on cultural projects and arts investment	(164)	
		Reduction in staffing expenditure due to vacancy management programme	(45)	
		Reduction in expenditure on Environmental Management projects	(60)	
				(747)
<b>Environmental Policy</b>				
<b>Technical changes</b>	-	Transfer of staffing budget to Countryside & Heritage**	(305)	
<b>Service changes</b>	-	Additional funding; carbon management - carbon trading scheme	73	
				(232)
<b>Sales, Fees and Charges</b>				
<b>Technical changes</b>	-	Transfer of various countryside management projects to net nil status*	10	
<b>Service changes</b>	-	Additional income generation from parking and lettings	(12)	
				(2)
<b>Grant income</b>				
<b>Technical changes</b>	-	Transfer of various countryside management projects to net nil status*	534	
<b>Service changes</b>	-	Cessation of Wellcome grant to Record Office partly offset by other grant changes	20	
				554
<b>Contributions</b>				
<b>Technical changes</b>	-	Transfer of various countryside management projects to net nil status*	176	176
<b>Other External Income</b>				
<b>Service changes</b>	-	Reserves funding for Baranja project has ceased	10	10
<b>Internal Income</b>				
<b>Technical changes</b>	-	Budget transferred within Countryside & Heritage to eliminate internal charging	12	
<b>Service changes</b>	-	Increase in Archaeological survey work income	(4)	
				8
<b>Total</b>				<b>(257)</b>

\*s denote changes which do not have an effect on the net budget for the service.

## Trading Standards

**Service Objective:** This budget provides services to fulfil those statutory obligations of the local authority that form part of the national regulatory framework, to protect consumers and to maintain a fair and equitable trading environment in which local businesses can thrive.

2009/10 Adjusted Budget	Inflation		Changes	2010/11 Outturn Budget
£'000	£'000		£'000	£'000
<b>Expenditure</b>				
2,880	(5)	Trading Standards Service	(51)	2,824
501	0	Animal Health Operations Unit	0	501
<b>3,381</b>	<b>(5)</b>	<b>Gross Spend</b>	<b>(51)</b>	<b>3,325</b>
<b>Income</b>				
(501)	0	Grant Income	501	0
(190)	0	Other External Income	(501)	(691)
<b>(691)</b>	<b>0</b>	<b>Gross Income</b>	<b>0</b>	<b>(691)</b>
<b>2,690</b>	<b>(5)</b>	<b>Net Cost of Service</b>	<b>(51)</b>	<b>2,634</b>

	Change £'000	Total Changes £'000
<b>Reasons for changes</b>		
<b>Trading Standards Service</b>		
<b>Technical Changes</b>		
Transfer from Chief Executive's directorate	60	
<b>Efficiency Savings</b>		
Efficiency savings in respect of staffing restructure	(111)	(51)
<b>Income</b>		
<b>Technical Changes</b>		
Presentation revision of DEFRA funding for the Animal Health Operations Unit:		
Grant Income		501
Other External Income		(501)
<b>Total</b>		<b>(51)</b>

## Capital Programme

The following table details the medium term capital programme for this directorate, and how that programme is being funded.

<b>Project</b>	<b>Total Scheme Approvals</b>	<b>2010/11 £000's</b>	<b>2011/12 £000's</b>	<b>2012/13 £000's</b>	<b>2013/14 £000's</b>	<b>2014/15 £000's</b>
<b>Highway Management</b>						
<u>New Starts</u>						
A361/A39 Junction Capacity and Safety Improvement	1,400	100	1,300	0	0	0
Dawlish regeneration Phase 1 The Strand	1,500	50	700	750	0	0
Exeter Principal Urban Area Major Scheme Bid	35,845	0	518	3,084	14,920	9,853
High Quality Public Transport Major Scheme Bids	69,165	0	175	420	15,510	14,511
<u>Existing Schemes</u>						
Fishers Bridge	547	26	491	0	0	0
East of Exeter Phase 2 Major Scheme	16,247	7,307	6,880	20	281	0
Barnstaple Western Bypass	43,296	1,067	32	47	0	0
Carbon Management - street lighting		150	150	150	150	0
Crediton Link Road	7,750	500	350	400	3,000	2,550
Culverts		70	70	0	0	0
Depot Strategy		613	291	366	333	165
Exmouth The Strand	3,000	2,117	88	0	0	0
Footways - LPSA2 Reward Grant		110	0	0	0	0
Kingskerswell Bypass	129,900	4,628	27,000	29,000	27,750	28,270
Local Transport Plan Maintenance		31,789	28,800	29,577	30,370	31,176
M5 Junction 29 segregated bridge	5,500	4,681	0	0	0	0
M5 Junction 30 improvements	1,500	804	0	0	0	0
Public Rights of Way - LPSA2 reward grant		368	0	0	0	0
Road Safety Grant		230	0	0	0	0
Street Lighting		50	50	0	0	0
South Highways schemes		95	0	0	0	0
Vehicle and Equipment Loans Pool		1,144	1,791	1,466	1,449	1,500
<b>Total Highways and Transport</b>		<b>55,899</b>	<b>68,686</b>	<b>65,280</b>	<b>93,763</b>	<b>88,025</b>
<b>Planning and Transportation</b>						
Local Transport Plan Integrated Transport		8,185	8,253	8,418	8,586	8,758
Cycling - Bovey to Mortonhampstead	2,330	1,540	40	340	70	180
Cycling - Countywide Leisure grant	1,505	1,005	0	0	0	0
Cycling - Cycle Demonstration Town, Exeter	2,798	500	0	0	0	0
Cycling - Exe Estuary	17,464	1,986	650	2,980	3,726	0
Cycling - Kingsteignton to Newton Abbot Connect 2	3,057	148	70	2,282	0	0
Cycling - Tavistock to Bere Alston Railway Path	100	50	0	0	0	0
Cycling - Tavistock to Plymouth Gem Bridge	3,470	775	2,047	28	0	0
<b>Total Planning and Transportation</b>		<b>14,189</b>	<b>11,060</b>	<b>14,048</b>	<b>12,382</b>	<b>8,938</b>
<b>Public and Community Transport</b>						
Public Transport - LPSA2 reward grant		737	0	0	0	0
<b>Total Public and Community Transport</b>		<b>737</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Project</b>	<b>Total Scheme Approvals</b>	<b>2010/11 £000's</b>	<b>2011/12 £000's</b>	<b>2012/13 £000's</b>	<b>2013/14 £000's</b>	<b>2014/15 £000's</b>
<b><u>Waste Management</u></b>						
<b><u>New Starts</u></b>						
Recycling Centres - Dawlish	1,000	0	0	0	0	30
Recycling Centres - Ivybridge	2,500	80	70	500	1,850	0
Teignbridge Transfer Station	3,000	0	0	100	2,862	38
<b><u>Existing Schemes</u></b>						
Exeter Waste to Energy Plant	5,634	500	600	0	0	0
In-vessel Composting - Deep Moor	6,100	154	0	0	0	0
In-vessel Composting - Waste Infrastructure Capital Grant		480	0	0	0	0
Landfill Site Restoration		309	67	0	0	0
Recycling Centres - Cullompton	2,000	600	1,300	0	0	0
Recycling Centres - East of Exeter (Pinbrook)	3,800	67	0	0	0	0
Recycling Centres - Exton Road incorp Salt Barn	500	343	7	0	0	0
Recycling Centres - Woods Farm replacement	2,000	150	1,180	590	30	0
<b>Total Waste Service</b>		<b>2,683</b>	<b>3,224</b>	<b>1,190</b>	<b>4,742</b>	<b>68</b>
<b><u>Economy and Tourism</u></b>						
Science Park Phase 1 Development	18,575	8,144	0	0	0	0
<b>Economic Development Fund:-</b>						
Coastal Towns Community Infrastructure	750	86	282	100	75	20
Devon Employment Space Strategy	1,500	350	500	375	125	125
ICT Strategy	700	100	300	150	0	0
Renewable Energy for Devon	450	150	0	0	0	0
Skypark - strategic infrastructure	1,400	700	0	0	0	0
Industrial Estates		255	80	0	100	0
<b>Total Economy and Tourism</b>		<b>9,785</b>	<b>1,162</b>	<b>625</b>	<b>300</b>	<b>145</b>
<b><u>Countryside, Heritage &amp; Arts</u></b>						
Grand Western Canal - sustainable silt & nutrient management		160	100	75	0	0
Jurassic Coast Interpretation Projects		30	30	30	30	0
World Heritage Site - Visitor Centres Dorset and East Devon	1,000	250	0	0	0	0
<b>Total Countryside, Heritage &amp; Arts</b>		<b>440</b>	<b>130</b>	<b>105</b>	<b>30</b>	<b>0</b>
<b><u>Investing in Devon - EEC</u></b>						
<b><u>New starts</u></b>						
Grand Western Canal Visitor Centre	240	240	0	0	0	0
Yeoford Platform	250	250	0	0	0	0
<b><u>Existing Schemes</u></b>						
Around Devon Cycle Route	5,000	1,552	1,780	668	0	0
Devon Cultural Acquisitions Fund	250	100	50	50	0	0
The Walronds, Cullompton	250	100	50	0	0	0
Devon Schools' Organic Waste	190	83	24	0	0	0
<b>Total Investing in Devon - EEC</b>		<b>2,325</b>	<b>1,904</b>	<b>718</b>	<b>0</b>	<b>0</b>
<b>Annual Total</b>		<b>86,058</b>	<b>86,166</b>	<b>81,966</b>	<b>111,217</b>	<b>97,176</b>
<b>Cumulative Total</b>		<b>86,058</b>	<b>172,224</b>	<b>254,190</b>	<b>365,407</b>	<b>462,583</b>
<b><u>Financed by :-</u></b>						
Capital receipts approved		5,672	2,871	968	195	180
Unsupported borrowing		9,650	10,046	10,381	12,156	2,553
Supported borrowing SCP		37,246	34,302	35,189	36,094	37,015
DRF - Funds and Reserves		144	58	0	0	0
External contributions		1,563	924	2,132	1,000	625
External Grants		29,313	35,218	30,866	56,142	50,505
Section 106		1,326	956	964	4,181	4,798
Unsupported borrowing - VELP		1,144	1,791	1,466	1,449	1,500
<b>Total</b>		<b>86,058</b>	<b>86,166</b>	<b>81,966</b>	<b>111,217</b>	<b>97,176</b>

**The Total Scheme Approvals column formally states the approved scheme cost at the point the budget book was agreed at Committee.**

**Office of the Chief Executive**

## **Chief Executive's Commentary**

The 2010/11 Revenue Budget for the Office of the Chief Executive totals £9.122m, following some considerable changes over previous years.

This reflects the transfer of Property related services to the Corporate Resources Directorate, including Business Transformation, County Farms, Shared Administrative buildings, Despatch and Building Maintenance.

In addition Legal Services also transfers to the Corporate Resources Directorate, whilst Trading Standards moves to the Environment, Economy and Culture Directorate, Registration Service and Coroners Service move to the Adult and Community Services Directorate, with Organisational Development transferring to this office from the Corporate Resources Directorate.

The changes will complement the existing County Council structure and allow for the scope of the respective directorates to be broadened out to further support and deliver priorities within the Strategic Plan.

Additional funding has been provided within the budget for our work on the Boundary Commission and Local Government Reorganisation, and in respect of Parish Planning & Rural Community Engagement in partnership with the Community Council of Devon.

At the same time we will see a reduction in respect of one-off funding for County Council elections in 2009/10.

This office continues to face a number of spending pressures in respect of corporate services, funding for partnerships and grant funding for organisations providing front line services on behalf of the County Council.

For corporate services the most notable relates to income levels in respect of land charges. This is a demand led service and, as such, subject to pressures arising from the economic downturn.

Similarly there are pressures on partnerships such as Safer Devon Partnership and Against Domestic Violence & Abuse, with ongoing uncertainty around funding contributions. We will continue to work closely with partner organisations in this respect in order to deliver these agendas in the most efficient and effective way.

We have continued to attempt to protect funding levels for grant funded organisations who work in partnership with the County Council to deliver essential services. With increasing pressures on funding this can only be achieved through closer working arrangements to ensure best delivery within available resources for 2010/11 and beyond.

In order to meet targets set, reductions and efficiencies totalling £0.402m have been made. Whilst overall targets have been achieved, this office has sought to preserve front line and strategic services as far as possible. In all other respects reductions have been applied evenly across all services, at the same time absorbing costs of annual increments and other increased costs.

For Capital the 5 year programme now totals £8.182m, including £5.678m for 2010/11. This is significantly reduced following the transfer of Property related services to the Corporate Resources Directorate.

Office of the Chief Executive

The remaining programme predominantly relates to Investing in Devon, which also shows a reduction in approvals outstanding, mainly as a result of allocations in 2009/10 and transfers to other directorates.

***Phil Norrey***

**Chief Executive of Devon County Council**

For more information on the contents of this section of the budget book, please contact Martin Oram, Senior Finance Manager on 01392 382418 or email [martin.oram@devon.gov.uk](mailto:martin.oram@devon.gov.uk).

## How the 2010/11 Budget has been Built Up

	Revenue				Capital			2010/11 TOTAL Investment £'000
	2009/10 Adjusted Budget £'000	Inflation £'000	Changes £'000	2010/11 Outturn Budget £'000	2009/10 Adjusted Budget £'000	Changes £'000	2010/11 Outturn Budget £'000	
<b>Chief Executive's (Corporate Services)</b>	4,206	(22)	(617)	<b>3,567</b>	0	0	<b>0</b>	<b>3,567</b>
<b>Safer Devon Partnership</b>	640	0	116	<b>756</b>	0	218	<b>218</b>	<b>974</b>
<b>Against Domestic Violence &amp; Abuse Partnership</b>	501	(1)	518	<b>1,018</b>	0	317	<b>317</b>	<b>1,335</b>
<b>Emergency Planning</b>	385	0	(16)	<b>369</b>	0	0	<b>0</b>	<b>369</b>
<b>Organisational Development</b>	419	(1)	(15)	<b>403</b>	0	0	<b>0</b>	<b>403</b>
<b>Other Services</b>	3,654	(8)	(559)	<b>3,087</b>	8,574	(3,431)	<b>5,143</b>	<b>8,230</b>
<b>Total</b>	<b>9,805</b>	<b>(32)</b>	<b>(573)</b>	<b>9,200</b>	<b>8,574</b>	<b>(2,896)</b>	<b>5,678</b>	<b>14,878</b>

### Reasons for changes

Change  
£'000

#### **Chief Executive's (Corporate Services)**

##### **Technical Changes**

Transfer of commissioning budgets in respect of Against Domestic Violence & Abuse Partnership and Safer Devon Partnership	(618)
MTFS in respect of Communication Service changes	248
Transfer in respect of support services (from Children & Young People Services Directorate)	10
Transfer of commissioning budgets to Other Services (see below)	(31)
Transfer in respect of support services (to Corporate Resources Directorate)	(10)
Centralisation of managed desktop budget (to Corporate Resources Directorate)	(2)

##### **Efficiency / Service Changes**

Savings in respect of supplies, printing, establishment expenses, employee costs (temps), travel expenses and commissioning budgets	(214)
<b>Total</b>	<b>(617)</b>

#### **Safer Devon Partnership (SDP)**

##### **Technical Changes**

Transfer of commissioning budgets from Chief Executive's (Corporate Services) Budget	116
<b>Total</b>	<b>116</b>

#### **Against Domestic Violence & Abuse Partnership (ADVA)**

##### **Technical Changes**

Transfer of commissioning budgets from Chief Executive's (Corporate Services) Budget	502
Transfer of funding contribution (from Children & Young People Services Directorate) and other net changes	16
<b>Total</b>	<b>518</b>

#### **Emergency Planning**

##### **Technical Changes**

None

##### **Efficiency Changes**

Efficiency savings in respect of staffing	(16)
<b>Total</b>	<b>(16)</b>

<b>Reasons for changes</b>	<b>Change £'000</b>
<b><u>Organisational Development</u></b>	
<b>Technical Changes</b>	
None	
<b>Service Changes</b>	
Reductions in staffing and related budgets	(15)
<b>Total</b>	<b>(15)</b>
<b><u>Other Services</u></b>	
<b>Technical Changes</b>	
Removal of one-off funding for County Council Elections	(574)
MTFS in respect of Parish Planning & Rural Community Engagement (Community Council of Devon)	80
Transfer of commissioning budgets from Chief Executive's (Corporate Services) Budget (see above)	31
Other net changes including transfers to Trading Standards	(6)
<b>Service Changes</b>	
Reduction in grants to external bodies and other (misc) budgets	(20)
<b>Efficiency Changes</b>	
Efficiency savings in Travelling, Allowances and Local Government Association subscriptions	(70)
<b>Total</b>	<b>(559)</b>

**Capital**

Changes in the Office of the Chief Executive's Capital Programme compared with the programme printed in the 2009/10 budget book can largely be attributed to:

	<b>Change £'000</b>
<b><u>Safer Devon Partnership</u></b>	
Home Office grant funding allocated to Safer Devon Partnership	218
<b><u>Against Domestic Violence &amp; Abuse Partnership</u></b>	
LPSA2 grant funding allocated to Domestic Violence	317
<b><u>Other Services</u></b>	
Approvals outstanding for Investing in Devon Programmed works have been reduced following allocations in 2009/10 and transfers to other Directorates	(3,431)
<b>Total</b>	<b>(2,896)</b>

## Staffing Data

	2009/10		2010/11		Total FTEs
	Adjusted Total	Changes	Revenue Funded	Externally Funded	
	FTEs	FTEs	FTEs	FTEs	
<b>Chief Executive's (Corporate Services)</b>	96	(6)	90	0	<b>90</b>
<b>Partnerships</b>	8	1	3	6	<b>9</b>
<b>Emergency Planning</b>	6	0	6	0	<b>6</b>
<b>Organisational Development</b>	7	2	9	0	<b>9</b>
<b>Other Services</b>	2	0	2	0	<b>2</b>
<b>Total</b>	<b>119</b>	<b>(3)</b>	<b>110</b>	<b>6</b>	<b>116</b>

### Explanation of Movements

Chief Executive's (Corporate Services);	
Transfer of Against Domestic Violence & Abuse staff to ADVA budget	(3)
Transfer of Administrative Support for Legal Services to Corporate Resources Directorate	(1)
Reduction in hours within Design Team	(1)
Other reduced posts	(1)
Partnerships;	
Transfer of ADVA staff from Chief Executive's (Corporate Services)	3
Reductions (vacant posts) in respect of Safer Devon Partnership	(2)
Organisational Development - New approvals in 2009-10 (CAA)	2
<b>Total</b>	<b>(3)</b>

## Analysis of Total Expenditure for 2010/11

	Gross Expenditure	Grant Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive's (Corporate Services)</b>	5,337	0	(510)	(1,260)	<b>3,567</b>
<b>Safer Devon Partnership</b>	1,099	(265)	(23)	(55)	<b>756</b>
<b>Against Domestic Violence &amp; Abuse Partnership</b>	1,415	0	(190)	(207)	<b>1,018</b>
<b>Emergency Planning</b>	375	0	(6)	0	<b>369</b>
<b>Organisational Development</b>	573	0	0	(170)	<b>403</b>
<b>Other Services</b>	3,087	0	0	0	<b>3,087</b>
<b>Totals</b>	<b>11,886</b>	<b>(265)</b>	<b>(729)</b>	<b>(1,692)</b>	<b>9,200</b>

## Grant Summary

Some of the costs of providing the above services are funded by external grants, the table below shows details of the grant funding expected for 2010/11.

<b>Service</b>	<b>Funded by</b>	<b>Amount £'000</b>
<b>Safer Devon Partnership</b>	Basic Command Unit (Police)	265
<b>Total</b>		<b>265</b>

## Medium Term Financial Strategy

The following details the significant changes we can expect to affect the budget over the next two financial years.

	<b>Cumulative</b>	
	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>
<b>Financing commitments - Inflation</b>	68	125
<b>Technical Changes</b>		
None	0	0
	<b>0</b>	<b>0</b>
<b>Service Changes</b>		
None	0	0
	<b>0</b>	<b>0</b>
<b>Efficiency Savings</b>	(367)	(731)
<b>Total</b>	<b>(299)</b>	<b>(606)</b>

## Service Statistics and Other Information

Service/Activity	Unit of Measurement	2009/10	Change	2010/11
<b>Other Services</b>				
Cost of democracy	£'000	1,201	(63)	1,138
Elections	£'000	574	(574)	0
LG Association and County Council Network	£'000	176	(29)	147
County Committees (Locality budgets)	£'000	593	27	620
Grant - Exeter Cathedral	£'000	7	0	7
Grants - Citizen's Advice Bureaux	£'000	449	0	449
Grant - Community Council of Devon	£'000	111	80	191
Grants - Councils for Voluntary Services & Bureaux	£'000	320	(14)	306
Grant - Devon Historic Buildings Trust	£'000	5	0	5
Other items	£'000	218	6	224
Net Total		<b>3,654</b>	<b>(567)</b>	<b>3,087</b>
<b>Safer Devon Partnership</b>				
Commissioning re: Alcohol & Drugs, Reducing Most Harmful Crime, Prejudice/Hate, Youth Crime Prevention and other theme groups	£'000	768	331	1,099
Police and other Agency contributions	£'000	(69)	(219)	(288)
Other DCC contributions	£'000	(59)	4	(55)
Net Total		<b>640</b>	<b>116</b>	<b>756</b>
<b>Against Domestic Violence and Abuse Partnership</b>				
Grants to Women's Aid organisations (Outreach programme, childrens specialists, etc)	£'000	814	(40)	774
ADVA support & Commissioning (including training and other projects)	£'000	419	222	641
Partnership contributions - Internal	£'000	(531)	324	(207)
Partnership contributions - External	£'000	(161)	(29)	(190)
Grant Funding	£'000	(40)	40	0
Net Total		<b>501</b>	<b>517</b>	<b>1,018</b>

### Organisational Development

Support improvement in Devon County Council by helping the organisation to identify and deliver its priorities in a structured and co-ordinated way

Make the National Improvement Agenda work for Devon, to facilitate learning & enable change, to support improvement activity, and to review and evaluate progress and outcomes

## Capital Programme

The following table details the medium term capital programme for this directorate, and how that programme is being funded.

Project	Total Scheme	2010/11	2011/12	2012/13	2013/14	2014/15
	Approvals	£'000	£'000	£'000	£'000	£'000
<b><u>Safer Devon Partnership</u></b>						
Safer Devon Partnership - theme groups		218	0	0	0	0
<b>Safer Devon Partnership - Total</b>		<b>218</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Other Services</u></b>						
Investing In Devon		5,143	1,693	811	0	0
<b>Other Services - Total</b>		<b>5,143</b>	<b>1,693</b>	<b>811</b>	<b>0</b>	<b>0</b>
<b><u>LPSA2 Funding</u></b>						
Domestic Violence		317	0	0	0	0
<b>LPSA2 Funding - Total</b>		<b>317</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Annual Total</b>		<b>5,678</b>	<b>1,693</b>	<b>811</b>	<b>0</b>	<b>0</b>
<b>Cumulative Total</b>		<b>5,678</b>	<b>7,371</b>	<b>8,182</b>	<b>8,182</b>	<b>8,182</b>
<b><u>Financed by:</u></b>						
Borrowing		0	0	0	0	0
Capital Receipts - General		0	0	0	0	0
Capital Receipts - Investing In Devon		5,143	1,693	811	0	0
Direct Revenue Funds - Services		0	0	0	0	0
External Funding - Grants		535	0	0	0	0
External Funding - Contributions		0	0	0	0	0
<b>Total</b>		<b>5,678</b>	<b>1,693</b>	<b>811</b>	<b>0</b>	<b>0</b>

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**Corporate Resources Directorate**

## **Executive Director's Commentary**

The 2010/11 Revenue Budget for the Corporate Resources Directorate totals £21.620m, following some considerable changes over previous years.

This reflects the transfer of Legal services and Property related services to the Corporate Resources Directorate, including Business Transformation, County Farms, Shared Administrative buildings, Despatch and Building Maintenance.

At the same time Organisational Development moves to the Office of the Chief Executive from the Corporate Resources Directorate.

These changes will complement the existing structure of this directorate with a resultant broadening of the scope of the directorate enabling us to further support the delivery of priorities within the Strategic Plan.

Additional funding has been provided within the budget with which to resource the Records Disclosure Service in order to meet legislative requirements in respect of Independent Safeguarding Authority regulations. This is an essential area of work and critical to the delivery of front line services.

In addition funding has also been provided to enable ongoing implementation of the South West Construction Framework. This will fund important development, procurement and marketing work in respect of the regional framework, aimed at delivering savings in procurement costs in future years.

The directorate continues to face spending pressures in respect of a range of predominantly staff-based, essential support services i.e. Human Resources, Customer Services, Finance Services and Corporate Procurement.

At the same time it is responsible for the implementation and management of a number of significant corporate cross-cutting initiatives, established in order to deliver the efficiencies and other savings that will help the authority to continue to protect vulnerable services, within reducing financial resources, at the same time ensuring improvements in service delivery.

The Corporate Employment Strategy is one such initiative, containing a 4 year plan that will help us to meet some of the impending financial challenges. It includes a corporate vacancy management strategy aimed at re-skilling and transfer of staff internally, rather than recruiting externally, for all but those jobs that are critical to the Council's business.

Similarly the Corporate Procurement Strategy will utilise Category Management tools and skills in order to deliver increasing efficiencies in procurement throughout the authority.

There are similar pressures for ICT which is tasked with delivering an IT Strategy that will enable the authority to progress and develop new and efficient ways of working through modernisation of IT infrastructure.

Alongside this we will need to make a number of changes in respect of business process improvements, re-prioritisation of business functions and reductions in network management in order to meet the financial pressures facing the IT service. This is likely to lead to reductions in staffing levels which could worsen once service level agreements are finalised.

In order to meet targets set, reductions and efficiencies totalling £0.835m have been made. Reductions have been applied evenly across all services, at the same time absorbing costs of annual increments and other increased costs.

However, in most cases figures exclude further reductions resulting from service level agreements for the provision of Human Resources, Finance and IT services with other directorates such as Adult and Community Services, Children and Young People Services and Environment, Economy and Culture, as changes in service levels have yet to be agreed.

CRD Directorate

For Capital the 5 year programme now totals £5.929m, including £2.874m for 2010/11. This is an increase on previous years, reflecting the transfer of Property related services to this Directorate.

It also sees the inclusion of the programme for Infrastructure Modernisation (ICT). The remaining programme is unchanged from the planned levels outlined in the 2009/10 budget

## ***Heather Barnes***

### **Deputy Chief Executive**

For more information on the contents of this section of the budget book, please contact Martin Oram, Senior Finance Manager on 01392 382418 or email [martin.oram@devon.gov.uk](mailto:martin.oram@devon.gov.uk).

## How the 2010/11 Budget has been Built Up

	Revenue				Capital			2010/11 TOTAL Investment £'000
	2009/10 Adjusted Budget £'000	Inflation £'000	Changes £'000	2010/11 Outturn Budget £'000	2009/10 Adjusted Budget £'000	Changes £'000	2010/11 Outturn Budget £'000	
<b>Human Resources</b>	3,778	(17)	318	<b>4,079</b>	0	0	<b>0</b>	<b>4,079</b>
<b>Workforce Development</b>	608	(7)	7	<b>608</b>	0	0	<b>0</b>	<b>608</b>
<b>ICT</b>	6,226	(24)	(358)	<b>5,844</b>	0	139	<b>139</b>	<b>5,983</b>
<b>Customer Service Centre</b>	1,843	(11)	20	<b>1,852</b>	0	0	<b>0</b>	<b>1,852</b>
<b>Devon Procurement</b>	1,297	(2)	(47)	<b>1,248</b>	0	0	<b>0</b>	<b>1,248</b>
<b>Supply Zone</b>	0	0	(71)	<b>(71)</b>	0	0	<b>0</b>	<b>(71)</b>
<b>Business Transformation Unit</b>	918	(1)	192	<b>1,109</b>	1,228	273	<b>1,501</b>	<b>2,610</b>
<b>County Farms</b>	(234)	(1)	(10)	<b>(245)</b>	853	(600)	<b>253</b>	<b>8</b>
<b>Admin Buildings</b>	669	(121)	(160)	<b>388</b>	0	0	<b>0</b>	<b>388</b>
<b>Building Maintenance</b>	3,222	(1)	(67)	<b>3,154</b>	1,200	(1,200)	<b>0</b>	<b>3,154</b>
<b>Finance Services</b>	2,221	(22)	(31)	<b>2,168</b>	0	0	<b>0</b>	<b>2,168</b>
<b>Other Services</b>	1,422	22	42	<b>1,486</b>	981	0	<b>981</b>	<b>2,467</b>
<b>Total</b>	<b>21,970</b>	<b>(185)</b>	<b>(165)</b>	<b>21,620</b>	<b>4,262</b>	<b>(1,388)</b>	<b>2,874</b>	<b>24,494</b>

### Reasons for changes

Change  
£'000

#### Human Resources

##### **Technical Changes**

Funding transfer in respect of administrative buildings (from Admin Buildings budget)

75

##### **Service Changes**

MTFS Funding for Records Disclosure Service due to Independent Safeguarding Authority regulations

366

Transfer in respect of support services (from Children & Young People Services Directorate)

14

Transfer of staffing budgets (from Devon Finance Services)

20

##### **Efficiency Changes**

Efficiency savings in buildings and other non-employee costs

(157)

#### **Total**

**318**

#### Workforce Development

##### **Technical Changes**

Transfer of staffing budget for learning and development in respect of Sure Start (from Children and Young People Services directorate)

42

##### **Efficiency / Service Changes**

Efficiency savings and reductions in respect of IT and consultancy costs

(35)

#### **Total**

**7**

<b>Reasons for changes</b>	<b>Change £'000</b>
<b><u>ICT</u></b>	
<b>Technical Changes</b>	
Centralisation of Managed Desktop budgets	64
<b>Service Changes</b>	
Transfer of funding for switchboard staff to Customer Service Centre	(95)
Transfer of staffing budgets (to Finance Services)	(69)
<b>Efficiency Changes</b>	
Efficiency savings in employees, employee related costs and other non-employee costs	(258)
<b>Total</b>	<b>(358)</b>
<b><u>Customer Service Centre</u></b>	
<b>Service Changes</b>	
Transfer of funding for switchboard staff from ICT	95
<b>Efficiency Changes</b>	
Efficiency savings in employees, employee related costs and other overheads	(75)
<b>Total</b>	<b>20</b>
<b><u>Devon Procurement</u></b>	
<b>Service Changes</b>	
Reduction in funding requirement for external commissioning (Link project)	(13)
<b>Efficiency Changes</b>	
Efficiency savings in respect of shared support costs	(34)
<b>Total</b>	<b>(47)</b>
<b><u>Supply Zone</u></b>	
<b>Service Changes</b>	
Transfer of Trading Levy (relating to Supply Zone) from Other Services budget	(71)
<b>Total</b>	<b>(71)</b>
<b><u>Business Transformation Unit</u></b>	
<b>Technical Changes</b>	
MTFS in respect of Construction Framework South West	200
Centralised budgets in respect of Managed Desktop (to ICT)	(2)
Transfer of support budgets from Administrative Buildings	40
<b>Efficiency Changes</b>	
Efficiency savings in respect of supplies & services, including property fees	(46)
<b>Total</b>	<b>192</b>
<b><u>County Farms</u></b>	
<b>Efficiency Changes</b>	
Efficiency savings in respect of supplies & services, including property fees	(10)
<b>Total</b>	<b>(10)</b>
<b><u>Admin Buildings</u></b>	
<b>Technical Changes</b>	
Funding transfer to Human Resources in respect of shared admin buildings	(75)
Funding transfer to Business Transformation Unit	(40)
Funding transfer to Trading Standards	(45)
<b>Total</b>	<b>(160)</b>
<b><u>Building Maintenance</u></b>	
<b>Efficiency Changes</b>	
Efficiency savings in respect of supplies & services, including property fees	(67)
<b>Total</b>	<b>(67)</b>

<b>Reasons for changes</b>	<b>Change £'000</b>
<b><u>Finance Services</u></b>	
<b>Service Changes</b>	
Transfer of staffing budgets from ICT	69
Transfer of staffing budgets to Human Resources	(20)
Transfer in respect of support services (from the Office of the Chief Executive)	10
Transfer in respect of support services (from Children & Young People Services Directorate)	17
<b>Efficiency Changes</b>	
Efficiency savings in respect of employees, travel and commissioning budgets	(107)
<b>Total</b>	<b>(31)</b>
<b><u>Other Services</u></b>	
<b>Technical Changes</b>	
Transfer of Trading Levy Income budget to Supply Zone	71
Other net changes	4
<b>Service Changes</b>	
Reductions in respect of pension costs for former employees	(33)
<b>Total</b>	<b>42</b>

**Capital**

Changes in the Corporate Resources Directorates Capital Programme compared with the programme printed in the 2009/10 budget book can largely be attributed to:

	<b>Change £'000</b>
<b><u>Capital</u></b>	
<b><u>ICT</u></b>	
Infrastructure modernisation relating to the new network	139
<b><u>Business Transformation Unit</u></b>	
Energy sustainability works in respect of biomass boilers (incl. Great Moor House, Barnstaple Civic Centre, etc)	273
<b><u>County Farms</u></b>	
The Farms Estate is subject to a 10 year restructuring plan, the costs of which are funded from this programme. This reduction reflects that compliance works in respect of Nitrate Vulnerable Zones will be funded through the Farms estate plan.	(600)
<b><u>Building Maintenance</u></b>	
The Building Maintenance programme is now funded from revenue budgets	(1,200)
<b>Total</b>	<b>(1,388)</b>

## Staffing Data

	2009/10	Changes	2010/11		Total
	Adjusted Total		Revenue Funded	Externally Funded	
	FTEs	FTEs	FTEs	FTEs	FTEs
<b>Human Resources</b>	174	(9)	165	0	<b>165</b>
<b>Workforce Development</b>	80	9	79	10	<b>89</b>
<b>ICT</b>	169	(2)	167	0	<b>167</b>
<b>Devon Design &amp; Print</b>	13	(13)	0	0	<b>0</b>
<b>Customer Service Centre</b>	61	(3)	56	2	<b>58</b>
<b>Devon Procurement</b>	20	0	20	0	<b>20</b>
<b>Supply Zone</b>	37	(2)	14	21	<b>35</b>
<b>Business Transformation Unit</b>	12	0	11	1	<b>12</b>
<b>Admin Buildings</b>	17	0	17	0	<b>17</b>
<b>Despatch</b>	8	0	8	0	<b>8</b>
<b>Finance Services</b>	282	(7)	264	11	<b>275</b>
<b>Devon Audit Partnership</b>	42	(1)	16	25	<b>41</b>
<b>Legal Services</b>	27	0	27	0	<b>27</b>
<b>Total</b>	<b>942</b>	<b>(28)</b>	<b>844</b>	<b>70</b>	<b>914</b>

### Explanation of Movements

Human Resources	Records Disclosure Officers for Independent Safeguarding Authority registrations (new approvals in 2009-10)	2
	Removal of posts in respect of Pay & Grading Review	(11)
Workforce Development	Transfer of posts from CYPS in respect of Sure Start programme	5
	Engineering Apprentices (New Approvals in 2009/10)	4
ICT	Reduced establishment	(2)
Devon Design & Print	Closure of Print Service during 2009-10	(13)
Customer Service Centre	Reduction due to efficiency savings	(3)
Devon Procurement	Transfer of post from Supply Zone	1
	Removal of temporary post	(1)
Supply Zone	Transfer of post to Corporate Procurement	(1)
	Reduction due to economic downturn	(1)
Finance Services	Reduced establishment	(7)
Devon Audit Partnership	The 2009-10 base has been adjusted to include 11 FTEs transferred from Torbay Council and 14 FTEs from Plymouth City Council during 2009/10.	(1)
	Reduction due to removal of one management post	

<b>Total</b>	<b>(28)</b>
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## Analysis of Total Expenditure for 2010/11

	Gross Expenditure	Grant Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Human Resources	9,213	0	(559)	(4,575)	4,079
Workforce Development	8,794	0	(1,305)	(6,881)	608
ICT	13,296	0	(855)	(6,597)	5,844
Customer Service Centre	1,906	0	(27)	(27)	1,852
Devon Procurement	1,268	0	(3)	(17)	1,248
Supply Zone	6,298	0	(3,757)	(2,612)	(71)
Business Transformation Unit	1,280	0	0	(171)	1,109
County Farms	625	0	(870)	0	(245)
Admin Buildings (Corporate)	509	0	0	(121)	388
Building Maintenance	3,186	0	0	(32)	3,154
Finance Services	12,848	0	(2,953)	(7,727)	2,168
Other Services	1,814	0	(316)	(12)	1,486
<b>Totals</b>	<b>61,037</b>	<b>0</b>	<b>(10,645)</b>	<b>(28,772)</b>	<b>21,620</b>

The following services, not included above, are budgeted on the basis that all costs will be fully covered by income. The figure for internal income therefore reflects the net cost of these services elsewhere in directorates' budgets.

	Gross Expenditure	Grant Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Legal Services	1,615	0	0	(1,615)	0
Administrative Buildings (shared)	2,768	0	(952)	(1,816)	0
Despatch	613	0	(109)	(504)	0
Devon Audit Partnership	1,084	0	(654)	(430)	0
<b>Totals</b>	<b>6,080</b>	<b>0</b>	<b>(1,715)</b>	<b>(4,365)</b>	<b>0</b>

Note

Note: Devon Audit Partnership includes DCC and Torbay Council data only. Income & expenditure in respect of Plymouth City Council will be added at a later date.

## Medium Term Financial Strategy

The following details the significant changes we can expect to affect the budget over the next two financial years.

	<b>Cumulative</b>	
	<b>2011/12</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financing commitments - Inflation</b>	247	440
<b>Technical Changes</b>		
	0	0
	<b>0</b>	<b>0</b>
<b>Service Changes</b>		
Independent Safeguarding Authority registration	125	125
	<b>125</b>	<b>125</b>
<b>Efficiency Savings</b>	(875)	(1,743)
<b>Total</b>	<b>(503)</b>	<b>(1,178)</b>

## Service Statistics and Other Information

### Service/Activity

#### Human Resources

Provides a comprehensive range of Human Resource services to over 23,000 Devon County Council employees and their managers with the HR Helpdesk being the point of contact.

Wellbeing @Work offers primary and secondary interventions including Occupational Health and Counselling Services

The Central Health and Safety team provides professional and specialist advice.

Employee Reward - providing solutions to recruitment/retention and organisational design within the principles of equal pay.

Maintaining staff personal records for 23,000 employees and 6,000 teacher records

Provide statistical reports relating to the workforce

Payroll services carry out 40,000 transactions each month.

#### Workforce Development

Deliver the Strategy and Learning & Development plan for elected members

Design and implement strategies and plans to build the capability of the 23,000 strong workforce and the capacity of the organisation through effective recruitment, development, succession planning and talent management.

Manage and support staff through 25 different qualification routes and continuing professional development.

Support the staff of Devon County Council through change and Improve management capability through the use of the Investors in People Standard as a framework of good practice

Provide business administration and clerical support across the Directorate

Supporting Learning & Development to administer 733 courses for 7,224 delegates

#### Customer Service Centre

The Customer Service Centre answers telephone calls from the citizens of Devon. In 2009 we received 460,000 calls covering topics as wide as Adult Social Care, Blue Badge enquiries, the reporting of Highways incidents, Library book renewals, enquiries regarding Waste, Registrars and School Admissions to the National Bus Travel scheme and Adult Community Learning.

A number of operational and service improvements were made during the year including the reduction in turnaround time for Blue Badge requests and improvement in the quality of these badges, and improvement in Health & Safety activities.

During the year we implemented a range of technological changes to enhance our service delivery, including the introduction of dynamic call routing (i.e. automatically managing inbound calls to ensure optimum service level performance), and the deployment of the GMT Planet resource management tool (to optimise staff rostering).

The Customer Service Centre gives the County Council the ability to answer calls from the public in an efficient "real time" environment, operating to high standards of service delivery. The Unit is the first point of contact for the majority of the council's telephone calls from the public.

It also gives the County Council the ability to support ad hoc campaigns (e.g. Payroll Survey) and to handle any peaks in customer demand (e.g. Highway calls in respect of adverse weather conditions).

#### Business Transformation Unit (including County Farms)

DCC own 1,090 operational properties (including schools)

The estate is valued at £985 million based on depreciated replacement costs or market value, (excluding Church Schools)

High priority backlog of maintenance works is £68 million

County Farms Estate comprises 84 farms, with a total acreage of 10,126

<b>Service/Activity</b>	<b>Unit of Measurement</b>	<b>2010/11</b>		
<b>ICT</b>				
IT contracts (i.e. hardware, software, maintenance, etc)	£000	993		
Strategic development	£000	565		
Hardware replacement	£000	625		
Data network	£000	1,911		
Infrastructure development	£000	684		
Infrastructure & Operations support	£000	1,649		
Other commissioned projects	£000	387		
Income from trading units (managed desktop & voice)	£000	(970)		
<b>Total</b>		<b>5,844</b>		
	<b>Unit of Measurement</b>	<b>2009/10</b>	<b>Change</b>	<b>2010/11</b>
Managed Desktops	No.	6,705	28	6,733
Data Network:				
- DCC offices	No.	130	31	161
- Smaller sites / users	No.	600	20	620
- Public Access PC's (Libraries)	No.	365	143	508
Voice Network: connecting telephones	No.	7,000	0	7,000
Infrastructure:				
- UNIX boxes	No.	37	21	58
- Physical Windows Servers (County Hall)	No.	139	10	149
- Virtual Windows Servers (County Hall)	No.	109	117	226
- Windows Servers (Remote sites)	No.	123	0	123
- Databases	No.	360	21	381
<b>Finance Services</b>				
Debtors raised p.a.	No.	125,000	0	125,000
Gross cost per debtor transaction	£	4.40	0.15	4.55
Invoices paid p.a.	No.	560,000	0	560,000
Gross cost per creditor transaction	£	1.15	(0.42)	0.73
Proportion paid using BACS	percentage	87.00	2.00	89.00
Pensions:				
Active members in the pension scheme as at 1 April	No.	42,500	(3,913)	38,587
		<b>2007/08 actual</b>	<b>Change</b>	<b>2008/09 actual</b>
Pensions:				
Cost per scheme member p.a.	£	17.43	(1.88)	15.55
		<b>2008/09</b>	<b>Change</b>	<b>2009/10 estimates</b>
Accountancy:				
Cost per £000 Gross Revenue Turnover (GRT)	£	5.17	(0.15)	5.02
<b>Other Services</b>				
	<b>Unit of Measurement</b>	<b>2009/10</b>	<b>Change</b>	<b>2010/11</b>
Bank Charges (Net)	£000	150	0	150
External Audit Fees (Net)	£000	256	0	256
Local Initiatives	£000	150	6	156
Director of Public Health (Net)	£000	72	0	72
Other Items	£000	20	0	20
Trading Levy	£000	(71)	71	0
Residual costs of modernising initiatives (competition)	£000	845	(13)	832
<b>Total</b>	<b>£000</b>	<b>1,422</b>	<b>64</b>	<b>1,486</b>

## Capital Programme

The following table details the medium term capital programme for this directorate, and how that programme is being funded.

<b>Project</b>	<b>Total Scheme Approvals</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>ICT</b>						
<u>New Starts</u>						
Infrastructure Modernisation (Note 1 & 2)	1,819	139	380	100	0	0
<b>ICT - Total</b>		<b>139</b>	<b>380</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>Business Transformation Unit</b>						
<u>Existing Schemes</u>						
New Ways of Working - Hub Centres & Flexible Working		650	250	0	0	0
Compliance - Disability Discrimination Act		150	150	150	0	0
Boiler replacement programme		165	930	0	0	0
Barnstaple Civic Centre - Works		133	14	14	0	0
<u>New Starts</u>						
Barnstaple Civic Centre - Rewiring (Note 2)	215	0	115	100	0	0
Barnstaple Civic Centre - External redecoration (Note 2)	144	0	144	0	0	0
Great Moor House - roof (Note 2)	403	403	0	0	0	0
<b>Business Transformation Unit - Total</b>		<b>1,501</b>	<b>1,603</b>	<b>264</b>	<b>0</b>	<b>0</b>
<b>County Farms</b>						
Compliance - Nitrate Vulnerable Zones (Farms)		200	200	200	0	0
County Farms - Restructuring		53	53	0	0	0
<b>County Farms - Total</b>		<b>253</b>	<b>253</b>	<b>200</b>	<b>0</b>	<b>0</b>
<b>Other Services</b>						
Enabling Works		95	90	85	80	0
High Bickington		850	0	0	0	0
Sustainable Village Communities		36	0	0	0	0
<b>Other Services - Total</b>		<b>981</b>	<b>90</b>	<b>85</b>	<b>80</b>	<b>0</b>
<b>Annual Total</b>		<b>2,874</b>	<b>2,326</b>	<b>649</b>	<b>80</b>	<b>0</b>
<b>Cumulative Total</b>		<b>2,874</b>	<b>5,200</b>	<b>5,849</b>	<b>5,929</b>	<b>5,929</b>
<b>Financed by:</b>						
Borrowing		1,518	1,820	379	80	0
Capital Receipts - General		1,120	270	270	0	0
Capital Receipts - Investing In Devon		0	0	0	0	0
Direct Revenue Funds - Services		53	53	0	0	0
External Funding - Grants		0	0	0	0	0
External Funding - Contributions		183	183	0	0	0
<b>Total</b>		<b>2,874</b>	<b>2,326</b>	<b>649</b>	<b>80</b>	<b>0</b>

### Notes:

1. Additional resources will be carried forward from 2009/10

2. Total Scheme Approvals - this information is provided as part of the approval process for new starts only. It represents the total estimated scheme costs over the life of each scheme.

## **Non Directorate**

## **Commentary**

The County Council's budget contains a number of items that are not the responsibility of individual directorates but which are managed corporately.

The capital financing budget covers the cost of repaying debt incurred in financing capital assets such as land, buildings and equipment. The County Council is obliged to budget for the repayment of a portion of this debt each year. The extent to which debt increases depends upon the level of capital investment and the sources employed to finance it. The capital programme, shown elsewhere in the budget book, details existing investment plans and financing sources.

The interest on balances budget represents the income generated through the management of cash flow and investments. The level of income is dependent on total turnover, the level of reserves held and variations in market interest rates.

The County Council is required to pay levies to the Environment Agency for flood defence and the Devon Sea Fisheries Committee.

A number of earmarked reserves are operated in order to manage the impact of a variety of issues including meeting specific contingencies and the cost of planned developments. Further detail is provided elsewhere in the budget book.

### ***Mary Davis***

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## How the 2010/11 Budget has been Built Up

2009/10 Adjusted Inflation Budget £'000			Changes £'000	2010/11 Outturn Budget £'000
<b>Other Budgets</b>				
54,187	0	Capital Financing	677	54,864
10,048	0	PFI Financing Charges	0	10,048
(3,949)	0	Interest on balances	2,236	(1,713)
0	0	Revenue Support for Flood Prevention Works	250	250
17,883	0	Routine Spending from Earmarked Reserves	(7,348)	10,535
<b>Payments to Outside Bodies</b>				
228	0	Environment Agency - Flood Defence	5	233
388	0	Devon Sea Fisheries Committee	8	396
<b>Reserves &amp; Balances</b>				
(17,883)	0	Routine use of Reserves	7,348	(10,535)
500	0	Customer Access Strategy	(500)	0
(4,500)	0	Extra Care Housing	4,500	0
0	0	General Reserve	3,300	3,300
(2,000)	0	Insurance Reserve	2,000	0
500	0	Lets Get Devon Moving	(500)	0
350	0	Matched Funding Reserve	0	350
3,079	0	Modernisation Fund	(3,079)	0
1,000	0	Redundancy Fund	0	1,000
0	0	Roads Emergency Reserve	1,000	1,000
<b>59,831</b>	<b>0</b>	<b>Net Cost of Service</b>	<b>9,897</b>	<b>69,728</b>

Reasons for changes	Change £'000
<b>Service Changes</b>	
Capital Financing - effect of the Capital Programme	677
Interest on Balances - reduction in income due to falls in market rates	2,236
Flood Prevention Works	250
Flood Defence - increase in Devon's share of total levy	5
Devon Sea Fisheries - increase in Devon's share of total levy	8
Net change in contribution to reserves	6,721
<b>Total</b>	<b>9,897</b>

## Medium Term Financial Strategy

The following table details the significant changes we can expect to affect the budget over the next two financial years.

	Cumulative	
	2011/12	2012/13
	£'000	£'000
<b>Financing Commitments - Inflation</b>		
<b>Technical Changes</b>		
Environment Agency - Flood Defence Levy	5	10
Devon Sea Fisheries Levy	8	16
	<b>13</b>	<b>26</b>
<b>Service Changes</b>		
Provision for service and inflation pressures	5,000	10,000
Capital Financing Charges	3,195	7,705
Interest on Balances	0	0
	<b>8,195</b>	<b>17,705</b>
<b>Total</b>	<b>8,208</b>	<b>17,731</b>

# Medium Term Financial Strategy

## Introduction

The Medium Term Financial Strategy (MTFS) sets out an overview of the Council's finances. Linked with the Corporate Business Plan, it sets out how the Council is planning its finances over the next 3 years to achieve its strategic priorities, as set out in the Strategic Plan.

The MTFS has been updated from that published in the Council's 2009/10 Budget Book in February 2009, to take account of the outturn position for 2008/09, and current forecasts for 2009/10. It also looks ahead a further year to include projections for 2012/13.

The document sets out the resources available to the Council, including forecast levels of funding from Central Government, and projected levels of Council Tax. It explains the Council's spending plans, how these will be met by the resources available, and how efficiency savings will be targeted to secure Value for Money and improved services. It also shows the impact of income and expenditure on the Council's reserves and balances.

The MTFS has been updated in parallel with the formulation of the new strategic plan in order to ensure that the Council prioritises its resources to support the achievement of its strategic objectives in formulating its future spending plans, and ensure that the objectives are achievable within the forecast financial resources of the Council.

The MTFS has been developed to reflect the current position of the Council, excluding the potential impact of the Local Government Review currently in progress. A separate section describes how the MTFS may be affected by a restructuring of local government in Devon.

## Economic overview

The budget and the MTFS set out the financial intentions of the County Council. They cannot be considered without reference to wider economic conditions that may eventually impose restrictions either directly or indirectly on future financial plans.

The current economic downturn looks set to continue for some time, despite forecasts that the recession has ended, and will continue to have a significant effect on public finances. Concern over instability in the banking system is being replaced by a debate over the level of public sector debt and the measures that need to be taken to address it. It is certain that decisive action will be needed to reduce public spending. Commentators are agreed that public sector spending will be squeezed and that the fiscal tightening will last for some years. Running alongside the spending squeeze will be an escalation in the need to find efficiency savings. The absence of any detail means that financial planning is subject to an unprecedented degree of uncertainty.

Inflation in September 2008 reached 5.2% (CPI). By September 2009 inflation had reduced to 1.1%, but has subsequently risen to a December figure of 2.9%. CPI inflation is expected to continue to rise in the near term due to the pre-announced reversal of the cut in the VAT rate back to 17.5% in January 2010 and with fuel prices above the lows of early 2009. After these temporary upward pressures have passed, inflation is forecast to fall through 2010 and in 2011, as the large negative output gap exerts downward pressure on prices. The immediate impact is reflected in the pages that follow, although the scale and nature of the volatility encountered recently may have longer term consequences and influence cost drivers which directly affect the County Council.

The Bank of England has responded to recent difficulties by reducing interest rates sharply. The base rate now stands at 0.5% which is 4.5% lower than in September 2008. Whilst it would appear that the rate is unlikely to fall further, and some commentators suggest that rates may begin to rise by the end of 2010, the timing of this is far from certain. The low rate has impacted directly on the County Council's budget which in recent years has benefited from market rates of around 5%.

Employer pension contributions are strongly influenced by triennial actuarial valuations. The performance of pension fund investments over the preceding three years and the estimated level of future benefits determine the level of the liability. The estimated liability, should it increase, will directly influence pension contributions for the period beginning 2011/12. The long term nature of investments available to the fund means that cyclical pressures tend to even out over time and that there is no immediate need to reconsider the level of pension contributions. Given the uncertainty, the scale of increases in employer's contributions cannot be estimated and have, therefore, not been built into the MTFS, but this issue will soon need to be addressed.

Although recovery is expected, a significant shift in Government spending programmes will reduce the amount of money available to local authorities. Uncertainty over detailed Government intention is likely to persist until after the next election. It is very likely that the scenario set out in this strategy may need to be amended.

## **Spending from available resources**

The Council's net budget is met partly by formula grant funding from Central Government, with the balance being met by Council Tax.

2010/11 is the final year of the current settlement period following the Government's 2007 Comprehensive Spending Review (CSR07) financial settlements announcement in January 2008. The settlement provided greater long term certainty than before, by providing details of the level of government funding over a three year period. However the funding available amounted to a tight settlement across the public sector, and the total funding available to Devon County Council is well below the national average.

The settlement included a cashable efficiency savings target of 3% per year over the three year period. In the April 2009 Budget the efficiency target for the final year of the three year settlement period (2010/11) was increased to 4%. This will put further pressure on the Council to achieve savings, although the funding available to the Council through formula grant remains unaltered.

This MTFS seeks to plan the council's finances for two years beyond the end of the current settlement period, when the level of Government funding to be received is more uncertain. The 2009 Budget set new assumptions for spending growth in the period from 2011/12 onwards, promising continued investment and improvements in front-line public services. These assumptions have been modified in the Pre-Budget Report of December 2009, which forecasts that public spending will increase on average by 0.8% per annum between 2011/12 and 2014/15.

As the national debt and benefit payments grow the most generous assessment for the rest of the public sector is that there will not be any growth in cash terms, in effect a potential real terms cut of between 1% and 2% year on year. If some sectors are protected the spending squeeze on the remainder of services is likely to be severe. The public sector is expected to deliver £17 billion a year of additional savings identified by the Operational Efficiency Programme across procurement, back office and IT, and property running costs. In addition, the potential for changes to the mechanism to calculate formula grant, and a possible change of Government, means that forecasting the level of formula grant funding that the Council can expect to receive for the years beyond 2010/11 is extremely difficult.

This MTFS therefore works on the assumption that for 2011/12 a reduction of around 10% in Formula and Area Based Grant should be expected. If specific grant funding is reduced, directorate budgets would require further adjustment. It should be noted, however, that the level of change shown in Key Table 6 (page 20) for 2011/12 and 2012/13 could be subject to variation as Government intentions become clearer.

The Council is committed to keeping Council Tax at an affordable level, and the income forecasts for the next three years are modelled on a modest increase in each year. Because of the worsening economic situation the MTFS reflects a slowing of growth in the tax base from previous years.

Forecasts for 2011/12 and 2012/13, as set out in Key Table 6 (page 20) indicate that savings will be required of £50m and a cumulative £79m respectively. Council Tax increases lower than those modelled would increase the need for savings. Cost pressures (which at this stage cannot be estimated accurately) will increase the need for savings.

From the resources available the Council has to fund inflationary increases and future spending pressures. Recent volatility in world financial and commodity markets has made forecasting the relative inflation levels for local government services extremely difficult. The figures in Key Table 1 (page 14) and Key Table 6 (page 20) include an estimate which reflects low levels of pay and prices in 2010/11, with inflationary pressures gradually increasing thereafter.

The Council will give priority to the delivery of its strategic plan when deciding how available resources are used and will seek to fund many of its new areas of spending by becoming more efficient and securing access to funding from other sources. Efficiency savings have been built into projections, based on the 4% target, but further reductions may be required.

The Council's forecast expenditure, and the resources available to meet that expenditure are shown in Key Table 1 (page 14) and Key Table 6 (page 20).

## **Specific Grants**

The Council receives a number of specific grants from central Government to support particular initiatives. Expenditure against specific grants is generally ring-fenced to fund the initiatives concerned, and cannot be used for general council expenditure. The number of specific grants reduced significantly when a number of them were transferred to become part of the general Area Based Grant (ABG). For the three year period from 2010/11 the Supporting People Programme Grant has been transferred to ABG, and this is reflected in the revised forecasts.

Current estimates of the specific grants related to revenue expenditure are shown in Key Table 4 (page 18). Should specific grants be reduced by Government in the period covered by the MTFS a commensurate reduction in spending is envisaged. This will lead to no net increase in spending in each year.

## **Schools' Funding**

The Council receives funding for schools in the form of the Dedicated Schools' Grant (DSG), which must be spent on schools and related expenditure. There is discretion to spend more than the amount funded by DSG on schools, and because Devon's schools are some of the most poorly funded by Government, being 148th out of 151 local authorities, the authority has therefore provided additional funding to schools to support Special Educational Needs, Pupil Referral Units and special schools. Otherwise the MTFS assumes that schools' budgets will continue to relate directly to the level of DSG funding in future years.

## **Future Spending Priorities**

In setting its budget the Council needs to take account of the impact of changes in demography, the impact of new legislation, and the need to invest in new and improved services in response to local aspirations. Specifically, these impacts are assessed in relation to their impact on the Council's ability to deliver its strategic priorities.

The Strategic Plan makes a number of pledges in each priority area. These pledges have been costed and have been taken into account in the MTFS. The pledges, to be achieved by 2013 are shown in the following table:

Strategic Plan Pledge	MTFS Impact
<b>1. Support local business and tourism</b>	
Help create 200-300 new jobs and 40,000 sq ft of development at SkyPark and the Science Park.	£8.8million included in the Capital Programme in 2010/11.
Support business to improve skills, productivity and be more competitive.	Budget to achieve the pledges is in place in the Economy unit. The unit is being restructured, the three teams being replaced with a matrix structure to provide more flexibility and better use of resources.
Assess the County's economy and focused support onto our key market and coastal towns.	
<b>2. Improve knowledge, skills and productivity</b>	
Help 60% of children to leave school with 5 or more good GCSEs including English and maths.	Additional funding of around £38,000 required to fund additional school improvement services, aligned with a new Learning and Development Partnership.
Make training available to all 14-19 year olds at local Skills Centres across the county.	Funding will come from partner contributions for the first skills centre. Investing in Devon money has also been committed through the capital programme. This will need to be kept under review.
Improve the achievement of 11 years olds from disadvantaged backgrounds.	£125,000 increase each year required for engagement with the most vulnerable young people, including working with partners.
<b>3. Promote green travel, improve roads and reduce congestion</b>	
Reduce the number of potholes by 30%.	Current revenue budget for potholes (safety defects) of around £4.5million will need to be kept under review.
Maintain 96% of 'A' roads and 90% of 'B' roads in good condition.	Current revenue and capital budgets for road maintenance of around £32million will need to be kept under review.
Make major road improvements to unlock economic potential, such as the Kingskerswell bypass and Junction 29 of the M5.	£120million included over the life of the Capital Programme, funded by grant.
<b>4. Provide responsive services that support people and families in need</b>	
Support 2,500 more elderly people and 400 more people with learning disabilities to live independent lives.	Provision for demographic growth is included in the MTFS. In addition a further £800,000 growth is required over the next 4 years.
Provide personalised care to 8,000 families who have children with additional needs.	Provision for low level support to children with additional needs requires £600,000 in 2010/11 and a further £600,000 in 2011/12.
Create 600 additional specialist care beds.	An additional £672,000 required in 2011/12 onwards.

Strategic Plan Pledge	MTFS Impact
<b>5. Reduce waste, improve recycling and reduce landfill</b>	
Work together to reach our recycling target of 57%.	A further £200,000 per year to be included in Capital Programme for investment in recycling centres.
Complete the Exeter Waste to Energy Plant, producing enough energy to power 2,000 homes and saving 60,000 tonnes of waste from landfill each year.	An additional £1.5million in revenue costs is included in 2012/13. (This will rise to £2.5million in 2013/14.)
Reduce our carbon emissions by 2.1% per year.	£1.6million funding provided each year for property improvements.

The specific funding attached to the pledges is only part of what is required to ensure that the Council meets the challenges ahead, and delivers on its priority areas.

The Council faces significant pressures as a result of demographic changes and increasing demand for services. Along with other authorities across the country the Council faces increasing demand for adult social care services as a result of people living longer, and the growing number of people with disabilities who also live longer. Devon's proportion of people aged over 85, and the rate of growth of the elderly population in the county, are both much higher than the national average. Within Children and Young People's Services too there is a necessity to address the needs of an increasing number of vulnerable children, including the impact of the Southwark Judgement, which has given the council additional responsibility for looking after young people aged 16-17 in need of accommodation. Delivery of the Council's strategic priority of providing responsive services that support people and families in need are dependent on significant additional funding being invested to meet these needs.

The Council also needs to plan for changing legislation and expectations, such as the Landfill Allowance Trading Scheme affecting waste and carbon trading in relation to emissions. Both schemes will require significant investment in future years in further improving the Council's performance on disposal of waste and emissions management, and meeting the strategic priority to reduce waste, improve recycling and reduce landfill.

From April 2010 responsibility for the 16-19 education currently managed by the Learning and Skills Council will transfer. The grant to be received by the Council is split into two elements; the first covers staff and the second covers the grants to be transferred to providers. The staff moving to the Council will be fully funded by a component within Area Based Grant. The amount of the grants for further education providers has not yet been confirmed but is likely to be in the region of £40 million. Arrangements at a regional level are in place to manage all aspects of the transfer. No allowance has been made for this yet in 2010/11 budget.

The Government has a bill before Parliament to prescribe an expansion of free rehabilitation services, followed by the provision of free personal care at home to clients assessed as having critical needs and requiring assistance with certain specific tasks. The stated intention is to introduce this with effect from October 2010. The implications for the Council could be in excess of £12 million for a full year. However, as a consequence of the forthcoming General Election, there is a degree of uncertainty about whether these proposals will be implemented in the form currently proposed. Provision will be made at a corporate level for the costs potentially falling on the County Council in 2010-11 as part of its overall risk management arrangements.

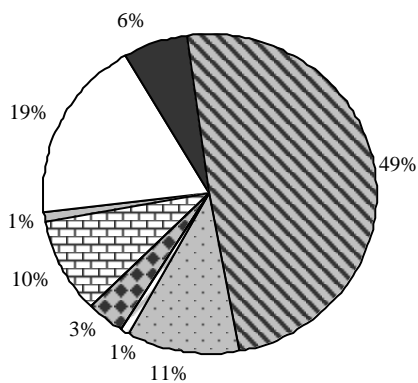
Likewise the Government has announced its intention to transfer responsibility for concessionary fares from lower tier Councils to County Councils. Currently, it is unclear how the funding arrangements will work, or whether additional funding will be required by the Council, and therefore additional provision has not been made within the MTFS.

The Council also needs to meet the cost of financing the Council’s borrowing, and allow for reduced levels of income from the Council’s investments. These figures are particularly affected by recent changes to interest rates prompted by the economic downturn. These areas of growth are reflected in the increases in the total Non-Directorate budget shown in Key Table 1 (page 14) and Key Table 6 (page 20).

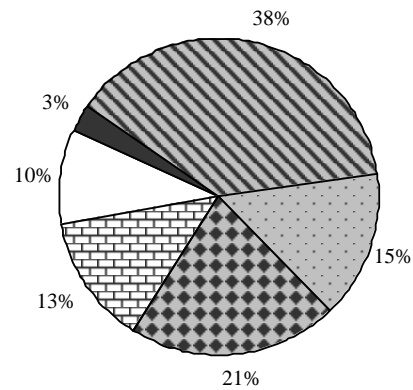
As a result the Council’s financial plan includes provision to invest further resources in relation to its strategic priorities and “sustaining activity” (as per the above paragraph) to meet significant expenditure commitments in future years. This is demonstrated in the following chart:

## New Investment in Strategic Priorities, Demographic and Legislative Changes

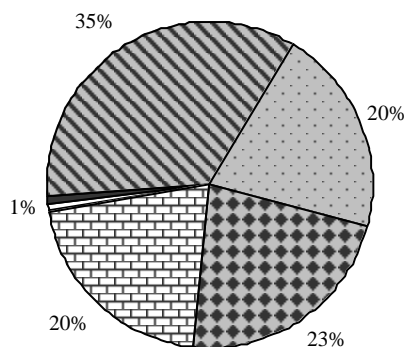
**2010/11**



**2011/12**



**2012/13**



-  Support local business and tourism
-  Improve knowledge, skills and productivity
-  Promote green travel, improve roads and reduce congestion
-  Provide responsive services that support people and families in need
-  Reduce waste, improve recycling and reduce landfill
-  Businesslike council priorities
-  Other demographic and legislative changes
-  Sustaining activity (necessary expenditure / reduction in income not directly related to priorities).

The investment in services shown in these charts reflects the detailed service changes shown within the detailed budget pages for each directorate.

# Value for Money and Efficiency

Devon County Council’s Strategic Plan includes the core principle of value - being a “businesslike council that is lean and focused, providing good value for money”.

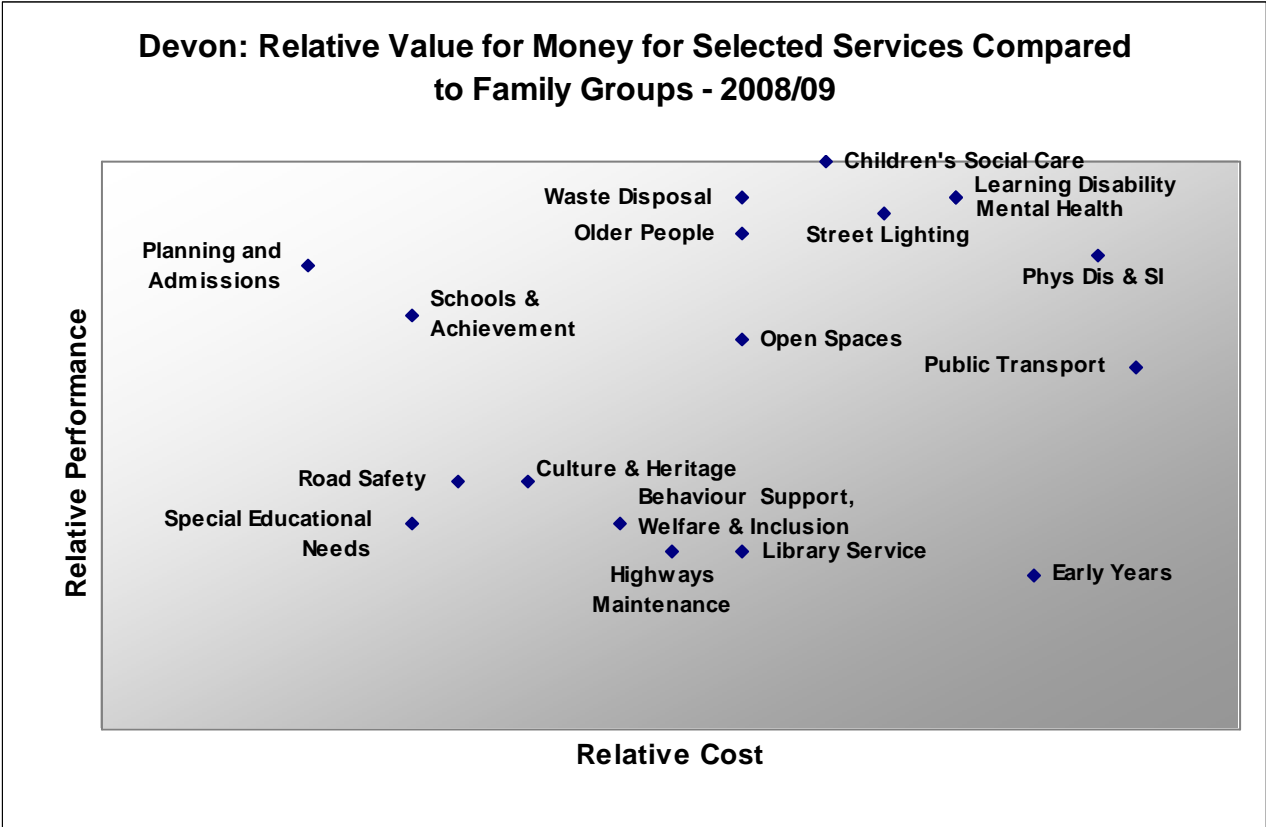
The Council’s finances are being managed in a way that adheres to that principle. The 2009 Use of Resources assessment concluded:

*“The Council provides good value for money. Overall costs and performance are good compared to other councils. Spending is in accordance with priorities, efficiencies are being delivered as planned and it takes action to reduce high spending. The Council has improved value for money through the procurement of goods and services.”*

Annual Audit and Inspection Letter – March 2009

The Council uses a Value for Money Toolkit to benchmark services against our nearest neighbour groups on cost and performance, to show where we are performing well in comparison with others and where we are performing less well.

The graph below plots the position of the different services the Council provides, in comparison with our nearest neighbours, using data from a wide range of performance indicators and cost information.



Those services shown near the top of the graph are those achieving a high level of performance, those near the bottom are services with a lower level of performance. The services that are to the left of the graph are relatively low cost, while those to the right are high cost. By plotting performance against cost the Council can judge the relative value for money of the services it provides.

This action is targeted according to the Council’s strategic priorities. It may be reasonable for the Council to spend more than other Councils on priority areas, so long as performance is seen to improve as a result of the additional investment. Similarly performance may be lower than other Councils in areas of lower priority, but costs should also be lower, and savings are being sought where this is not the case.

Within Children and Young People's Services the Council continues to demonstrate good value for money in school planning and admissions, school achievement and Special Educational Needs. Children's Social Care has shown improved performance whilst remaining at around average cost compared with our comparator group of County Councils. Behaviour Support, Welfare and Inclusion have shown a small improvement in direction of travel. The Early Years service remains expensive when compared with other County Councils.

Within Adult and Community Services, all client specialisms show above average spend compared to other counties, but this is in part explained by the demographic profile of the county. Comparative performance improved on all four specialisms, showing improved value for money, partly as a result of an increased emphasis on health and wellbeing outcomes and the related indicators. The library service has also shown an improved value for money performance as a result of reduced comparative costs.

Performance on Highways Maintenance has declined marginally, as a result of the impact of severe weather over the winter on minor roads network, while costs remain around average for our comparator group of County Councils. Action has been taken to reduce the costs of Street Lighting, while performance remains high, demonstrating improved value for money. Performance on Culture and Heritage and Open Spaces is consistent with the money invested, demonstrating value for money. Public Transport remains expensive, due to the county's rural nature, but has shown improved performance. Waste Disposal continues to demonstrate high performance at slightly increased cost.

Analysis of the graphs, together with an understanding of the wider context, and local factors which may impact on outcomes, has enabled the Council to address the achievement of Value for Money as a key factor in the setting of budgets, to target efficiencies in the areas of highest comparative costs, and invest resources in areas of weaker performance.

## **Efficiency Savings and Cost Containment**

Efficiency savings are those savings which can be achieved through better organisation of operations; greater use of information and communication technologies; better utilisation of assets; more economical procurement practices; partnership arrangements with other authorities and the private sector; and from the improvement and automation of processes and procedures. Efficiency savings do not affect the standard or level of service to the population at large or for particular client groups.

The County Council has a long-standing history of seeking to improve efficiency via a combination of annual incremental improvements and major review exercises. For the three years between 2005/06 and 2007/08 the Council was set a target of achieving "Gershon" efficiency savings of 2.5%. Over that period the Council reported £37.6m cashable and non-cashable savings, comfortably exceeding the target.

For the three year period starting with the 2008/09 financial year, the Government set local government a collective target to achieve annual cash-releasing efficiency savings of 3%. In the 2009 Budget the target for 2010/11 was increased to 4%. The savings achieved by the Council are now reported as a National Indicator and published on Council Tax bills. Improvements in efficiency will also be reviewed by the Audit Commission as part of the annual Use of Resources assessment. Efficiency savings will continue to be required beyond the current three year period, as the public sector is expected to deliver £17 billion a year of additional savings identified by the Operational Efficiency Programme.

The Council has set targets in line with Government expectations, and in 2008/09 reported savings of £15.811m, which equates to a 3.2% saving. In 2009/10 the Council is making progress towards achieving a target of £15.153m. For 2010/11 a target of £20.913m has been allocated between directorates, as shown below:

## **Efficiency Targets for 2010/11**

	<b>2010/11 £'000</b>
Children and Young People's Services	5,453
Adult and Community Services	9,258
Environment, Economy and Culture	4,965
Office of the Chief Executive	402
Corporate Resources	835
<b>Total</b>	<b>20,913</b>

As well as the need to achieve targets for efficiency savings to meet Government targets, efficiencies will be necessary for the Council to continue to improve services within the resources available. With the implementation of a wide range of efficiency measures over the last four years, achieving the targets for new efficiency savings is becoming more and more challenging. Service transformation programmes are planned over the period of the MTFS to ensure that the Council continues to improve efficiency and deliver Value for Money.

Directorate targets have been set for the following two years to meet that objective, as shown below:

## **Efficiency Targets for 2011/12 and 2012/13**

	<b>Cumulative</b>	
	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>
Children and Young People's Services	4,561	9,136
Adult and Community Services	9,133	18,658
Environment, Economy and Culture	4,438	9,061
Office of the Chief Executive	367	731
Corporate Resources	875	1,743
<b>Total</b>	<b>19,374</b>	<b>39,329</b>

The County Council will monitor the level of savings achieved against target. Directorate proposals for budget reductions will be reviewed against the national criteria for efficiency gains and revisions made to plans where required. Efficiency targets may need to be revised once the level of savings from the corporate efficiency programme is known. Regular progress reports on the level of cash-releasing efficiencies achieved will be submitted to the Cabinet as part of the budget monitoring process.

The formation of the Cost Containment Group in June 2009 demonstrated the Council's commitment to meeting the challenging financial circumstances it now faces. The group has initiated a number of proposals to achieve savings across the authority. These include the Corporate Employment Strategy, agreed by the Cabinet in November 2009, which sets out plans to achieve economies through an active vacancy management policy and reconfiguring the way services are provided. This has the potential to save a maximum £10m in 2010/11, and a further £10m in 2011/12. In addition the Integrated Procurement Strategy has set out the potential to achieve up to £8.8m savings in each of the three financial years from 2010/11 to 2012/13 through restructuring and category management. A further £5.7m saving is targeted in 2010/11 from other initiatives including printer rationalisation, and changes to allowances and honoraria payments.

These strategies will all require careful modelling and evaluation to ensure that the potential for savings can be realised. These savings have not at this stage been built into the projections contained in this MTFS, but will be re-evaluated when the MTFS is reviewed in early 2010/11. During a period of public sector retrenchment these strategies will require budgetary provision to ease the financial consequences of some aspects of workforce planning which will be through the use of existing earmarked reserves.

## **Guideline Revenue Allocations**

Budgets have been set for each directorate for 2010/11 taking into account the Council's priorities and available resources, and the impact of inflation, spending pressures and efficiency savings. These are summarised in Key Table 1 (page 14). Guideline budget allocations have been set for the following two years, as shown in Key Table 6 (page 20).

## **Reserves and Balances**

The County Council maintains working balances (County Fund Balances) to manage the effect of uneven cash flows and avoid unnecessary temporary borrowing. These balances are also used to cushion the impact of unexpected events or emergencies. In addition earmarked funds and reserves are used to meet known or predicted future expenditure. Provisions are established when the County Council has a financial obligation or liability as a result of a past event and that liability can be reliably estimated.

An essential element of Medium Term Financial Planning is an assessment of the adequacy of general balances, reserves and provisions. The Chartered Institute of Public Finance and Accountancy has issued guidance to assist local authorities in this process and this has been taken into account in preparing this report.

The County Council has in place a risk management strategy and a system of internal control. Of particular importance in this context is the County Council's budget monitoring policy. It ensures that regular budget monitoring is carried out and requires approval of the Cabinet for carry-forward of any under-spending and that any net over-spending by Directorates is made good in the ensuing year unless other exceptional arrangements are approved by the Council. Furthermore the County Council has a good record in terms of identifying budget pressures and taking appropriate remedial action. These existing systems, controls and procedures provide a firm foundation from which the need for reserves and balances can be calculated with a reasonable level of confidence.

The general balances risk analysis has been reviewed. The factors taken into account in the analysis are as follows:

- the estimates included in the Medium Term Financial Strategy for inflation and interest rates;
- the assumptions used for the level and timing of capital receipts;
- the authority's capacity to manage in-year budget pressures from demand-led services;
- the need for working capital pending the receipt of grant and other income;
- the need to respond to natural disasters and civil emergencies whilst at the same time maintaining routine services and the availability of grant aid for disaster situations;
- the need to facilitate restructuring of services and provide flexibility during uncertainty and change;
- the financial risk inherent in new funding partnerships, outsourcing arrangements and major projects and in particular, significant school building projects;
- the adequacy of the County Council's insurance arrangements;

- financial control arrangements including internal and external audit arrangements;
- availability and timeliness of information on changes in the Council's financial position;
- the size and scope of the capital programme and the Prudential Indicators and local determination of borrowing levels.

Special consideration was given to the County Council's Medium Term Financial Strategy objectives, the Prudential Indicators and the impact of major capital projects. The risk analysis is summarised in Table 1 (page 14) in the Reserves and Balances section of the Budget Book.

Current budget monitoring for 2009/10 indicates that, although significant variations have occurred on a number of demand led budgets, spending will be close to the budget. Balances as at 31 March 2010 are forecast at £14.2m, which is above the minimum target for balances established by the risk assessment exercise. It is anticipated that this level of general balances will be maintained for the next three years, subject to any unforeseen contingencies or emergencies. No additional contribution to general balances is therefore proposed for 2010/11. The appropriate level of reserves will need to be reconsidered at the end of each financial year in the light of the outturn results achieved.

The Council has a number of earmarked funds and reserves. These include:

- specific contingency reserves held for the purpose of meeting possible future costs arising from redundancies, reinstatement of existing landfill sites and other contingencies;
- a number of reserves established to fund planned developments in service provision, housing for vulnerable adults, public service agreement projects and other developments.

Details of all the earmarked reserves and forecast balances are given in Key Table 3 (page 16) and the Earmarked Funds and Reserves section of the Budget Book. The balances may be affected by financing decisions taken at the end of the year. In particular the liability for job evaluation costs of £7.1m and residual winter maintenance costs will need to be funded in 2009/10. To the extent that the cost cannot be met from savings elsewhere, earmarked reserves may have to be used.

A review of provisions has been undertaken. Annual contributions to the provision for insurance liabilities have been included in directorate budgets and this provision is judged to be sufficient to meet known liabilities. The remaining provisions are also estimated to be sufficient to meet known liabilities.

## **Risk Management**

The MTFS demonstrates how financial planning over the medium term enables the Council to invest in its priority services, and deliver its objectives within the resources available, whilst ensuring the sustainability of the Council's finances over future years.

The degree of certainty about assumptions and figures reduces in relation to future years, so it is vital that the council has the flexibility to manage the risks of reduced funding and growing costs and demands.

The Council is also budgeting to hold a suitable level of general balances, based on an assessment of the financial risks facing the authority. This is summarised in the above section on Reserves and Balances.

Directorate management teams have also identified strategies aimed at managing identified potential risks not currently budgeted for. These are summarised in the Risk Assessment section of the Budget Book.

The mechanisms that have allowed the County Council to set prudent and achievable budgets in the past continue to operate. Known pressures and commitments are anticipated and the risk of overspending minimised. The level of risk is below the level of balances currently held, which is therefore deemed to be at an appropriate level. The level of balances and reserves will be reviewed on an ongoing basis.

Whilst many budgets carry a low level of risk, assumptions concerning demand led services can prove to be inaccurate. Where overspending occurs, directorate monitoring procedures allow it to be identified and addressed at an early stage. These procedures may not be sufficient to mitigate all risk and a residual risk is recognised.

Anticipation of future demand and cost uncertainties are further mitigated by establishing earmarked reserves and drawing them down as need requires. This approach has been successful to the extent that no call has been made on balances for a number of years even though gross revenue spending is in excess of £1billion per annum.

## **Capital Programme**

The Capital Programme is managed over a five year period to invest in assets to support achievement of the Council's Strategic Plan. Management of the programme uses prudential indicators to assess the revenue costs of the Capital Programme and ensure that they are prudent, affordable, and sustainable.

Preparation of the capital programme involves a rigorous examination of all proposed projects to ensure that they provide value for money, and are either linked to streams of external funding, or aligned to the Council's strategic priorities. Option appraisals for all projects are required to state how the capital investment contributes to the strategic priorities of the Council detailed in the Strategic Plan, and to service objectives detailed in service plans.

The Capital Programme is funded by a combination of receipts from the sale of assets, external grants and contributions, funding from revenue budgets and borrowing. An outline of the Capital Programme by Directorate and the funding of the programme is shown in Tables A (page 21) and Table C (page 22) of the Capital Programme section. The Pre-Budget Report of December 2009 confirms that there will be a significant reduction in capital spending over the next five years.

A key feature of the Council's management of capital receipts has been the investment of the £48m net receipt from the sale of Exeter Airport. The receipt has been used to fund the Investing in Devon programme, with money allocated between different funds targeting different areas of need – local, green, community, economic development, schools and major projects.

Involvement in Building Schools for the Future (BSF) and the new town developments may impose an additional pressure on capital resources in the medium term.

If inclusion in the BSF programme is progressed the affordability of the scheme will need careful consideration. Where the cost of building and refurbishing schools exceeds the grant aid, the excess will need to be financed, either by borrowing or by providing additional funding through the revenue budget.

Similarly, development of new towns will require capital expenditure which will not be entirely covered by external contributions. Any shortfall is likely to be financed by borrowing.

All of these schemes will have to compete with other projects for limited borrowing capacity. There is a likelihood that not all of the aspirations of the Council will be able to be accommodated from the limited resources available and that a prioritisation process will continue to decide which schemes progress.

## **Borrowing**

The level of borrowing required to finance the capital programme is managed carefully to ensure that its impact on revenue budgets is affordable and sustainable. The Council is required to repay on an annual basis a prudent amount, consistent with the asset lives being financed by borrowing, and must also fund interest on its debt from the revenue account. The overall level of debt for capital financing and the impact on the revenue account is shown in Tables 2 (page 156) and 5 (page 157) of the Prudential Indicators and Financial Instruments section.

What is affordable in terms of financing costs has been determined as 12% of net revenue streams. The programme set in February 2009 meant that this threshold would be reached in 2012/13. In practice this meant that the existing capital programme needed to be reduced by approximately £120m of schemes financed by borrowing between 2010/11 and 2014/15. Action has been taken to achieve this.

Once the 12% threshold is reached the programme can only be increased for schemes that are financed by borrowing if either other similarly financed schemes are taken out of the programme or they are financed from internal borrowing to the limit of the annual set aside for debt repayments. Such a limit will be a significant constraint on the level of capital expenditure in the second half of the decade. It will not prevent, however, schemes funded entirely from capital receipts and external contributions from being added to spending plans.

## **Partnership Working**

The Council needs to work together with Devon's communities and other organisations in the public, voluntary and private sectors to ensure the successful delivery of our priorities. A new Local Area Agreement (LAA) was approved by the Council in May 2008 for the period 2008-2011. Devon's Local Area Agreement covers the County Council, eight District Councils, the Police and Fire Authorities, Devon Primary Care Trust and a variety of organisations from the voluntary and community sector.

The LAA aims to deliver the following Devon Sustainable Community Strategy priorities:

- A world class environment;
- Strong and inclusive communities;
- A growing economy;
- Homes and housing;
- Inspiring young people;
- Health and wellbeing; and
- A safer Devon.

Full details of the Local Area Agreement can be found on the Devon Strategic Partnership web-site at: <http://www.devonsp.org.uk/laa.html>

For the prior three year period (2005-2008) the Council, on behalf of the Devon Strategic Partnership, entered into a Local Public Service Agreement with the Government, whereby in return for meeting a number of performance targets a Performance Reward Grant would be paid to the Council. As a result the Council has secured grant of £14.9m, 50% of which is required to be spent on revenue expenditure and 50% on capital expenditure. This sum has been largely ploughed back into delivering the current LAA priorities, and will be spent across the 2009/10 and 2010/11 financial years. The Council has, in addition, made further substantial commitments to delivering on the agreed Sustainable Community Strategy priorities, as shown below:

## Local Area Agreement Funding - 2010/11

Sustainable Community Strategy Priority	2010/11 Funding		
	Devon CC Funding	Other Partners' Funding	Total Anticipated Funding
	£'000	£'000	£'000
Growing Economy	3,877	171	4,048
World Class Environment	2,067	435	2,501
Health and Wellbeing	7,011	1,115	8,126
Homes and Housing	774	538	1,313
Safer Devon	3,280	915	4,195
Strong and Inclusive	8,191	0	8,191
Inspiring Young People	40	0	40
	<b>25,240</b>	<b>3,174</b>	<b>28,414</b>

The Council is also working with partners across the Devon sub-region to undertake a Total Place exercise, utilising funding from the South West Regional Improvement and Efficiency Partnership. The exercise aims to estimate the total public sector spend in Devon, including local governmental organisations and national government departments. This information will then be used to analyse some specific areas with a view to realigning resources to achieve efficiency savings and improved outcomes in partnership with other parts of the public sector.

## Unitary Local Government in Devon

The MTFS has been developed to reflect the current roles and responsibilities of the County Council. It therefore does not seek to provide a set of financial strategies that cover the different structures of local authorities that may exist in Devon over the coming years.

A new MTFS will need to be established for a Unitary Council, based on the financial information compiled for the Boundary Committee option appraisal, and the financial forecasts of the amalgamated councils, if the Secretary of State approves unitary local government in the County. Resources will need to be identified to manage the transitional period.

## Integration with other strategies

This plan has been put together with reference to the following Council strategies:

*Investing In Our Devon - Devon County Council Strategic Plan 2009-2013*

*Devon Sustainable Community Strategy*

*Devon Local Area Agreement*

*Workforce Planning Strategy for 2009-11*

*Corporate Employment Strategy 2009-12*

*Children and Young People's Plan 2008 - 2011*

*The Way Ahead*

*Devon Local Transport Plan 2006-2011*

## **MTFS Conclusion**

The MTFS is a snapshot which sets out the currently understood parameters for the next three years. It should be understood in the wider context of a continuously changing backdrop. Adjustments in approach and intention change with Government funding priorities, local policy and economic conditions.

In financial terms 2011/12 and beyond is cloaked in uncertainty. There could be a new Government, there will be a new funding regime, and local government reorganisation may mean that there are new structures for service delivery. The economic situation of the country may mean large reductions in both revenue and capital funding streams. Due to this unprecedented degree of change, financial planning for 2011/12 and beyond will need to start in the spring, but will have to be refined as Government spending plans become clearer. A different approach to financial planning and budgeting will be required.

Detailed decisions about future Council Tax levels and spending priorities will be made as plans are finalised. Recognition of the decisions made will be published in annual budget reports received and approved by the Council.

## **More Information**

For more information contact Chris Sanders, Assistant Director of Finance (Governance and Strategy) on 01392 382653, [chris.sanders@devon.gov.uk](mailto:chris.sanders@devon.gov.uk)

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# Earmarked Funds and Reserves

## Introduction

The County Council maintains working balances (County Fund Balances) to manage the effect of uneven cash flows and avoid unnecessary temporary borrowing. These balances are also used to cushion the impact of unexpected events or emergencies. In addition earmarked funds and reserves are used to meet known or predicted future expenditure. Provisions are established when the County Council has a financial obligation or liability as a result of a past event and that liability can be reliably estimated.

An essential element of Medium Term Financial Planning is an assessment of the adequacy of general balances, reserves and provisions. The Chartered Institute of Public Finance and Accountancy has issued guidance to assist local authorities in this process and this has been taken into account in preparing this report.

## General Balances

The County Council has in place a risk management strategy and a system of internal control. Of particular importance in this context is the County Council's budget monitoring policy. It ensures that regular budget monitoring is carried out and requires approval of the Cabinet for carry-forward of any under-spending and that any net over-spending by Directorates is made good in the ensuing year unless other exceptional arrangements are approved by the Council. Furthermore the County Council has a good record in terms of identifying budget pressures and taking appropriate remedial action. These existing systems, controls and procedures provide a firm foundation from which the need for reserves and balances can be calculated with a reasonable level of confidence.

The general balances risk analysis has been reviewed and minor adjustments made. The factors taken into account in the analysis are as follows:

- the estimates included in the Medium Term Financial Strategy for inflation and interest rates;
- the assumptions used for the level and timing of capital receipts;
- the authority's capacity to manage in-year budget pressures from demand-led services;
- the need for working capital pending the receipt of grant and other income;
- the need to respond to natural disasters and civil emergencies whilst at the same time maintaining routine services and the availability of grant aid for disaster situations;
- the need to facilitate restructuring of services and provide flexibility during uncertainty and change;
- the financial risk inherent in new funding partnerships, outsourcing arrangements and major projects, in particular, significant school build projects;
- the adequacy of the County Council's insurance arrangements;
- financial control arrangements including internal and external audit arrangements;
- availability and timeliness of information on changes in the Council's financial position;
- the size and scope of the Capital Programme and the Prudential Indicators and local determination of borrowing levels.

When all factors are taken into account the minimum appropriate level for general balances is £14.0m at 31 March 2011.

Balances as at 31 March 2010 are forecast at £14.2m which achieves the minimum target for balances established by the risk assessment exercise, so no additional contribution to general balances is proposed for 2010/11. The appropriate level of reserves will need to be re-considered at the end of the current financial year in light of the outturn results achieved.

Current budget monitoring indicates that for 2009/10, although significant variations have occurred on a number of demand led budgets spending will be contained within the overall budget.

The major risks affecting the County Council have been drawn from the Directorate risk matrices set out in Appendix E. Judgements have been made about the likelihood of overspending and this has been converted into a financial measure. The results are shown in Table 1. Given that the Council's experience of significant over spend in aggregate has been historically low the cumulative effect of an event of this kind occurring could be contained within the level of balances deemed essential.

Table 1 - Risk Assessment

	Potential Level of Risk		
	2010/11 £'000	2011/12 £'000	2012/13 £'000
<b>Children and Young People's Services</b>			
Children in Care	2,100	2,100	2,100
Commissioning	600	600	600
Devon Catering and Cleaning	338	338	338
Service level agreements	33	33	33
Youth Service	104	104	104
Infrastructure	43	43	43
<b>Adult and Community Services</b>			
Older people and adults with physical disability or sensory impairment	5,441	5,441	5,441
Adults with a learning disability	897	897	897
Mental health services	200	200	200
Preventative Services	26	26	26
<b>Environment, Economy and Culture</b>			
Winter maintenance and emergencies	1,999	1,999	1,999
Waste management	332	332	332
<b>Other Directorates</b>			
Interest receipts	86	86	86
Trading Services	500	375	250
<b>Total</b>	<b>12,699</b>	<b>12,574</b>	<b>12,449</b>

## **Earmarked Funds and Reserves**

The Council has a number of earmarked funds and reserves. These include:

- specific contingency reserves held for the purpose of meeting possible future costs arising from roads emergencies, reinstatement of existing landfill sites and other possible liabilities;
- a number of funds and reserves held for planned developments;
- Trading Account Reserves; and
- School Balances.

The Capital Programme is defined by the Capital Programme Group, through the use of the Strategic Plan, Service Plans, the Capital Strategy and Asset Management Plan, Option Appraisal, Schedules of Works, Prioritisation and Prudential Indicators.

The planning levels over the period set out in this report represent a major investment in the infrastructure and the economy of Devon. However, forward forecasts indicate that from 2015/16 onwards there was a major risk of the Council breaching one of the prudential indicators that ensures that the ratio of borrowing costs to net revenue streams is within 12%. In order to stay within this ratio, approximately £120 millions has, been removed from the capital programme financed from borrowing, from 2009/10 onwards. The medium Term capital programme for 2010/11 and beyond is shown in Table A of the Capital Programme Overview (page 21). Details of all the earmarked reserves and the forecast balance as at 31 March 2010 are given at the end of this section of the budget book. Cabinet has agreed to make contributions to earmarked reserves for 2010/11 as contained within these tables.

## **Provisions**

The Council has been active in managing investment and interest risk. A report endorsed by the Executive in May 2009 outlined a strategy that would minimise counterparty risk by using cash to meet the costs of capital expenditure instead of borrowing to fund it. This practice is known as internal borrowing and has the advantage, when investment rates are low, of minimising counter party risk and net interest costs.

As a consequence, in the short term the capital programme can be financed without adding to balance sheet debt. No external borrowing has taken place in either the 2008/09 or the 2009/10 financial years, with only a marginal increase in debt forecast for 2010/11.

## Details of Individual Reserves Held 2010/11

Purpose & Description of Reserve	Approval to Use of Reserve	Management & Control	Proposed Balance as at 31.03.10 £'000	Forecast Expenditure 2010/11 £'000	Forecast Income 2010/11 £'000	Proposed Balance as at 31.03.11 £'000
<b>EARMARKED RESERVES - Reserves Held for Planned Developments</b>						
<b>Affordable Housing</b>						
To promote joint schemes with District Council and other partners to improve public services.	Cabinet	Cabinet	144	144	0	0
<b>Customer Access Strategy</b>						
Developing the Customer Access Strategy to improve access to services for the people of Devon.	Cabinet	Director of Finance	378	0	0	378
<b>CYPS Invest to Save Fund</b>						
To finance invest to save initiatives	Cabinet	Director of Finance	640	640	0	0
<b>Development Fund</b>						
To provide for improvements in County Council Services	Cabinet	Director of Finance	2,150	0	0	2,150
<b>Energy &amp; Water</b>						
Receives savings from investments in energy and water efficiency and funds new projects.	Cabinet	Director of Finance	55	10	5	50
<b>Energy Conservation</b>						
To fund energy conservation pilot schemes to manage carbon emission	Cabinet	Director of Finance	200	0	0	200
<b>Extra Care Housing</b>						
To fund housing for vulnerable adults	Cabinet	Cabinet	5,809	0	2,500	8,309
<b>Financing Fund</b>						
To support the capital strategy	Cabinet	Cabinet	75	55	0	20
<b>Integrated Youth Support Service</b>						
To fund youth Service initiatives	Cabinet	Cabinet Member	75	0	0	75
<b>Lets Get Devon moving</b>						
To help stimulate the local economy	Cabinet	Director of Finance	198	198		0
<b>Local Authority Business Growth Incentive</b>						
To fund Economic Development Projects as part of the LAA	Cabinet	Director of Finance	1,903	1,179	0	724
<b>Local Initiatives</b>						
To fund local initiatives and community development	Cabinet	Cabinet Member	186	81	0	105

*Continued on next page*

Purpose & Description of Reserve	Approval to Use of Reserve	Management & Control	Proposed Balance as at 31.03.10 £'000	Forecast Expenditure 2010/11 £'000	Forecast Income 2010/11 £'000	Proposed Balance as at 31.03.11 £'000
<b>EARMARKED RESERVES - Reserves Held for Planned Developments (cont)</b>						
<b>LPSA1 Reward Fund</b>						
To fund future expenditure on PSA schemes	Cabinet	Director of Finance	622	0	0	622
<b>LPSA 2 Reward Fund</b>						
To fund future expenditure on PSA schemes	Cabinet	Director of Finance	2,644	2,097	0	547
<b>Matched / European Funding</b>						
To provide matched funding for Objective 2 projects	Cabinet	Cabinet Member	897	342	350	905
<b>Modernisation Fund</b>						
For modernisation of Services	Cabinet	Director of Finance	2,945	672	0	2,273
<b>New Roads and Street Works Act</b>						
To support policies for promotion and encouragement of safe integrated efficient and economic transport facilities.	Cabinet	Director of Finance	419	75	0	344
<b>On-street Parking</b>						
To fund transportation improvements and initiatives	Cabinet	Cabinet Member	615	360	0	255
<b>PFI Sinking Fund</b>						
To Manage Payments and Income of the Exeter Schools PFI Scheme.	Cabinet	Director of Finance	638	23	21	636
<b>Procurement</b>						
To fund procurement initiatives	Cabinet	Director of Finance	190	190	0	0
<b>Service Development Fund</b>						
To promote service development	Cabinet	Director of Finance	4,777	2,139	298	2,936
<b>Systems Development</b>						
To fund the development of corporate IT systems for example the People Management Information system	Cabinet	Director of Finance	105	105	0	0
<b>Subtotal: Reserves Held for Planned Developments</b>			<b>25,665</b>	<b>8,310</b>	<b>3,174</b>	<b>20,529</b>

Purpose & Description of Reserve	Approval to Use of Reserve	Management & Control	Proposed Balance as at 31.03.10 £'000	Forecast Expenditure 2010/11 £'000	Forecast Income 2010/11 £'000	Proposed Balance as at 31.03.11 £'000
<b>EARMARKED RESERVES - Reserves of Operational and Trading Units</b>						
<b>Devon Cleaning and Catering</b>						
Surplus of recovered costs retained to fund future activities	Cabinet	Director of Children and Young People's Services	597	0	0	597
<b>Trading Accounts</b>						
Surpluses/losses arising from the activities of Trading Accounts	Director of Finance and IT	Director of Finance	2	0	0	2
<b>Subtotal: Operational and Trading Unit Reserves</b>			<b>599</b>	<b>0</b>	<b>0</b>	<b>599</b>

Purpose & Description of Reserve	Approval to Use of Reserve	Management & Control	Proposed Balance as at 31.03.10 £'000	Forecast Expenditure 2010/11 £'000	Forecast Income 2010/11 £'000	Proposed Balance as at 31.03.11 £'000
<b>EARMARKED RESERVES - Specific Contingency Reserves</b>						
<b>Blighted Properties</b>						
To finance the costs of blighted properties.	Cabinet	Director of Finance	200	0	0	200
<b>Emergency Planning</b>						
To meet unexpected one off costs in respect of Emergency Planning	Cabinet	Director of Finance	58	0	0	58
<b>General Reserve</b>						
To manage exceptional unforeseen costs, uncertainties and emergencies	Cabinet	Cabinet Member	0	0	3,300	3,300
<b>Inspection / Implementation</b>						
For unexpected impacts of CAA and other inspections	Cabinet	Cabinet Member	78	0	0	78

*Continued on next page*

Purpose & Description of Reserve	Approval to Use of Reserve	Management & Control	Proposed Balance as at 31.03.10 £'000	Forecast Expenditure 2010/11 £'000	Forecast Income 2010/11 £'000	Proposed Balance as at 31.03.11 £'000
<b>EARMARKED RESERVES - Specific Contingency Reserves (Cont)</b>						
<b>Prior Year Tax</b>						
Contingency to meet possible liabilities with regard to tax inspections and review	Cabinet	Director of Finance	100	0	0	100
<b>Redundancy Fund</b>						
Reserve to cover redundancy costs of restructuring	Cabinet	Director of Finance	4,451	1,800	1,000	3,651
<b>Redundant Landfill Sites</b>						
To cover unexpected upward movement in the cost of the 10 year plan for redundant landfill site restoration	Cabinet	Cabinet Member	101	48	0	53
<b>Response to the Economic Downturn</b>						
To manage additional work pressures resulting from the economic downturn	Cabinet	Director of Finance	250	0	0	250
<b>Roads Emergency Fund</b>						
To fund emergency road maintenance	Cabinet	Cabinet Member	0	0	1,000	1,000
<b>Waste Management Fund</b>						
To support new facilities to meet EU landfill directives	Cabinet	Director of Finance	1,275	377	0	898
<b>Subtotal: Specific Contingency Reserve</b>			<b>6,513</b>	<b>2,225</b>	<b>5,300</b>	<b>9,588</b>
<b>TOTAL EARMARKED RESERVES</b>			<b>32,777</b>	<b>10,535</b>	<b>8,474</b>	<b>30,716</b>

## Details of Individual Reserves Held 2011/12 and 2012/13

Purpose & Description of Reserve	Proposed Balance as at 31.03.11 £'000	Forecast Expenditure 2011/12 £'000	Forecast Income 2011/12 £'000	Proposed Balance as at 31.03.12 £'000	Forecast Expenditure 2012/13 £'000	Forecast Income 2012/13 £'000	Proposed Balance as at 31.03.13 £'000
<b>EARMARKED RESERVES - Reserves Held for Planned Developments</b>							
<b>Affordable Housing</b>							
To promote joint schemes with District Council and other partners to improve public services.	0	0	0	0	0	0	0
<b>Customer Access Strategy</b>							
Developing the Customer Access Strategy to improve access to services for the people of Devon.	378	0	0	378	0	0	378
<b>CYPS Invest to Save Fund</b>							
To finance invest to save initiatives	0	0	0	0	0	0	0
<b>Development Fund</b>							
To provide for improvements in County Council Services	2,150	510	0	1,640	0	0	1,640
<b>Energy &amp; Water</b>							
Receives savings from investments in energy and water efficiency and funds new projects.	50	10	5	45	10	5	40
<b>Energy Conservation</b>							
To fund energy conservation pilot schemes to manage carbon emission	200	0	0	200	0	0	200
<b>Extra Care Housing</b>							
To fund housing for vulnerable adults	8,309	775	2,500	10,034	4,200	2,500	8,334
<b>Financing Fund</b>							
To support the capital strategy	20	0	0	20	0	0	20
<b>Integrated Youth Support Service</b>							
To fund youth Service initiatives	75	0	0	75	0	0	75
<b>Lets Get Devon moving</b>							
To help stimulate the local economy	0	0	0	0	0	0	0
<b>Local Authority Business Growth Incentive</b>							
To fund Economic Development Projects as part of the LAA	724	724	0	0	0	0	0
<b>Local Initiatives</b>							
To fund local initiatives and community development	105	100	50	55	50	0	5

*Continued on next page*

Purpose & Description of Reserve	Proposed Balance as at 31.03.11 £'000	Forecast Expenditure 2011/12 £'000	Forecast Income 2011/12 £'000	Proposed Balance as at 31.03.12 £'000	Forecast Expenditure 2012/13 £'000	Forecast Income 2012/13 £'000	Proposed Balance as at 31.03.13 £'000
<b>EARMARKED RESERVES - Reserves Held for Planned Developments (continued)</b>							
<b>LPSA1 Reward Fund</b>							
To fund future expenditure on PSA schemes	622	0	0	622	0	0	622
<b>LPSA 2 Reward Fund</b>							
To fund future expenditure on PSA schemes	547	0	0	547	0	0	547
<b>Matched / European Funding</b>							
To provide matched funding for Objective 2 projects	905	547	350	708	520	350	538
<b>Modernisation Fund</b>							
For modernisation of Services	2,273	532	0	1,741	540	0	1,201
<b>New Roads and Street Works Act</b>							
To support policies for promotion and encouragement of safe integrated efficient and economic transport facilities.	344	100	0	244	100	0	144
<b>On-street Parking</b>							
To fund transportation improvements and initiatives	255	21	0	234	50	0	184
<b>PFI Sinking Fund</b>							
To Manage Payments and Income of the Exeter Schools PFI Scheme.	636	0	0	636	0	0	636
<b>Procurement</b>							
To fund procurement initiatives	0	0	0	0	0	0	0
<b>Service Development Fund</b>							
To promote service development	2,936	93	0	2,843	95	0	2,748
<b>Systems Development</b>							
To fund the development of corporate IT systems for example the People Management Information system	0	0	0	0	0	0	0
<b>Subtotal: Reserves Held for Planned Developments</b>	<b>20,529</b>	<b>3,412</b>	<b>2,905</b>	<b>20,022</b>	<b>5,565</b>	<b>2,855</b>	<b>17,312</b>

<b>Purpose &amp; Description of Reserve</b>	<b>Proposed Balance as at 31.03.11 £'000</b>	<b>Forecast Expenditure 2011/12 £'000</b>	<b>Forecast Income 2011/12 £'000</b>	<b>Proposed Balance as at 31.03.12 £'000</b>	<b>Forecast Expenditure 2012/13 £'000</b>	<b>Forecast Income 2012/13 £'000</b>	<b>Proposed Balance as at 31.03.13 £'000</b>
<b>EARMARKED RESERVES - Reserves of Operational and Trading Units</b>							
<b>Devon Cleaning and Catering</b>							
Surplus of recovered costs retained to fund future activities	597	0	0	597	0	0	597
<b>Trading Accounts</b>							
Surpluses/losses arising from the activities of Trading Accounts	2	0	0	2	0	0	2
<b>Subtotal: Operational and Trading Unit Reserves</b>	<b>599</b>	<b>0</b>	<b>0</b>	<b>599</b>	<b>0</b>	<b>0</b>	<b>599</b>
<b>EARMARKED RESERVES - Specific Contingency Reserves</b>							
<b>Blighted Properties</b>							
To finance the costs of blighted properties.	200	100	0	100	100	0	0
<b>Emergency Planning</b>							
To meet unexpected one off costs in respect of Emergency Planning	58	0	0	58	0	0	58
<b>General Reserve</b>							
To manage exceptional unforeseen costs, uncertainties and emergencies	3,300	0	0	3,300	0	0	3,300
<b>Inspection / Implementation</b>							
For unexpected impacts of CAA and other inspections	78	0	0	78	0	0	78
<b>Prior Year Tax</b>							
Contingency to meet possible liabilities with regard to tax inspections and review	100	0	0	100	0	0	100

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<b>Purpose &amp; Description of Reserve</b>	<b>Proposed Balance as at 31.03.11 £'000</b>	<b>Forecast Expenditure 2011/12 £'000</b>	<b>Forecast Income 2011/12 £'000</b>	<b>Proposed Balance as at 31.03.12 £'000</b>	<b>Forecast Expenditure 2012/13 £'000</b>	<b>Forecast Income 2012/13 £'000</b>	<b>Proposed Balance as at 31.03.13 £'000</b>
<b>EARMARKED RESERVES - Specific Contingency Reserves (cont)</b>							
<b>Redundancy Fund</b>							
Reserve to cover redundancy costs of restructuring	3,651	0	1,000	4,651	0	1,000	5,651
<b>Redundant Landfill Sites</b>							
To cover unexpected upward movement in the cost of the 10 year plan for redundant landfill site restoration	53	53	0	0	0	0	0
<b>Response to the Economic Downturn</b>							
To manage additional work pressures resulting from the economic downturn	250	0	0	250	0	0	250
<b>Roads Emergency Fund</b>							
To fund emergency road maintenance	1,000	0	1,000	2,000	0	1,000	3,000
<b>Waste Management Fund</b>							
To support new facilities to meet EU landfill directives	898	205	0	693	136	0	557
<b>Subtotal: Specific Contingency Reserve</b>	<b>9,588</b>	<b>358</b>	<b>2,000</b>	<b>11,230</b>	<b>236</b>	<b>2,000</b>	<b>12,994</b>
<b>TOTAL EARMARKED RESERVES</b>	<b>30,716</b>	<b>3,770</b>	<b>4,905</b>	<b>31,851</b>	<b>5,801</b>	<b>4,855</b>	<b>30,905</b>

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# Prudential Indicators and Treasury Management

## Introduction

The County Council is required to monitor its overall level of debt in line with the national code of practice drawn up by the Chartered Institute of Public Finance and Accountancy. Part of this code requires consideration of a set of Prudential Indicators in order to form a judgement about the affordable, prudent and sustainable level of debt.

The Prudential Indicators, Treasury Management Strategy and the Annual Investment Strategy have been reviewed in line with the Capital Programme detailed in the Capital Programme 2010/11 - 2014/15 report.

In previous years, debt was defined simply as the amount of money that the local authority had borrowed. From 2009/10 onwards debt is defined as the total of borrowing and other long term liabilities (for example Private Finance Initiative contracts or finance leases that were previously 'off balance sheet') that the local authority has entered into. Prudential Indicators are therefore now defined more broadly. The Prudential Indicators are now shown relative to borrowing, other long term liabilities and total debt to ensure that we comply with the new rules but allow a comparison against previous years indicators.

## Capital Expenditure

Table 1, shown below, summarises the Capital Programme and liabilities from major projects that will appear on the balance sheet in future years. The Capital Programme has been tested for value for money via option appraisal and for prudence, affordability and sustainability by looking at the impact that the proposed Capital Programme has on the Revenue Budget and through the Prudential Indicators.

Table 1

	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000
<b>Total Capital programme</b>	<b>175,401</b>	<b>155,523</b>	<b>142,800</b>	<b>158,386</b>	<b>136,805</b>
Funded by:					
<b>Gross Borrowing</b>	77,093	81,328	56,679	60,868	48,647
<b>Other Capital Resources</b>	98,308	74,195	86,121	97,518	88,158
<b>Total Capital programme funding</b>	<b>175,401</b>	<b>155,523</b>	<b>142,800</b>	<b>158,386</b>	<b>136,805</b>
Capital Expenditure treated as a long term liability	0	0	45,000	0	0
<b>Total Capital Expenditure</b>	<b>175,401</b>	<b>155,523</b>	<b>187,800</b>	<b>158,386</b>	<b>136,805</b>

## Prudential Indicators

### Capital Financing Requirement

The Capital Financing Requirement represents Devon's underlying debt position. It shows the previous and future spend for Capital purposes that has been or will be financed by borrowing or entering into other long term liabilities. The forecast Capital Finance Requirement for 2010/11 and the following four years is shown in table 2 below.

**Table 2**

	<b>2010/11 Estimate £'000</b>	<b>2011/12 Estimate £'000</b>	<b>2012/13 Estimate £'000</b>	<b>2013/14 Estimate £'000</b>	<b>2014/15 Estimate £'000</b>
Underlying Borrowing Requirement	712,276	762,178	785,231	811,456	824,295
Other long-term liabilities	78,133	75,012	117,090	111,913	106,874
<b>Capital Financing Requirement</b>	<b>790,409</b>	<b>837,190</b>	<b>902,321</b>	<b>923,369</b>	<b>931,169</b>

**Limits to Debt**

The Authorised Limit 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. Table 3 details the recommended Authorised Limits for 2010/11-2014/15.

**Table 3**

	<b>2010/11 Estimate £'000</b>	<b>2011/12 Estimate £'000</b>	<b>2012/13 Estimate £'000</b>	<b>2013/14 Estimate £'000</b>	<b>2014/15 Estimate £'000</b>
Authorised Limits for Borrowing	728,602	752,194	767,194	782,194	792,634
Authorised Limit for other Long- Term Liabilities	78,133	75,012	117,090	111,913	106,874
<b>Authorised limit for External Debt</b>	<b>806,735</b>	<b>827,206</b>	<b>884,284</b>	<b>894,107</b>	<b>899,508</b>

The Operational Boundary is based on the anticipated level of external debt during the year. Variations in cash flow may lead to occasional, short term breaches of the Operational Boundary that are acceptable. Sustained breaches would be an indication that there may be a danger of exceeding the Authorised Limits. Table 4 below details the recommended Operational Boundaries for 2010/11 and following years.

**Table 4**

	<b>2010/11 Estimate £'000</b>	<b>2011/12 Estimate £'000</b>	<b>2012/13 Estimate £'000</b>	<b>2013/14 Estimate £'000</b>	<b>2014/15 Estimate £'000</b>
Operational Limits for Borrowing	684,461	718,411	740,398	759,694	770,134
Operational Limit for other Long- Term Liabilities	78,133	75,012	117,090	111,913	106,874
<b>Operational limit for External Debt</b>	<b>762,594</b>	<b>793,423</b>	<b>857,488</b>	<b>871,607</b>	<b>877,008</b>

The forecast opening balance for External Borrowing at 1 April 2010 is £589.639 million. The forecast closing balance for External Borrowing at 31 March 2011 is £614.639 million.

The debt management strategy and borrowing limits for the period 2010/11 to 2014/15 have been set to ensure that over the medium term net borrowing will only be for capital purposes.

**Ratio of Financing Cost to Net Revenue Stream**

Table 5 below shows the relationship between Capital Financing Costs and The Net Revenue Stream for 2010/11 and future years. Financing Cost is affected by Minimum Revenue Provision (MRP) and Interest receivable and payable.

From 2009/10 the MRP strategy has been amended and will be calculated on varying bases. Supported Capital Expenditure, Unsupported Borrowing up to 1 April 2008 and Transferred Debt will continue to be charged by the Capital Finance Requirement method (4%). Unsupported borrowing post 1 April 2008 (including Vehicle and Equipment Loans Pool), Capitalisation Direction and charges to other public sector bodies will be charged based on the period of benefit of the capital investment. Statutory guidance requires that MRP relating to PFI and finance leases will be charged over the term of the agreement.

The figures for MRP shown below reflect the adoption of this strategy.

Capital financing costs are also now affected by PFI contracts and finance leases coming 'on Balance Sheet'. We have calculated the amounts within the contracts that relate to the reduction of liability and the cost of interest and these amounts are shown in the 'Capital Financing Costs of Other Long Term Liabilities'. The main Prudential Indicator to measure the acceptable level of borrowing remains the ratio of financing costs to total revenue stream.

**Table 5**

	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Minimum Revenue Provision	29,283	31,426	33,626	34,643	35,808
Interest Payable	33,345	34,266	36,750	37,155	38,234
Recharges and other adjustments	(5,446)	(5,967)	(5,906)	(5,644)	(6,013)
Interest Receivable	(4,031)	(3,182)	(3,417)	(3,477)	(3,495)
<b>Capital Financing Cost (excluding other Long term Liabilities)</b>	<b>53,151</b>	<b>56,543</b>	<b>61,053</b>	<b>62,677</b>	<b>64,534</b>
<b>Capital Financing Costs of other Long Term Liabilities</b>	<b>10,048</b>	<b>10,202</b>	<b>13,549</b>	<b>13,642</b>	<b>13,120</b>
<b>Capital Financing Costs including other Long Term Liabilities</b>	<b>63,199</b>	<b>66,745</b>	<b>74,602</b>	<b>76,319</b>	<b>77,654</b>
<b>Net Revenue Stream</b>	<b>539,256</b>	<b>538,338</b>	<b>546,625</b>	<b>555,112</b>	<b>563,811</b>
<b>Ratio of Financing Costs (excluding other long term liabilities) to Net Revenue Stream</b>	<b>9.86%</b>	<b>10.50%</b>	<b>11.17%</b>	<b>11.29%</b>	<b>11.45%</b>
<b>Ratio of Financing Costs (including other long term liabilities) to Net Revenue Stream</b>	<b>11.72%</b>	<b>12.40%</b>	<b>13.65%</b>	<b>13.75%</b>	<b>13.77%</b>

## Incremental Impact on Council Tax

The incremental impact on Council Tax of the investment decisions made in setting the 2010/11 Capital Programme is shown in Table 6.

**Table 6**

	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Incremental impact on Band D Council Tax Payers of investment decisions funded by borrowing	(8.17)	(16.17)	(20.61)	(16.27)	(3.01)
Incremental impact on Band D Council Tax Payers of investment decisions funded by increased other long term liabilities	0.00	0.00	13.12	12.78	12.44
<b>Incremental impact on Band D Council Tax Payers of capital investment decisions made in setting the 2010/11 MTCP</b>	<b>(8.17)</b>	<b>(16.17)</b>	<b>(7.49)</b>	<b>(3.49)</b>	<b>9.43</b>

# **Treasury Management Code of Practice**

## **Clauses to be formally adopted by the County Council**

The County Council will create and maintain, as cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury activities; and
- suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The County Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in the TMPs.

The County Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Director of Finance, who will act in accordance with the County Council's policy statement and TMPs and if he/she is a CIPFA member, CIPFA's Standard of professional Practice on Treasury Management.

The County Council nominates the Policy Overview Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## **Treasury Management Policy**

The Council defines its treasury management activities as: The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance within those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Treasury Management Practices (TMPs) will be applied to ensure that this Policy is delivered. The Council will through the use of these practices ensure that security and liquidity are prioritised ahead of yield within the defined risk framework.

## **Treasury Management Practices**

Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.

### **TMP1 Treasury Risk Management**

The Director of Finance will ensure the design, implementation and monitoring of all arrangements for the identification, management and control of treasury management risk. She will report at least annually on their adequacy and suitability, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements.

In respect of each of the following risks, the arrangements, which seek to ensure compliance with these objectives, are set out.

#### **Liquidity risk management**

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its business and service objectives.

The daily cash flow is managed by officers in order to 'smooth' the flow of funds into and out of the Council, ensuring best returns on surplus funds, whilst minimising borrowing costs on days where there is a shortage. Borrowing and lending is generally undertaken in periods of under one month to ensure as far as is possible that on no one day should there be a requirement to have to fund shortages in excess of £1 million. Days when it is known that large outflows of money will take place e.g. payroll dates, are obvious dates to ensure there is sufficient liquidity.

Balances that are identified as not being for immediate use, say within the next few months, may be invested for longer periods.

#### **Interest rate risk management**

The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or achieving its interest revenues, as set out in the Revenue Budget.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

The level of exposure to Interest Rate Risk depends on the balance of fixed to variable monies. Here the risk is twofold. Being locked in to fixed funding when rates are falling, or failing to take advantage at a time when rates are perceived as low, or are forecast to rise; conversely, being locked into investments when rates are rising, and being unable to take advantage of this situation.

The Council has had, for a number of years, the policy of borrowing the fixed rate long-term element of its loans portfolio with loans from the Public Works Loan Board (PWLB) or the Money Market. This policy is reassessed annually as part of the adoption of the Treasury Policy Statement.

Interest Rate Risk is not increased by this policy as it is still possible to manage by switching existing loans from fixed to variable or vice versa, or re-scheduling existing debt, i.e. repaying existing debt, and re-borrowing over a shorter, or perhaps longer period. However, the existing arrangements operated by the Board of different rates for repaying loans as to those applied to new advances, mean that such changes are often uneconomic. Regard must always be had of the potential costs of any re-scheduling, as often they will attract a premium payable to the lender. This point is also referred to later under 'Re-financing Risk.'

Market Loans, usually in the form of Lender's Option Borrower's Option (LOBOs), offer an alternative to borrowing from the PWLB. Here money is borrowed for an initial period against the issue of a Bond, and gives the Lender the Option of varying the rate at the end of the period. If this Option is taken, the Council as Borrower can in turn agree to the new rate, or repay the loan without penalty. The flexibility offered by such loans can be a great help in managing this type of risk. The lender, who has the choice to (or not to) exercise the first option, has to be seen as having the greater control of the arrangement.

On the investment side, the use of Call Accounts, Notice Money, Money Market Funds, and Callable Deposits all introduce a degree of flexibility not offered by fixed term investments.

### **Exchange rate risk management**

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

It will achieve this objective by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of exchange rates. The above is subject at all times to the consideration and, if required, Council approval of any policy or budgetary implications.

The risk from fluctuating exchange rates is not material as far as the Council is concerned, as there is currently very little of either income or expenditure transacted in currencies other than Sterling.

### **Inflation risk management**

The effects of varying levels of inflation will be considered by the Council as an integral part of its strategy for managing its overall exposure to risk.

During the current period of low and stable inflation, there is little requirement for active consideration of its impact. The key objectives are that investments reap the highest real rate of return, with debt costing the lowest real cost. Should this change, projections of inflation will become part of the debt and investment decision-making criteria, both strategic and operational.

### **Credit and counterparty risk management**

The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 'Approved Instruments, methods and techniques'. It also recognises the need to have, and maintain, a formal counterparty policy in respect of those organisations with whom it may enter into financing arrangements.

The County Council's arrangements have been formulated to restrict the exposure to risk by taking account of the credit standing of counterparties, and setting limits to different types of borrowers.

The credit ratings of all three major rating agencies (Fitch, Moody's and Standard & Poor's ) will be used to ensure that commercial institutions satisfy the requirements of the current policy. In essence the County looks for the highest rating from banks and sets lending limits against each one. Banks and UK Building Societies that do not attract these ratings are not considered at all. The actual ratings sought by the Council may be varied as part of the regular review of lending policy and counterparties.

Lending to other Local Authorities, and Public Bodies is allowed, with differing credit limits according to the type of institution.

The List of Approved Counterparties is kept under close review and is subject to amendment in the light of changes to credit ratings, takeovers and mergers, or changes to the type of institution.

Approved institutions are placed on the lending list, deposits may not be made to any institution, which does not conform to the requirements of the Lending List, nor is any transaction allowed to be entered into through any money broker not featuring on the approved list. The financial press and other sources are monitored with a view to discovering cases where an institution on the List is in any difficulty, financial or otherwise. If appropriate, any organisation will be immediately suspended from the list until such time that they demonstrate their creditworthiness. The decision to suspend a counterparty is made by the Investment Manager, and notified to other officers by the issue of a revised Approved List.

Funds available to the County for investment are substantial, and the current lending policies ensure a balance of there being no difficulty placing funds, whilst at the same time the credit risk is minimised.

### **Refinancing risk management**

The Council will ensure that its borrowing arrangements are structured, and managed with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise its achievement.

External long term funding is arranged by the Treasury staff in accordance with the Treasury Strategy, which is adopted by the Council's members before the start of each financial year. All borrowings are with either the Public Works Loan Board or a major bank as lender.

Loans are offered by the Board over periods of one to fifty years and can be either at fixed or variable rates. There are also three methods of repaying loans; Maturity, by Equal Instalments of Principal (EIP), or as Annuity loans. The Council currently uses only the first type, and pays interest half-yearly in September and March. These payments are made by Direct Debit.

PWLB loans are fairly flexible; variable loans can be converted to fixed loans and vice versa, debt can be re-scheduled over different periods. Re-scheduling existing fixed rate debt however introduces an element of refinancing risk, which is increased in re-scheduling loans with long maturity profiles. The penalty (or premium) payable is dependent on the relationship between the loan rate and the current repayment rate for loans of a period equal to the unexpired term. As PWLB rates are reviewed daily, the timing of the rescheduling exercise is important if the costs of any penalties are not to cause problems to budgeted expenditure levels.

### **Legal and regulatory risk management**

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

Council officers carry out their duties with reference to Local Government Acts and Regulations, and in accordance with the Council's Treasury Management Policy.

In framing the Lending List, reference is made to official circulars from the Bank of England and to Credit Agency reports in order to vet potential counterparties. In return, the Council, if requested, will provide to those institutions, documentation to support the Council's and Council Officer's powers to enter into any transaction. Annual Accounts, Treasury Management Strategy Statements, and Schemes of Delegation are exchanged with counterparties.

Under no circumstances are officers involved in cash management allowed to borrow or lend for the purpose of generating surpluses from speculative money market dealings.

### **Fraud, error and corruption, and contingency management**

The Council will ensure that it has identified the circumstances that may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures to reduce exposure to these risks, in addition to providing effective contingency management arrangements.

Systems and procedures are in place to ensure that all money market deals are documented and authorised.

Proprietary systems are used to record money market transactions (Logotech Treasury Management), and to process transactions (Barclays Bank BusinessMaster). Both of these systems are operated with a clear division of duties between personnel involved in data entry, checking, and authorisation of transactions. Both systems are accessed only through a system of passwords. Reports and records from the systems also allow independent checks by others, for example Internal Audit, on the accuracy and completeness of all transactions, and to verify that they were made in accordance with agreed policy.

A summary of each day's activity is kept which shows the opening bank balances, and record of individual receipts and payments to be transacted during the day. This allows a forecast to be made of the end of day balance, and from this, the requirement to either borrow or lend funds.

Generally, if the forecast closing balance is less than £100,000 overdrawn, it is not economic to borrow at rates just marginally below the rate payable by having an overdrawn balance. The transaction costs, and the cost of brokerage, will more than outweigh any saving of interest.

A forecast credit balance of anything below £250,000 will not be offered to the 'market', but will be simply kept with Barclays Bank.

All borrowing is conducted via money brokers, and every effort is made to ensure that no one broker is given a disproportionate amount of business.

Lending can be arranged either direct with counterparties, or via a broker (as lending does not attract brokerage). It is clearly important to show that the interest rate for deposits made was competitive, and so a record is kept of rates available from other potential borrowers on the day.

Deals are entered into the Logotech system, and reports produced from it confirming the details entered, and a current list of all outstanding borrowing and lending. The BusinessMaster system is used to electronically transfer funds where deposits have been agreed, or where borrowings are to be repaid. Hard copy confirmation reports of data input to BusinessMaster are created, and together with the Logotech reports and the Summary Sheet are passed to another section for checking and validation.

Authorisation to release electronic payments is restricted to a small number of senior officers, each of whom has been allocated a unique sign in.

Arrangements are in place to ensure that the roles of creator, validation and authoriser are covered for holidays and other absences.

Officers responsible for cash management follow the recommended procedures set out in the London Code of Conduct. This code requires that:

- Officers should not disclose or discuss, or press others to disclose or discuss, any information relating to specific deals transacted without permission from the relevant counterparty or broker;
- Visits to or from brokers should not be organised without the express permission of a senior officer. Any hospitality received must be declared and recorded;
- All deals must be concluded in the Investment Team Office;
- The dealer must bear in mind that in accepting a firm price, they are committing the Council to dealing at that rate. If a dealer wishes merely an indicative price, this must be made clear; and
- Brokers must be supplied with a copy of the Council's current approved Counterparty Lending List.

### **Market risk management**

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

All lending is in the form of cash deposits. There are no investments whose capital value may fluctuate, for example Gilts or Certificates of Deposit (CDs).

If Gilts were to be used, it would be on the basis of holding them to maturity so as not to introduce any element of risk.

### **TMP2 Best Value and Performance Measurement**

The Council is committed to the pursuit of best value in its treasury management activities, and to the use of performance methodology in support of that aim.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, and of the scope for other potential improvements.

The review of treasury management decisions is carried out at regular officer meetings held to discuss treasury matters. This forum reviews past actions as well as considering the period ahead.

The minutes of these meetings are made available to External Audit as part of their Annual Audit, and to Internal Audit should they be required.

Performance is measured against other Authorities and against agreed benchmarks.

Long term debt is judged in terms of average rate of all external debt, and comparisons made with previous years.

Investment earnings are measured against published benchmarks, including Base Rate and the London Interbank Seven Day Rate (Libid).

Data is submitted to CIPFA for inclusion in its annual Treasury Management and Debt Management Statistics, which allow comparison with others. The County Council is also a member of CIPFA's two 'Benchmarking Clubs' for Treasury and Debt Management and this allows more meaningful comparisons to be made with similar authorities. The meetings of the 'clubs' also give the opportunity to meet with other practitioners to discuss performance and good practice.

At present the Council has no plans to appoint external cash fund managers. It is not felt that the cost of such an appointment is likely to be covered by any marginal return over what is currently being achieved internally. However, this matter needs to be reviewed from time to time, and records are kept of the performance of a number of fund managers.

### **TMP3 Decision-Making and Analysis**

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

In respect of every decision made, Devon County Council's Treasury staff will have certainty about the legality of the transaction, and be content that the transaction helps deliver the organisation's objectives as set out in the Strategy Statement.

Third parties will have been checked to ensure their credit worthiness and to ensure that limits have not been exceeded. Rates will be fully checked against the market to ensure they are competitive.

With particular regard to borrowing, market and economic factors will influence the timing of any funding, the most appropriate period, and the repayment profile.

Similarly, before investing, account will be taken of the existing cash flow, and market conditions, before fixing the optimum period.

The Council employs Treasury Management Advisors, who are able to ensure that the officers are informed of any potential changes that may affect treasury decisions.

Records are kept not only of all transactions, but also of all documents that were a part of reaching the decision. For example, when investing, bids will be obtained from a number of banks, and a record kept of these to demonstrate that the one taken was competitive.

### **TMP4 Approved Instruments, Methods and Techniques**

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed, and within the limits defined in 'TMP1, Risk Management'.

The following are approved activities performed by Devon County Council:

- Borrowing;
- Lending;
- Debt repayment and rescheduling;
- Consideration, approval and use of new financial instruments and treasury management techniques;
- Managing the underlying risk associated with capital financing and surplus funds; and
- Managing cash flow.

There are a number of ways of raising external capital finance, which are set out in Local Government Acts, but the Council has only used two of these, borrowing from the Public Works Loan Board, and from banks, in the form of LOBOs (see TMP 1 Treasury Risk Management – Interest Rate Risk for more information).

The Director of Finance considers these the most appropriate form of borrowing, but alternatives to these, which are allowed to Local Authorities, may well be considered in the future.

(Increasingly, there are other potential sources for the funding of capital projects, e.g. Private Finance arrangements, or the use of leasing, but they are not considered here).

A number of types of cash deposits are used, but in each case the capital value of the investment is not allowed to fluctuate.

## **TMP5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements**

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends to depart from these principles, the Director of Finance will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements, and the implications properly considered and evaluated.

The Director of Finance will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, as a CIPFA member, the Standard of Professional Practice on treasury management. She will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

There are a number of bodies and individuals with responsibilities in this area.

### **Councillors**

Members will receive reports on treasury management policies, practices and activities, including audit reports. As a minimum, each year, Council will have to consider:

- The Treasury Strategy Report, setting out the strategy and plans to be followed in the coming year. This report is part of the Budget process;
- A Mid-Year Monitoring Report; and
- An Annual Treasury Management Stewardship Report on the performance of the Treasury Management function, and highlighting any areas of non-compliance with agreed policy.

(The content of these three reports are more fully explained in TMP 6 'Reporting Arrangements'.)

Members are required to approve any amendments to the organisation's adopted Treasury Management Policy Statement, and the selection of external service providers, including agreeing terms of appointment.

### **The Director of Finance**

The Director is responsible for recommending (changes to) Treasury Management Policies to Members for approval, and for ensuring they receive as a minimum, the two annual reports referred to above. The Director will ensure that Treasury Policies are adhered to, and if not will bring the matter to the attention of elected members as soon as possible.

The Director will receive reports from the Treasury Team, both Internal and External Audit, and from other sources regarding performance. It is the responsibility of the Director to consider such reports, and any recommendations arising from them.

Prior to entering into any long term borrowing, lending or investment transaction, it is the responsibility of the Director to be satisfied, by reference to the Investment Team that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.

The Director has delegated powers to take the most appropriate form of borrowing from the approved sources, and to take the most appropriate form of investments in approved instruments. In practice these powers are in turn delegated to the Investment Team.

### **The Investment Manager**

The Manager needs to ensure the adequacy of treasury management resources and skills, the effective division of responsibilities within the treasury management function, and that all transactions are authorised in accordance with the financial regulations of the Council.

### **The Treasury Management Team**

The Treasury management Team are responsible for optimising the Council's investment returns commensurate with minimum risk, and in accordance with agreed policy and strategy.

Nominated team members are responsible for the execution of transactions, and for ensuring that they are documented in accordance with agreed practice.

In performing their roles they need to be aware of maintaining relationships with third parties and external service providers, which may well lead to identifying and recommending opportunities for improved practice.

Reports, both verbal and written are required to be made to the Director of Finance and the Investment Manager.

### **Internal Audit**

The responsibilities of Internal Audit include ensuring compliance with approved policy and procedures, reviewing division of duties and operational practice, assessing value for money from treasury activities, and undertaking probity audit of the treasury function.

## **TMP6 Reporting Requirements and Management Information Arrangements**

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

Before the start of each financial year, the Council must adopt the Treasury Management Strategy. The Strategy sets out the expected treasury activities for the forthcoming year, and is concerned with:

- The prospects for future interest rates;
- The expected strategy with regard to borrowing and temporary investments (including the appointment of external managers); and
- Policies regarding debt redemption and rescheduling.

A mid-year monitoring report will bring Members up to date with actions taken. This will draw on the regular meetings which the Director of Finance has with the Investment Manager and Treasury staff to consider activity to date, and to discuss particular aspects of treasury management activity.

An annual Treasury Management Stewardship Report will be presented to the Cabinet in conjunction with the financial outturn report. The Treasury Management report includes:

- A comprehensive picture for the financial year of all treasury policies, plans, activities and results;
- Details of transactions executed and their revenue (current) effects;
- A report on risk implications of decisions taken;
- Monitoring of compliance with approved policy, practices and statutory/regulatory requirements;
- Monitoring of compliance with powers delegated to officers;
- The degree of compliance with the original strategy and explanation of deviations;
- An explanation of future impact of decisions taken on the organisation;
- Measurements of performance; and
- A report on compliance with CIPFA Code recommendations.

### **TMP7 Budgeting, Accounting and Audit Arrangements**

The Director of Finance will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management. This will bring together all of the costs involved in running the treasury management function, together with associated income. The matter to be included in the budget will at a minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 'Risk Management', TMP2 'Best Value and Performance Measurement', and TMP4 'Approved Instruments, Methods and Techniques'.

The Treasury Management Budget or supporting papers will identify

- Staffing numbers and related costs, together with on-costs;
- Interest and other investment income;
- Debt and other financing costs;
- Bank and overdraft charges;
- Brokerage, commissions and other transaction-related costs; and
- External advisors' and consultants' charges.

The Director of Finance will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 'Reporting Requirements and Management Information Arrangements'.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

### **TMP8 Cash and Cash Flow Management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the Director of Finance, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Investment Manager will ensure that these are adequate for the purposes of monitoring compliance with TMP1 regarding Liquidity Risk Management.

A Cash Flow Report is produced at the start of each financial year, based upon information contained in the published Capital and Revenue Budgets.

Items of income and expenditure are examined and in discussion with finance staff from the different services, a time dimension is attached to the flows of cash.

All of the cash flow data is then entered into the Logotech Treasury Management System, which also contains information relating to all of the Council's treasury transactions, both lending and borrowing.

Actual receipts and payments are monitored against the forecast, and regular discussions are held with services staff who are likely to be able to explain the variations. The forecast is updated in the light of them

Cash flow is discussed at weekly meetings of the Treasury Team, and is used in determining investment strategy.

### **TMP9 Money Laundering**

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures to minimise the risk of any such event occurring, and for verifying and recording the identity of counterparties and reporting suspicions. It will also ensure that staff involved in treasury transactions are properly trained.

The source of all monies received by the Council is required to be identified. Major unbudgeted income or receipts which had not been forecasted are investigated.

The County Council does not accept loans from individuals. All loans are obtained from the Public Works Loan Board or from authorised institutions under the Banking Act 1987. The names of these institutions formerly appeared on the Bank of England's quarterly list of authorised institutions, but in December 2001, the Financial Services Authority (FSA) took over many of the Bank's responsibilities in this area, and it is now responsible for maintaining the register.

### **TMP10 Staff Training and Qualifications**

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to ensure that individuals involved, whether in-house or out-sourced, are both capable and experienced and provided with training to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

Career development and planning for succession are similarly the responsibility of the Departmental Management. Qualifications that are required for all treasury posts are contained in their job descriptions.

The Council's Director of Finance, as a member of CIPFA is committed to her professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

She personally, and through her management team, accepts that these matters are ones that should be regularly assessed to ensure compliance.

### **TMP11 Use of External Service Providers**

The Council recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources.

If and when it employs such service providers, it will ensure it does so for reasons, which will have been submitted to full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Where feasible, a spread of service providers will be used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Director of Finance.

## **TMP12 Corporate Governance**

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key recommendations of the Code. This, together with the other arrangements detailed in this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Director of Finance will monitor and, if necessary, report upon the effectiveness of these arrangements.

## Treasury Management and Investment Strategy

The County Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. This is one of the Prudential Indicators required by the Code. The CIPFA code also requires the Council to approve a Treasury Management Policy Statement together with a statement of its 'Treasury Management Practices' (TMPs). A revised Code of Practice was published by CIPFA in December 2009 and a revised Policy Statement and TMP's have been submitted to the County Council budget meeting for approval.

This Treasury Management Strategy document sets out:

- The current treasury position, debt and investments;
- Prospects for interest rates;
- The borrowing strategy;
- Debt rescheduling;
- Indicators on fixed / variable borrowing and maturing debt; and
- The investment strategy

### Analysis of Long Term Debt

The following table shows the County Council's fixed and variable rate debt as at 31 March 2009 and 18 January 2010 (current).

The interest rates shown do not include debt management costs or premiums/discounts on past debt rescheduling.

There has been no new borrowing during the current financial year, and all capital spending has been funded by money borrowed in advance of the year, or from revenue balances. In January 2010 £20m of long term debt was repaid to the Public Works Loan Board (PWLB) without incurring a premium. This action will produce a net saving in interest charges of £800,000 in a full year.

	Actual 31.03.09 £'m	Interest Rate %	Current 18.01.10 £'m	Interest Rate %
<b>Fixed Rate Debt</b>				
PWLB	518.10	4.96	498.10	4.98
Money Market	91.50	5.81	91.50	5.81
<b>Variable Debt</b>				
PWLB	0.00		0.00	
Money Market	0.00		0.00	
<b>Total External Borrowing</b>	<b>609.60</b>		<b>589.60</b>	
Other Long Term Liabilities	83.55		83.55	
<b>Total Debt</b>	<b>693.15</b>	<b>5.09</b>	<b>673.15</b>	<b>5.09</b>

### Schedule of Investments

The following schedule shows the County Council's fixed and variable rate investments as at 31 March 2009 and 18 January 2010 (current).

		<b>Actual 31.03.09 £'m</b>	<b>Interest Rate %</b>	<b>Current 18.01.10 £'m</b>	<b>Interest Rate %</b>
<b>Fixed Rates</b>	Maturing in:				
Term Deposits	< 365 days	157.80	3.74	101.45	1.21
	365 days & >	0.00		20.000	3.53
	Callable Deposits				
<b>Variable Rate</b>					
	Call & Notice Accounts	0.00		36.86	0.70
	Accounts linked to LIBOR Rates	30.00	3.70	15.00	1.81
	Money Market Funds (MMFs)	0.00		0.00	
<b>All Investments</b>		<b>187.80</b>	<b>3.70</b>	<b>173.31</b>	<b>1.33</b>

Since autumn 2008 the investment performance of the County Council's cash has been affected by two major factors:

- The global banking sector crisis, where only radical measures by Governments around the world has kept the sector from total collapse; and
- Very low interest rates (as part of the measures used to alleviate the global credit crunch)

The former necessitated a review of the Council's lending list, and the adoption of an even more prudent approach to counterparties to whom the County Council is willing to lend. The lending policy is kept under constant review and only a small number of selected UK Banks & Building Societies are currently being used.

The full effect of the second factor has now been seen in the rates being offered for new deposits in both the current year and going forward into 2010/11. The returns on the County Council's cash investments is forecast to remain at very low levels, as maturing monies are reinvested at much lower current rates.

## Prospects for Interest Rates

Forecasting future interest rate movements even one year ahead is always difficult. The factors affecting interest rate movements are clearly outside the Council's control. Whilst short term rates are generally linked to the Bank of England's Base Rate, long term rates are determined by other factors e.g. the market in Gilts.

The County Council retains an external advisor, Butlers, who forecast future rates several years forward and similar information is received from a number of other sources. When budgeting for interest payments and receipts a prudent approach has been adopted to ensure that, as far as is possible, both budgets will be achieved.

The following table sets out the basis of the view of interest rates over the next year. Forecasts are at Quarter End dates, where given by Butlers, or at the start and end of the calendar year in respect of the surveys conducted by HM Treasury and Legal & General.

These surveys of industry practitioners points to the possibility of an end to the very low short-term rates (lending), with Base Rate forecast to be at least 1.0% by December 2010. Longer-term rates, where we need to borrow to fund the Capital Programme, are also forecast to increase across the entire maturity range.

	Jan (act) 2010	March 2010	June 2010	Sep 2010	Dec 2010	March 2011
<b>Base Rate</b>						
Butlers	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
HM Treasury - Survey of City Institutions and Academics	0.50%				1.30%	
Legal & General - Survey of City Institutions (median)	0.50%				1.25%	

	Jan (act) 2010	March 2010	June 2010	Sep 2010	Dec 2010	March 2011
<b>PWLB Rates</b>						
Butlers forecast						
<b>5 Year</b>	3.22%	3.60%	3.80%	4.00%	4.00%	4.20%
<b>20 Year</b>	4.52%	4.90%	5.00%	5.00%	5.00%	5.20%
<b>50 Year</b>	4.48%	5.00%	5.10%	5.20%	5.20%	5.40%

## Borrowing Strategy 2010/11 – 2012/13

The Medium Term Financial Strategy assumes that, over the three year period, any new long-term borrowing will be undertaken at **4.50%** p.a. Given the forecasts that we have, this is thought to be a cautious assumption that is expected to be achievable.

No new borrowing is anticipated to be required in 2009/10. New borrowing of £25m may be required in 2010/11 to assist funding of the Capital Programme.

The overall aims, as in previous years, are to achieve:

- Borrowing at the lowest rates possible in the most appropriate periods;
- The minimum borrowing costs and expenses;
- A reduction in the average interest rate of the debt portfolio; and
- A significant out-performance against other local authorities in the CIPFA Debt Management Benchmarking statistics.

If short-term borrowing is required to aid cashflow, this will be targeted at an average rate of **2%**.

## Debt Re-scheduling

The Public Works Loan Board (PWLB) have made no further changes to the basis on which it lends funds to Local Authorities since November 2007. The changes made at that time were highlighted in previous Strategy reports as it largely meant the end of any debt re-scheduling opportunities, given the penalties that would be incurred by authorities seeking to repay and re-finance their existing loan portfolios.

As a result of representations by many councils, including Devon County Council, the PWLB has recently conducted a consultation with interested parties about the current penalties in place when debt is redeemed. A statement on the PWLB's current policy is anticipated before the start of the 2010/11 financial year. Officers will continue to monitor the situation. Should the PWLB relax its stance, or reduce the penalties, we will, with our Treasury Advisors put this issue back on the agenda.

## Treasury Management Prudential Indicators

These indicators seek to reduce the risks associated with fixed and variable interest rate loans and with borrowing for different loan periods.

Borrowing at fixed rates of interest rates for long periods can give the opportunity to lock into low rates and provide stability but means that there is a risk of missing possible opportunities to borrow at even lower rates in the medium term.

Variable rate borrowing can be advantageous when rates are falling but also mean that there is a risk of volatility and a vulnerability to unexpected rate rises.

Borrowing for short periods or having large amounts of debt maturing (and having to be re-borrowed) in one year increases the risk of being forced to borrow when rates are high.

The Council's policy has been to borrow at fixed rates of interest when rates are considered attractive. This has worked well over recent years but the flexibility to adapt to changing interest rate environments must be retained.

The proposed Prudential Indicators for 2010/11 and beyond are set out in the table below:

<b>Treasury Management Prudential Indicators</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
	<b>%</b>	<b>%</b>
Limits on borrowing at fixed interest rates	100	70
Limits on borrowing at variable interest rates	30	0
Percentage of Fixed Rate Debt maturing in:		
Under 12 months	10	0
12 Months to within 24 months	15	0
24 Months to within 5 Years	30	0
5 years and within 10 Years	35	0
10 years and within 20 years	45	10
20 years and within 30 years	55	10
30 years and within 40 years	65	10
40 years and within 50 years	75	20

## Monitoring the Indicators

It is important to monitor performance against forward looking indicators and the requirement that borrowing should only be for capital purposes. The total level of borrowing will be monitored daily against both the operational boundary and the authorised limit.

Performance against the indicators will be reported to the Cabinet along with other budget monitoring information. If monitoring indicates that the authorised limit will be breached, a report will be brought to the Cabinet outlining what action would be necessary to prevent borrowing exceeding the limit and the impact on the revenue budget of breaching the limit. It will be for the Cabinet to make recommendations to the County Council to raise the limit if it is felt appropriate to do so.

The indicators for capital expenditure, capital financing requirement, capital financing costs and the treasury management indicators will be monitored monthly. Any significant variations against these indicators will be reported to the Cabinet with other budget monitoring information.

## **Investment Strategy 2010/11 – 2012/13**

The County Council has always adopted a very prudent approach to its cash investments. The events of the last eighteen months have proved the value of this approach, and it is pleasing to be able to report that the Council has not suffered any losses, or potential losses, from the turmoil in the money markets. Indeed some aspects of our investment strategy have been reviewed, and the Council revised its lending criteria. These measures are in place until the outlook becomes more settled, and that the cash markets return to what is considered to be a more normal environment.

In the meantime officers will continue with the existing policies of not lending to a range of institutions that would normally be on the list of approved counterparties. Members will be kept fully advised of the position going forward into the new financial year. As noted in an earlier part of this report the County Council's lending policy is being kept under daily review and has been relaxed to allow a small number of selected UK Banks & Building Societies to be reinstated onto the lending list.

However it must be borne in mind that as the current financial environment is largely outside the Council's control, this could still impact on the borrowing and investment receipts budgets but the Treasury Management Strategy needs to be set for when a more normal scenario is resumed.

The full County Council is required under the guidance in the CIPFA Treasury Management Code of Practice to approve an Annual Investment Strategy.

The overall aims of the Council's strategy continue to be to:

- Limit the risk to the loss of capital;
- Ensure that funds are always available to meet cash flow requirements;
- Maximise investment returns, consistent with the first two aims;
- Review new investment instruments as they come to the Local Authority market, and to assess whether they could be a useful part of our investment process; and
- Achieve an investment performance, which places us in the top quartile in the CIPFA Treasury Management Benchmarking statistics.

**The overriding objective will be to invest prudently, with priority being given to security and liquidity before yield.**

Security is achieved by the creation of an 'Approved List of Counterparties'. These are the banks, building societies, money market funds and other public bodies with whom we are prepared to deposit funds. In preparing the list, a number of criteria will be used not only to determine who is on the list, but also to set limits as to how much money can be placed with them.

Banks are expected to have a high credit rating. The Council currently uses the ratings produced by the Fitch credit rating agency, and looks for a minimum short term rating of 'F1', and a long term rating of 'A'.

In order to meet the recommended practice set out in the new Treasury Management Code the County Council will adopt a new basis for judging the credit quality of Banks, UK Building Societies and other rated institutions. The ratings issued by all three of the major credit rating agencies, Fitch, Moody's and Standard & Poor's, are available to the Council (through its external Treasury Advisors – Butlers) and will be monitored daily. The lowest rating published by any of the agencies will be used to decide whether an institution is eligible for inclusion. This rating will also determine the maximum amount which can be loaned to an individual counterparty.

Money Market Funds must have an 'AAA' rating, but are not currently being used.

Other public sector bodies are principally arms of Government, or other local authorities and although not rated are deemed suitable counterparties because of their inherent low risk.

The 'Approved List of Counterparties' specifies individual institutions, and is formally reviewed at least monthly. In the current environment, this takes place on a daily basis. Notification of credit rating downgrades (or other market intelligence) is acted upon immediately, resulting in any further lending being suspended.

What follows is a summary of the 'Approved List', although as mentioned earlier, the current policy is not to use it to its full extent.

Counterparty Type		Fitch	Moody's	Standard & Poor's	Credit Limit
<b>Banks</b>					
UK Banks	not below	AA- & F1+	Aa3 & P-1	AA- & A-1	£40million
	not below	A- & F1	A3 & P-1	A & A-1	£25 million
<b>UK Building Societies</b>					
	not below	AA- & F1+	Aa3 & P-1	AA- & A-1	£40million
	not below	A- & F1	A3 & P-1	A & A-1	£25 million
<b>Public Bodies</b>					
<b>Central Government</b>					
– Debt Management Office					Unlimited
<b>Local Government</b>					
– County Councils					£10 million
– Metropolitan Authorities					£10 million
– London Boroughs					£10 million
– English Unitaries					£10 million
– Scottish Authorities					£10 million
– English Districts					£5 million
– Welsh Authorities					£5 million
<b>Fire &amp; Police Authorities</b>					£5 million
<b>Money Market Funds</b>		AAA	Aaa	AAA	£25 million

The crediting ratings shown in the table for UK banks and building societies allows for greater sensitivity in recognising counterparty risk. The flexibility to manage small changes in credit rating may require some existing counterparties investment limits to be reduced. A further consequence of this classification is that a small number of institutions may be added to the counterparty list.

Liquidity in investments is the second key factor in determining our strategy. Funds may be earmarked for specific purposes or may be general balances, and this will be a consideration in determining the period over which the investment will be made.

**The Council has a self-imposed limit of ensuring that at least 15% of deposits will be realisable within one month.**

A requirement of the Prudential Code is to establish an indicator of the total principal sum invested for a period longer than 364 days, and to state the basis used in determining the amount. The purpose of this indicator is to help the Council to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested.

**The limit on investments over 364 days will be set at no more than 20% of the total loans outstanding at any time or £30m whichever is the lower.**

For the period 2010/11 – 2012/13 it has been assumed that the interest rate earned on short-term lending will be **0.80%** p.a. throughout the three years. Some of the longer-term positions that have taken in the current year will offer some protection in this lower rate environment over the next few years. So the target we have set ourselves is thought to be one that is achievable.

## **Performance Targets**

The primary targets of the Treasury Management Strategy are to minimise interest payments and maximise interest receipts over the long term whilst achieving annual budgets, without taking undue risk. Where there are comparative statistics available for individual aspects of the Strategy (e.g. the CIPFA Treasury Management Statistics) these will be used to monitor performance.

# **Risk Assessment - 2010/11 Budget**

## **Background**

As part of the budget-setting process, the County Council must consider the risks inherent in the budgets set and the adequacy of the measures put in place to manage those pressures. Members need to form a view on the adequacy of the level of reserves as a safeguard against unexpectedly high levels of demand being experienced in a number of volatile budget areas. The level of general balances is determined by the Council. A risk assessment has been undertaken of the main volatile budget areas, which follows this introductory page.

The most significant high-risk areas for 2010/11 are the increased demand for child care services, home to school transport, services to older people and those with physical disability, sensory impairment or learning disabilities, mental health services and waste management. Such costs are difficult to predict and are often high cost where required.

Directorate management teams have, however, identified a number of strategies aimed at managing these pressures as set out in the following pages.

The County Council has a number of successful and long-standing partnership arrangements. The attached schedules contain estimated contributions by the Authority that is contained within the 2010/11 budget, together with details of the related contributions from other Organisations.

Each arrangement contains an element of risk and these are specified within the document, along with actions to mitigate the risk.

Details are only included where the partnership entails a contribution from the County Council in excess of £500,000.

It is very important that active budget monitoring and management remains in place and is undertaken with a high level of professional discipline, so that net expenditure is contained within budget limits. The delivery of vacancy management and procurement savings will be important elements of strategies for coping with financial limits impacting on the 2010/11 budget. They will also be crucial to delivering cost base reductions for the financial periods beyond 2010/11, when public sector spending facing significant limitations to balance the national economy. However, it is important to recognise that such reductions are not guaranteed and will require careful management to ensure that important service provision remains in place for priority services.

## Children & Young People Services Directorate

Service	Budget 2010/11 £000k	Risk & Impact	Mitigation
General office practice and management efficiencies across CYPs		Reductions year on year in all teams have taken out spare capacity, reduced travel and venue costs and increased flexible/electronic working. Targets are therefore challenging. Officer time will need to be tightly prioritised and officers will be less available. Delays in post reductions will reduce part-year savings. Recruitment slippage may be applied and this could affect workflow.	Efficiencies are part of ongoing planning and so some are already scheduled. Managers will work with teams to maintain compliance with statutory minimum requirements.
Contracts under commissioning strategies	Approx 30,000	<p>Targets:</p> <p>Learning and Development Partnership £900k</p> <p>Contracts with Third Sector £100k</p> <p>Placements costs for children in care £200k</p> <p>Connections £300k</p> <p>Out-county special needs placements £120k</p> <p>Carers' breaks £140k</p> <p>If demand outstrips supply budget will be insufficient.</p> <p>A wide range of providers will be affected including DCC, voluntary groups and local providers. The Connexions reduction may increase NEETs and impact on other indicators relating to vulnerable adolescents.</p>	As far as possible the targets will be found from increased trading infrastructure and savings, not direct deliver Operational developments in Stepping Stones are increasing internal placement capacity for children with additional needs. The LDP Delivery Agreement includes eg support for headship recruitment, governors, Music Devon and raising standards across a wide range of curricula. Every effort will be made to sustain valued work and this will be a factor in considering Stratcom Phase 3 proposals.
Home to School Transport	18,662	<p>Route reviews will yield savings but not at the level of the past two years, so areas of discretion need to be explored. These include withdrawal of transport to Faith and Grammar Schools.</p> <p>Route reviews will include Special Schools and could extend travelling time. Changes to transport arrangements are always unpopular.</p>	DCC currently exceeds legal requirements. Other LAs have ceased transport to Grammar Schools
Home to College Transport	977	Provision of Post-16 transport is discretionary and areas to be explored include phased withdrawal, increased charges and removal of subsidies. Risk to participation post-16 and to public transport networks if bus passes withdrawn. Post 16 students with SEN have some entitlements which we must meet. Changes in transport arrangements are always unpopular.	Educational Maintenance Allowances are intended to encompass travel costs. Phasing over two years will mitigate to some extent.
Devon Catering & Cleaning Services		DCCS is currently under review and restructuring/recontracting proposals will be pursued in preference to reducing local purchasing or nutritional standards. Some costs will transfer to the DSG, where impact needs to be assessed. Delay in restructuring would reduce part-year effect.	There has been extensive preparatory work and therefore a good basis for reducing the cost base. Self-performing schools already cover JE costs.

Service Level Agreements	3,329	This will have an impact on support services in other Directorates, which may find it hard to deliver the same for less.	All Directorates are facing the same challenge.
Exeter Reorganisation (PFI Costs)	5,412	Increase in governors' contributions to utility costs. An unwelcome additional cost for these schools.	The contribution back to DCC is artificially low – this will still compare favourably with costs governors must meet directly in similar sized schools.
Other Service Reductions		Some areas where discretion can be exercised are finding larger reductions eg. Post-Beacon research commitment Customer services Mediation services	Statutory compliance will be sustained. DCC has already made a good contribution to Beacon legacy work.
Secure Unit	Net Nil	The loss of a contract in 2009/10 has already had impact, making an 8-bed unit unsustainable. The national demand for welfare beds is volatile. The Unit has required funding from contingency in recent years.	Decision already made to increase bed capacity to 10. Regular detailed budget monitoring will apply.  A Management Board is now monitoring performance.  Trading targets will be adjusted annually.
Integrated Youth Support and Development Service	10,417	Risk of impact on services to vulnerable adolescents will include review of resource deployed through youth offending, Connexions and youth service. Could have impact on voluntary organisations as funding available for commissioning partnership work will also reduce; a more fundamental review of how youth provision is delivered may be required. There is a risk to work which addresses anti-social behaviour.	Infrastructure efficiencies will apply wherever possible, including review of premises costs. Managers will monitor compliance with statutory duties.
LSC Transfer	Cost neutral	Although the transfer is assumed to be cost neutral the current lack of detail poses a risk.	The 14-19 agenda and Raising Participation Age needs to be explored alongside IYSS intentions and use of the DSG.
Children in Care and Safeguarding	Approx 42,000 anticipated	Some £1m of potential additional pressures are not funded within budget prep. If these cannot be managed through Early Response, or if trends do not level out, the budget will be difficult to bring back into balance.	Close trend monitoring will continue to detect significant swings. Work with managers will be stepped up early in 2010 to set out potential areas for reductions if pressures with safeguarding implications mount.
Contingency	622	Risk that the contingency will not offset demand-led pressures.	Active budget management will contain this as much as possible.

DSG		<p>There are a number of pressures on schools budgets including</p> <p>Redundancy costs</p> <p>SEN costs</p> <p>Early Years</p> <p>Broadband</p> <p>and against the challenges DCC (CYPS) is facing a number of funding commitments are likely to transfer during 10/11 and 11/12.</p>	<p>The Devon Education Forum Task and Finish Group is actively exploring cost-containment options. The 10/11 settlement unexpectedly has some 'headroom' which will ease the transfers.</p>
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## Adult & Community Services Directorate

In all areas, Adult and Community Services is dedicated to achieving greater independence and choice for all people in Devon who are eligible for social care, acting jointly with the NHS to improve people's health and well-being and to maximise our efficiency. Budgets will be rigorously managed and monitored and the effects of plans measured. Where there is a risk of overspending, we will jointly seek to revise plans so that financial balance is achieved.

Service	Budget 2010/11 £000	Risk and Impact	Mitigation
General risks across all services		<p>Need to manage high and increasing levels of need in the population</p> <p>Risk that harsh economic climate and constrained public sector finance weakens the supply of care due to financial difficulties faced by private sector providers; this could lead to reduced supply or increase costs of commissioned services in the longer term</p> <p>Both poverty and unemployment are associated with health and social care need, so the current deterioration in economic circumstances may directly increase levels of need beyond the growth in population.</p> <p>Radical reshaping of the delivery of social care needed to improve people's choice and independence and to manage long term pressures (enhanced commissioning, individual budgets, preventative services of all kinds). Complex and far reaching programme of change – if this does not proceed with sufficient speed longer term ability to manage increasing levels of need within financial constraints will be jeopardised</p>	<p>Consistent application of eligibility criteria and development of individual budgets. Rigorous monitoring and management of budgets</p> <p>Enhance commissioning strategies to manage the supplier market. Work with providers of care to understand their challenges and to develop strategies which help them to improve their efficiency.</p> <p>Any increase in general need will require greater application of all the strategies identified in this section</p> <p>Well managed and integrated programme of planned change with clear governance procedures</p>
Services to Older People and to	108,818	Devon has one of the most elderly population profiles in the country,	Strategies to maintain people's independence while

Adults with a Physical Disability or Sensory Impairment		<p>particularly in people over 85 years of age. This group is by far the most important for social care, constituting more than half of all elderly people receiving care. Office of National Statistics predictions indicate that the number of people over the age of 85 in Devon will increase by 3% next year, with similar rises in future years.</p> <p>Demand pressures experienced in the last year have exceeded these levels, and if the current year containment strategies do not deliver sufficiently, the plans for next year may also be jeopardised</p>	<p>living at home such as integrating the management of social care and community health and extending the use of telephone and other telecare alarm systems</p> <p>The service will also continue to review all costs and improve contracting and commissioning practices.</p> <p>If demand pressures were not contained sufficiently, the contingency plan would need to include delaying permanent investment from the preventative services budget despite the longer run risks of doing so.</p> <p>Longer run risks are mitigated by investing in preventative services and extra care housing and create individual budgets to facilitate innovative care packages and to manage future need most effectively</p>
Services to Adults with a Learning Disability	44,872	<p>Demand pressures experienced in 2009/2010 continue to be very great. National studies indicate that the incidence of people with learning disabilities in the population is rising, and also that as people with learning disabilities live longer, care outside a local authority placement (e.g. by parents or siblings) is less likely to be a viable alternative to social care. In addition the pressures of very high cost cases experienced over many years in children's services, partly due to improvements in perinatal care, feed through to adult services. Individual cases can be both unpredictable in their needs and very high cost, so that overall the costs of the service are highly volatile as well as increasing.</p> <p>The budget contains several ambitious strategies to continue and enhance the improved commissioning strategies seen in recent years, through moving to resource allocation methodology and encouraging direct payments.</p>	<p>If demand pressures were not contained sufficiently, the contingency plan would need to include delaying permanent investment from the preventative services budget despite the longer run risks of doing so.</p> <p>Well managed, monitored, targeted and integrated programme of change</p>
Mental Health Services	10,006	<p>As with Learning Disability Services, services to people with a mental health problem can be characterized by highly volatile costs and growing need. In the last few years, the service has successfully pursued strategies which place less reliance on residential placements where possible and appropriate. There is a risk that high unpredicted cost could divert funds away from these strategies.</p>	<p>Risk is viewed as moderate. If costs of very high cost unpredicted cases lead to an expected overspend, improvement plans may require revising or suspending.</p>
Investment in Preventative	1,284	<p>See above: risk that excessive demand pressures means that investment must</p>	<p>Continue action plans and monitoring regimes into new year to minimise risk that</p>

Services		<p>be delayed</p> <p>Risk of unforeseen delays in the programme of change and thus delay in the realization of improvements in the delivery of services, strategic benefits and financial savings</p>	<p>demand is not contained</p> <p>Well managed programme of change will identify risks and propose actions to reduce or mitigate these.</p>
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## Environment, Economy & Culture Directorate

Service	Budget 2010/11 £000	Risk and Impact	Mitigation
Winter maintenance and emergencies	4,998	<p>Winter maintenance and other emergencies, typically weather related, cannot be predicted precisely. There is a risk of overspend if severe weather conditions are experienced. Significant proportions of this budget are based on the previous five year average spend. Although last winter was relatively severe, the mild winters which have preceded it have resulted in reduced provision for these elements of the budget. Potentially be a much more severe winter which will place additional pressure on this budget.</p>	<p>There is little scope for management action to alleviate financial pressures except at the expense of highway maintenance budgets or the use of the Roads Emergency Fund.</p>
Waste management	33,180	<p>Waste tonnage levels and growth rates are volatile and subject to a range of influences so cannot be predicted precisely. Similarly, the extent to which contractors will meet recycling targets is uncertain. These risks may result in the budget being over or under provided. A variation in tonnages of +/- 1% could result in a financial variation of approximately £270k</p>	<p>Forecasts are prudent and reflect recent trends. There is little scope for management action to alleviate financial pressures.</p>

## Office of the Chief Executive

<b>Service</b>	<b>Budget 2010/11 £000</b>	<b>Risk and Impact</b>	<b>Mitigation</b>
Chief Executive's (Corporate)	3,567	Land Charges - this is a demand led service and as such subject to external influences, not least the current economic climate. Added to this are pressures arising from legislative changes. Both of these issues may limit our ability to generate the income levels (345k) achieved in previous years.	There is little scope for management action to alleviate financial pressures except at the expense of other services.
Safer Devon Partnership / Against Domestic Violence & Abuse Partnership	730 986	Funding in respect of these Partnerships is subject to approvals from both the County Council and other partners, alongside some grant funding. As such there is a degree of ongoing uncertainty as to partner contributions and grant funding levels. Any further reduction in funding will add to existing pressures.	This uncertainty means we will need to be prepared to take early steps to reduce costs in line with any reduction in funding. Similarly to ensure that voluntary sector organisations are advised in this respect at the earliest possible opportunity.
Coroners Service	938	There is a risk of unavoidable additional costs in medical, analysts, funeral directors and mortuary facility fees. This partly arises from increased fees generally, alongside increases in charges set by the Home Office and some increase in workload.	We are continuing to work closely with colleagues across the region in order to review commissioning processes and joint working arrangements with a view to curtailing expenditure and producing additional efficiencies and economies in this respect.

## Corporate Resources Directorate

<b>Service</b>	<b>Budget 2010/11 £000</b>	<b>Risk and Impact</b>	<b>Mitigation</b>
Supply Zone	6,298	The service is demand led and volatile in nature, and as such has suffered increasing pressures in recent times due to the economic downturn.	A recovery plan is now in place aimed at restructuring the service, with a renewed customer focus, the implementation of marketing Strategies and system & process enhancements.

## Partnership Risk Assessment

Directorate	Partnership	Purpose	Partner	Gross Value £'000	Risk Analysis / Mitigation
CYPS	Youth Offending Service	To prevent offending by young adults	Probation Service, Devon & Cornwall Police, Devon PCT	1014	Funding in respect to the YOTS is subject to approval of the Children's Trust YOS Management Board. DCC is liable for all costs in relation to employment. There is also a significant grant given by the Youth Justice Board in addition to the partners funding. There is a degree of uncertainty over partner's contributions although this is being addressed via a formulation of a formal Partnership Agreement.
EEC	Science Park Partnership	The development / management of the Exeter Science Park in the East of Exeter area.	East Devon District Council, Exeter City Council, University of Exeter, Met Office	3550	The main risk associated with investment in any new venture is that the company may not succeed. In the case of Science Park, there is a positive track record nationally, and Exeter is well placed, particularly with a top flight university and unique international asset of the Met Office. However, if the venture were not to succeed, the equity contribution would result in the creation of an asset by the Company (the Science Park Centre) that could ultimately be sold. The draft Strategic Business Plan proposes a staged approach for the development of the Science Park to limit the risk for partners and ensure that working capital is used effectively. DCC's investment of £1.75m provides it with a 49.3% stake in the Science Park Company.
EEC	Safety Camera Partnership	To encourage road safety in the region.	Devon County Council, Cornwall County Council, Devon and Cornwall Police	1956	Legal agreement in place between partners. The scheme is run through the Road Safety Partnership board who decide which schemes to fund and Cornwall manages the budget. DCC contribution is limited so no risk.
ACS	Supporting People	The Supporting People programme offers vulnerable people the opportunity to improve their quality of life by providing a stable environment which enables greater		19177	Transition to new arrangements. Partners' perceptions may impact on working relations. Devon, as the accountable body, controls the finance and therefore risk is minimised.

		<p>independence. It was set up with ring fenced grant funding and with a partnership framework under government rules, to deliver housing related support.</p> <p>From 2010/11 Devon County Council has overall control as the previous grant funding transfers to Area Based Grant. Negotiations continue with partners to establish future arrangements</p>			
ACS	Community Equipment Store	Procurement of health and social care equipment to meet client needs in Devon	Devon County Council, Devon NHS (PCT), North Devon Healthcare Trust	2232	Managing growing demand and demographic pressures. Proportion of funding needs to be fair and equitable across agencies. Risk mitigated by amending purchase arrangements if required.
ACS	Learning Disability and Mental Health Integrated Management	<p>Provide joint health and social care support to meet the care needs of people with a learning disability or those with a mental illness</p> <p>The arrangement is for a notional 50% contribution from Devon County Council and the NHS to management costs only. Separate arrangements exist to ensure appropriate contributions to the costs of care.</p> <p>Devon Partnership Trust leads for</p>	Devon County Council, Devon Partnership Trust	1638	<p>Financial pressures could lead to a lack of strategic alignment, impacting on direction of travel.</p> <p>Partners choose to dissolve partnership, requiring alternative working arrangements while continuing to meet client need.</p> <p>Low financial risk of partner withdrawal leaving the employing partner with salary / redundancy cost.</p>

		<p>Mental Health services and employs staff.</p> <p>Devon County Council leads for Learning Disability Services: staff are employed both by the NHS and DCC</p> <p>The costs represent <i>payments</i> between the two organisations, rather than the full costs of staff providing the care management</p>			
ACS	Electronic Single Assessment (ESAP)	Joint procurement arrangement for a common information system, for which DCC is the lead commissioner.	Devon County Council, Cornwall County Council, Plymouth City Council, Devon PCT, Cornwall & Isles of Scilly PCT, Plymouth PCT, Torbay Care Trust, Northern Devon Healthcare NHS Trust and other Health Organisations	996	<p>Partners may choose to leave arrangement at end of initial development period. At that point, the arrangement will cover support costs and annual value will be significantly below £500,000.</p> <p>Financial risk to County Council is negligible.</p>
Office of the Chief Executive	Safer Devon Partnership (SDP)	To ensure that Devon's communities are places where people feel safe	Devon County Council, Devon & Cornwall Police, Devon PCT	1747	Funding is subject to approvals from both the County Council and other partners, alongside some grant funding. As such there is a degree of uncertainty as to partner contributions and grant funding levels. Any further reduction in funding will add to existing pressures. This uncertainty means that we will take early steps to reduce costs in line with any reduction in funding.
Office of the Chief Executive	Against Domestic Violence & Abuse (ADVA)	To increase the safety of those affected by domestic violence and abuse	Devon County Council, Devon & Cornwall Police, Devon PCT, Probation, Devon District Councils	1382	Funding is subject to approvals from both the County Council and other partners, alongside some grant funding. As such there is a degree of uncertainty as to partner contributions and grant funding levels. Any further reduction in funding will add to existing pressures. This uncertainty means that we will take early steps to reduce costs in line with any reduction in funding. Similarly to ensure that voluntary sector organisations are advised in this respect at the earliest possible opportunity.

