

Revenue & Capital
Outturn 2010/2011



2010/11 REVENUE & CAPITAL OUTTURN

Report of the County Treasurer

Recommendations: It is recommended that:

- (i) Members note that the draft outturn for 2010/11, after carry forwards and contributions to balances, reserves and provisions, shows an underspend of £98,000 against the approved revenue budget;
- (ii) The 2010/11 revenue outturn be approved, including transactions on earmarked reserves and provisions, spending against budget, treatment of over and underspending and the implications for balances, as set out in the Tables;
- (iii) The 2010/11 capital outturn be approved including spending against budget and proposed carry forwards, in accordance with the Tables;
- (iv) The use of capital finance as set out in the Statement of Determination of Capital Finance in paragraph 6 of the Capital Outturn Report be approved;
- (v) A total of £29.441 millions is set aside from revenue resources as provision for credit liabilities (to repay debt);
- (vi) The Prudential Indicators as set out in paragraph 5 of the Capital Outturn Report be noted;
- (vii) The total monies owing to the Council as at 31st March 2011 be noted;
- (viii) Debts be written off as outlined in Appendix 1.

PART 1 – Revenue

1 Background and Summary

- 1.1 Sound budget management is embedded throughout the County Council, with regular reports to Directorate Management Teams, Corporate Leadership Team and the Cabinet. Rules are well established, including carry forward arrangements, which ensure that spending is properly managed throughout the year and that unnecessary year-end spending is curtailed.
- 1.2 Members have received regular budget monitoring reports throughout 2010/11 which have consistently projected a balanced outturn position although in late Autumn and early Winter it was recognized that this would be difficult to achieve. The financial year has now ended and the final result is an underspending of £98,000. However, this is after making a transfer into reserves of just over £9.2 millions.
- 1.3 This is a very satisfactory result. In summary the final year end position is down to four main reasons. Firstly, a harder line has been taken with requests to carry forward underspendings into the new financial year. Directorate requests to carry forward nearly £1.6millions for specific purposes have been denied and instead this sum is being taken to general reserves for corporate purposes. Secondly, income of just under £2.4millions from the NHS Devon was received very late in the financial year. This was £1.7 million higher than had been included in Outturn forecasts. Thirdly, the projected overspending in the CYPs Directorate was held to just £25,000 before carry forwards. At one point in the year an overspending of just over £1.9 millions was anticipated. Lastly, after the extreme weather conditions in December there were no further major calls on the Winter

Maintenance Budget. This means that the “worst case scenario” of an overspending of £3 millions did not materialise and the overspending on the Winter Maintenance/emergency repairs budget was held at just over £600,000. More detailed explanations for the final financial position are given in paragraph 2 of this report on a Directorate by Directorate basis.

- 1.4 Members also need to be aware that the adoption of International Financial Reporting Standards in 2010/11 has had a significant impact on the presentation of the Outturn. Instead of treating unused grants and contributions as payments in advance there is now a requirement to show them as underspendings and to carry them forward as budgets so that they can be applied in the next financial year. In total this requirement increases the budget carry forward by £21.7millions more than would have been the case under the previous treatment. Attention is drawn to this adjustment in the paragraphs which follow.

2 Spending

2.1 Children and Young People’s Services

In total the CYPS Directorate has underspent by just under £24.4 millions. Expenditure funded from the Dedicated Schools Grant (DSG), including schools, underspent by just over £15.9 millions. Legislation requires that any DSG under or overspending must be carried forward to the following financial year. Hence the sum of £15.9 millions, £14.8 millions relating directly to schools, is being carried forward into 2011/12. In terms of the non-schools budget there was an underspending of just under £8.5 millions. However, this includes the impact of changes to the accounting arrangements for grants. Once this is excluded then CYPS shows a “true” overspending of just £25,000.

- 2.2 Members will be aware that spending pressures were reported throughout the year on services for Children and Families. The impact of court directed placements for babies, fostering, residential care and adoption have represented the major spending pressures during the year. In addition, care management for children in need and the declining occupancy rates of the Atkinson Unit have resulted in large upward pressures on costs. These have not been contained but they have been counter-balanced by savings elsewhere. Efficiencies have been found from a significant number of activities across the service such as vacancy management savings and home to school transport efficiencies. The Learning and Development Partnership has returned a surplus that is being carried forward into 2011/12 to help with their planned restructuring and outsourcing costs.

- 2.3 In addition to the statutory carry forward for schools and DSG related items, and that occasioned by the new arrangements for unspent grant, carry forwards are sought in respect of youth and community initiatives, closure costs of the extended school service and some children and family services including the Safeguarding Children’s Board Partnership. In total these amount to £277,000.

2.4 Environment, Economy and Culture

This Directorate has ended the year with an underspending of just under £13.8 millions. However the major component of this is the revised accounting arrangements for the unused grants. Once this is excluded then we have an underspending of just over £2.5 millions. The main area of underspending relates to waste disposal that benefited from a series of negotiated savings linked to In-Vessel composting and tipping away payments. Highway maintenance budgets are overspent marginally by £400,000. This net figure contains some overspend on winter maintenance, the deferment of planned maintenance works to meet safety defect expenditure and the increased street lighting energy costs which were offset by delayed street lighting maintenance.

- 2.5 Towards the end of the calendar year the County experienced a prolonged spell of adverse winter weather. Estimates at the time indicated that if the weather pattern of previous years was repeated and there were further bad weather spells in February and March then this could easily lead to a budget overspending of £3millions that would totally extinguish winter emergency funds. In the event, the weather for the remainder of the winter moderated. Although some limited additional road salting was needed to keep the road network functioning, further major expenditure was not required. As a result the

overspending on winter service operations was limited to £1.1 millions which has been met from savings elsewhere in the Directorate's budget.

- 2.6 The Government has made available £200 millions for road maintenance and repair following the early winter's severe weather. The County Council's share of this is approximately £9.3 millions. Unusually this money was paid over before 31 March 2011 although capacity to spend this money rests in 2011/12. This grant together with grants for public transport and other grants and contributions amount to £11.2 millions.
- 2.7 In addition to the carry forward of unspent grants and contributions, carry forward requests for ongoing projects including Broadband UK, Exeter Energy from Waste, Deepmoor IVC plant and the Devon Drivers' Centre are sought. In total these requests amount to £598,000.
- 2.8 Adult and Community Services
The Adult and Community Services Directorate recorded an underspending of £6.9m for the year including £1.6 millions of unused grants and contributions. The underspending allows for a planned contribution of £2.5 millions to the reserve ear-marked for extra care housing. Plans to use this reserve to alleviate the pressure on residential accommodation for older people are being advanced in co-operation with district councils. Hence members are asked to approve this contribution.
- 2.9 There have been increases in demand for services in 2010/11, and the Directorate has taken firm action to restrain spending in all areas. This reduced, but did not eliminate, overspending on learning disability and mental health services totalling £2.7 millions. In order to alleviate potential spending pressure action was taken to reduce spending on support services and to defer as much investment in transformation and preventative services as possible. These actions together with the late announcement of a contribution from the NHS for winter spending pressures has resulted in the net underspending identified earlier.
- 2.10 In addition to the carry forward of unspent grants, further requests for supporting people services, libraries restructuring, carers' health and wellbeing checks totalling £599,000 is requested.
- 2.11 Office of the Chief Executive and Corporate Resources
These directorates produced a combined underspend of £2.6 millions. This was principally due to the impact of the vacancy management policy, delay in implementing ICT initiatives and delayed commissioning of some projects. The combined carry forward request into 2011/12 is for £874,000 which includes £379,000 for unused grants and contributions. Of the remainder the largest elements of carry forward is for delayed commissioning of locality budgets.

Other Items

- 2.12 2010/11 investment returns have continued at very low levels. Commentators argue that Base Rate increases are expected late in 2011, but this is far from certain. As cash balances are used to finance capital expenditure an improvement in return in 2011/12 is not expected. Despite this interest from investments and capital financing produced a combined underspending of £2.7 millions. A reduction in the size of the capital programme and slippage in delivery of some projects has delayed borrowing resulting in a substantial saving. As noted earlier returns on investments continues to be depressed.
- 2.13 The savings on capital financing charges has been offset by payments for one-off costs of successful job evaluation appeals. As the appeals process has come to a close it is anticipated that further costs will not be incurred.
- 2.14 The level of debt owed to the Council is subject to regular monitoring. The position at the end of the financial year is set out in Appendix 1.

3 **General Balances**

- 3.1 A review of the financial risk assessment prepared when the 2011/12 Budget was considered indicates that the Council should hold working balances of about £14 millions.
- 3.2 Working balances at 31st March 2010 were £14.292 millions. As a result of outturn, it has been possible to make a further contribution of £98,000, bringing the level at year-end to £14.390 millions.

4 **Earmarked Reserves**

- 4.1 At the beginning of the financial year, earmarked reserves (excluding schools and non-schools carry forwards) stood at just over £38 millions. During the year, budgeted and other contributions have been made to earmarked reserves and some spending has taken place. The net effect has been to increase earmarked reserves by £10 millions so that at the end of 2010/11 the earmarked reserves total just under £48 millions. This is a better position than was anticipated and can only benefit the County Council as a reduction in Government grant funding for local authorities between 2011/12 and 2014/15 is certain and demand for financing of projects designed to stimulate the local economy and meet other pressing needs is emerging. Details of the purpose of each reserve and the management arrangements are included in the pages that follow.

5 **Financial Health Indicators**

A range of financial health indicators have been consolidated into one schedule, Appendix 3. These highlight the performance of 2010/11 against critical financial measures, together with comparative figures for 2009/10. Targets for 2011/12 are also indicated and performance against these will be reported to the Chief Executive throughout the year.

6 **Conclusion**

The Outturn Strategy has produced a very satisfactory result for 2010/11 with provision being made to carry forward a number of unspent budgets and monies set aside for some specific purposes. If all results, recommendations and tables are accepted, the overall recommended outturn for 2010/11 will be £535.897 millions, being £98,000 under budget. Members and officers will need to continue to closely monitor budgets in 2011/12 to ensure that the budget is delivered and that calls on reserves are kept to a minimum consistent with meeting the strategic objectives of the Council.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

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Background Paper Date File Ref

Detailed financial working papers

Executive Member: Councillor John Clatworthy

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REVENUE OUTTURN SUMMARY 2010/11

	Final Approved Budget	Spending	Variations (Under) / Over
	(1) £'000	(2) £'000	(3) £'000
1 Children and Young People - Schools*	13,394	(8,564)	(21,958)
2 Children and Young People - Non Schools	113,013	110,606	(2,407)
3 Adult and Community Services	216,130	209,240	(6,890)
4 Environment, Economy & Culture	104,634	90,856	(13,778)
5 Chief Executive's	10,344	9,509	(835)
6 Corporate Resources	23,948	22,140	(1,808)
7 Unused Pay Budgets	1,743		(1,743)
TOTAL FOR DIRECTORATES	483,206	433,787	(49,419)
8 Budget Carry Forward Fund	(15,372)		15,372
Adjustments to provisions			
9 Staffing transition	0	(838)	(838)
10 Redundancy	0	2,117	2,117
11 Bad and doubtful debts provision	0	25	25
12 Other	0	(265)	(265)
13 Capital Financing Charges	54,864	52,336	(2,528)
14 Capital Financing Charges - PFI	8,415	8,415	0
15 Investment Income on Balances	(1,713)	(1,926)	(213)
Levies and Contributions to Outside Bodies			
16 Environment Agency	233	231	(2)
17 Devon Sea Fisheries	396	360	(36)
18 Direct Revenue Support for Capital	316	2,555	2,239
19 Schools contribution to capital expenditure	0	(1,557)	(1,557)
20 Contributions to / (from) Earmarked Reserves	5,650	5,650	0
Sub Total	535,995	500,890	(35,105)
21 Routine Spending from Earmarked Reserves	10,535	5,274	(5,261)
22 Routine Use of Earmarked Reserves	(10,535)		10,535
23 TOTAL	535,995	506,164	(29,831)

* This is the net budget for schools, expenditure of £411.8m in addition to this is funded by Dedicated School Grant and the Learning and Skills Council.

REVENUE OUTTURN SUMMARY 2010/11

Recommended Action					
C/Fwd to 11/12 from 10/11 (4) £'000	Take to / (from) Reserves (5) £'000	Recommended Outturn (6) £'000	(Increase)/ Decrease in Balances (7) £'000		
21,959		13,395	1	Children and Young People - Schools*	1
2,708		113,314	301	Children and Young People - Non Schools	2
2,198	2,500	213,938	(2,192)	Adult and Community Services	3
11,825		102,681	(1,953)	Environment, Economy & Culture	4
676		10,185	(159)	Chief Executive's	5
198		22,338	(1,610)	Corporate Resources	6
		0	(1,743)	Unused Pay Budgets	7
39,564	2,500	475,851	(7,355)	TOTAL FOR DIRECTORATES	
(15,372)		(15,372)	0	Budget Carry Forward Fund	8
	1,864	1,026	1,026	Adjustments to provisions	
	(2,116)	1	1	Staffing transition	9
		25	25	Redundancy	10
		(265)	(265)	Bad and doubtful debts provision	11
				Other	12
		52,336	(2,528)	Capital Financing Charges	13
		8,415	0	Capital Financing Charges - PFI	14
		(1,926)	(213)	Investment Income on Balances	15
				Levies and Contributions to Outside Bodies	
		231	(2)	Environment Agency	16
		360	(36)	Devon Sea Fisheries	17
	(659)	1,896	1,580	Direct Revenue Support for Capital	18
		(1,557)	(1,557)	Schools contribution to capital expenditure	19
	9,226	14,876	9,226	Contributions to / (from) Earmarked Reserves	20
24,192	10,815	535,897	(98)	Sub Total	
		5,274	(5,261)	Routine Spending from Earmarked Reserves	21
	(5,274)	(5,274)	5,261	Routine Use of Earmarked Reserves	22
24,192	5,541	535,897	(98)	TOTAL	23

An alternative analysis of the outturn which shows Directorate spending before the approved use of Earmarked Reserves is shown at Appendix 2.

REVENUE OUTTURN 2010/11

WORKING BALANCES

	Balance 1st April 2010 (1)	Contrib'ns (2)	Spending (3)	Balance 31st March 2011 (4)
	£'000	£'000	£'000	£'000
1 Working Balances	14,292			
2 External Support for Revenue Spending		535,995		
3 Net Revenue Spending			(535,897)	
4 Total County Fund	14,292	535,995	(535,897)	14,390

EARMARKED RESERVES

	Balance 1st April 2010 (1)	Contrib'ns from Budget (2)	Contrib'ns from Outturn (3)	Contrib'ns / Movements Other (4)	Spending (5)	Balance 31st March 2011 (6)
	£'000	£'000	£'000	£'000	£'000	£'000
1 Affordable Housing	1,072				(387)	685
2 Blighted Properties	200					200
3 Building Maintenance	827		(18)		(145)	664
4 Customer Access Strategy	189				(189)	0
5 Development Fund	510					510
6 Devon Cleaning and Catering	286				(151)	135
7 Energy & Water Efficiency	64					64
8 European / Matched Funding	1,119	350			(47)	1,422
9 Extra Care Housing	6,429		2,250	(603)		8,076
10 General	0	3,300	9,412	1,300		14,012
11 Insurance	1,858		(300)		(568)	990
12 Integrated Youth Support Service	81			(71)	(10)	0
13 Invest to Save	886			(486)	(400)	0
14 Lets Get Devon Moving	243				(158)	85
15 Local Authority Business Grant	2,885		(84)		(406)	2,395
16 Local Initiatives	434		(27)	(76)	(163)	168
17 LPSA2 Reward	5,722			(130)	(2,604)	2,988
18 Modernisation Fund	3,374			(1,886)	1,234	2,722
19 New Road & Street Works Act Fund	419					419
20 On Street Parking	894				390	1,284
21 PFI Sinking Fund	566				1,815	2,381
22 Procurement Initiative	151			(61)	(22)	68
23 Redundancy	3,579	1,000	(2,116)	2,406	(2,262)	2,607
24 Redundant Landfill Sites	265		(207)			58
25 Roads Emergency	651	1,000				1,651
26 Service Development Fund	4,167			(393)	(802)	2,972
27 Systems Fund	114		141			255
28 Waste Management Fund	1,337		(100)		(399)	838
	38,322	5,650	8,951	0	(5,274)	47,649
29 Schools Carry Forward	12,088		14,844		(12,088)	14,844
30 Non Schools Carry Forward	3,284		24,720		(3,284)	24,720
	15,372	0	39,564	0	(15,372)	39,564
Total	53,694	5,650	48,515	0	(20,646)	87,213

ADJUSTMENT ACCOUNT

Equal Pay Back Pay	(1,864)	1,864	0
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REVENUE OUTTURN 2010/11

FUNDING REVENUE SPENDING

	£'000	£'000
1 Total revenue spending		535,897
2 Budget Variation added to balances		98
3 Budget level		<u>535,995</u>
4 Financed by -		
5 Revenue Support Grant	20,431	
6 Area Based Grant	51,439	
8 National Non-domestic Rates redistributed	140,696	
9 Council Tax - precepts on District Councils	323,429	
10 Total financing		<u>535,995</u>

PROVISIONS

	Provision	Changes	Provision	Recommended Action	
	B/ Forward	in	Remaining	Increase /	Provision
	£'000	£'000	£'000	(Decrease)	for 2010/11
				in provision	in provision
1 Bad & Doubtful debts provision	1,786	(980)	806	25	831
Insurance Fund					
2 Prior to 01/04/98	552		552		552
3 From 01/04/98	11,071	237	11,308		11,308
4 Out of date cheques	186	21	207		207
5 ACC Pensions	90		90		90
6 Staff transition	4,458	(897)	3,561	(838)	2,723
7 Utilities claim		52	52		52
8 Social Care	131	435	566		566
9 Property Related	16	(1)	15		15
10 Waste Management	1,198	(472)	726		726
11 Trading accounts	112	(32)	80	(20)	60
12 Service Modernisation	605	(405)	200		200
13 Tax on green travel	150		150	(143)	7
14 Structural redundancies	0		0	2,117	2,117
Total	<u>20,355</u>	<u>(2,042)</u>	<u>18,313</u>	<u>1,141</u>	<u>19,454</u>

REVENUE OUTTURN 2010/11 - RECOMMENDED ACTION
Children and Young People's Services Committee

	Final Approved	Unadjusted	Variations	Carry Fwd or		To / (From)		Final	
	Budget	Spending	(Under)/Over	(Claw Back)		Special Funds		Outturn	
	(1)	(2)	(3)	(4)		(5)		(6)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
				Schools	Non-Schools	Schools	Non-Schools	Schools	Non-Schools
Dedicated Schools Grant Related Expenditure									
Schools Budget									
Nursery	552	589	37	(37)				552	
Primary	184,012	174,884	(9,128)	9,128				184,012	
Secondary	180,544	175,525	(5,019)	5,019				180,544	
Special	16,321	15,587	(734)	734				16,321	
Standards Funds		(6,052)	(6,052)		6,052				
Other DSG Related Expenditure	43,938	42,653	(1,285)	1,061	2				43,716
sub total DSG	425,367	403,186	(22,181)	15,905	6,054			381,429	43,716
Dedicated Schools Grant	(384,979)	(384,756)	223					(341,041)	(43,715)
Learning and Skills Council	(26,994)	(26,994)	0					(26,994)	
	(411,973)	(411,750)	223					(368,035)	(43,715)
Total DSG	13,394	(8,564)	(21,958)	15,905	6,054			13,394	1
CYPS Directorate									
Learning & Development Partnership		(167)	(167)		167				
Policy and Strategy	15,886	14,832	(1,054)						14,832
Access	22,248	22,076	(172)		26				22,102
Grants and Special Education	7,688	6,435	(1,253)		1,023				7,458
sub total	45,822	43,176	(2,646)		1,216				44,392
Youth, YOTS & Community	10,835	10,279	(556)		262				10,541
Children and Families									
Management and Support/Care Management	16,698	16,420	(278)		352				16,772
Children in Need	9,142	8,984	(158)		69				9,053
Looked After Children	19,426	21,633	2,207		48				21,681
Resources	4,054	3,941	(113)						3,941
Other	7,036	6,173	(863)		761				6,934
COMMITTEE SPENDING	126,407	102,042	(24,365)	15,905	8,762			13,394	113,315
Statutory Carry Forwards - DSG			15,905						
Grant Carry Forward to Earmarked Reserves			8,485						
Over/(under) spending after statutory carry forwards			25						
Other Non Statutory Carry Forward Requests			277						
Over/(under) spending after statutory carry forwards			302						
SIGNIFICANT VARIATIONS BETWEEN BUDGET AND SPEND									
DSG Related Expenditure									
Underspend on Schools Delegated Budgets								(14,844)	
DSG Funded central services									
Early Years and Childcare - budgeted core expenditure on training and EY Education funded by SureStart grant as allowable costs								(655)	
Devon Personalised Learning Service - impact of number of children using the service								205	
Recoupment - reduced income arising from fewer Special Needs placements required by other authorities & increase in cost of mainstream placements								337	
Pupils with Statements - fewer than anticipated children requiring statements								(208)	
School meals - efficiencies arising from staffing restructuring, food purchases and allocation of School Lunch Grant, offset by increase in free school meal takeup								(312)	
Independent School Fees - increase in both number and costs of placements								209	
Other variations over a number of activities, including reduced call on the contingency set aside largely for Academies recoupment								(636)	
Grants carryforward to earmarked reserve								(6,054)	
CYPS Budget									
Learning and Development Partnership									
Grants carryforward to earmarked reserve								(167)	
Policy and Strategy									
Savings arising from vacancy management, ABG budget reductions and service prioritisation implementation realised in year								(1,130)	
Overspend arising from increased cost of legal disbursements and social worker training offset by vacancy savings and cost containment								76	
Access									
Home to school/college transport - net efficiencies principally arising from network review								(152)	
Other variations over a number of activities								(20)	

VARIATIONS (CONTINUED)	£'000	£'000
<u>Grants and Special Education</u>		
Learning & Development Partnership - refund to Commissioning budget, offset partly by overspend arising from secondary schools in special measures		(151)
Other variations over a number of activities, including reduced expense claims and cost containment.		(79)
Grants carried forward to earmarked reserve		(1,023)
<u>Youth and Community</u>		
Primarily vacancy savings and lower than expected spend on some activities		(426)
Grants carried forward to earmarked reserve		(130)
<u>Children and Families</u>		
<u>Management and Support/Care Management</u>		
Care Management Children in Need - primarily additional costs of agency workers covering sickness/maternity and increased case loads		262
Care Management Children in Need - additional Operations and Practice Managers to support Multi Agency Safeguarding Hub (MASH)		52
Contact Point Grant b/fwd from previous year offset budgeted core expenditure		(108)
Reduced accommodation and other overhead recharges, including the Youth Enquiry Service building		(142)
Other variations over a number of activities, including DCC element of Devon Children's Safeguarding Board (Partnership)		(38)
Grants carried forward to earmarked reserve		(304)
<u>Children in Need</u>		
Integrated Children's Services - additional PCT income		(70)
Other variations over a number of activities, including cost containment on Section 17 spending		(19)
Grants carried forward to earmarked reserve		(69)
<u>Looked After Children</u>		
Increase in demographics and mother and baby court directed placements for fostering, residential care and adoption		2,164
Atkinson Unit - declining occupancy rates averaging circa 70% and additional employment costs		222
Other variations over a number of activities, including underspend on Personal Education Allowances		(75)
Devon Young People's Accommodation Service - savings from delayed recruitment following restructure, offset partly by building maintenance costs		(104)
<u>Resources and Other</u>		
Savings arising primarily from reduced buildings and insurance costs		(113)
Care Leavers - additional income from Home Office, Housing Benefit, Educational contributions & reduction in placement costs		(91)
Crisis Response Service discontinued in year, additional income received in Spring Term by Devon Action/Frontiers		(111)
Other variations, including higher demand for targeted family support, CSN enabling schemes and supported accommodation		77
Grants carried forward to earmarked reserve		(738)
	TOTAL	<u>(24,365)</u>
<u>CARRY FORWARD PROPOSAL (as col. 4 opposite)</u>		
Statutory Carry Forward for Schools	15,905	
<u>Access</u>		
Extended Schools - final costs to be incurred during April prior to close of service		26
<u>Youth, YOTS & Community</u>		
Youth Service - to progress future delivery model options appraisal		20
Youth Service - targeted activities in support of NEET's, substance misuse and "Chances" initiative		82
Youth Offending Partnership funding transfer to Partnership reserves		30
<u>Children and Families</u>		
Devon Children's Safeguarding Board funding transfer to Partnership reserves		48
Personal Education Allowances arising from Personal Education Plans for Looked after Children		48
Playlines Training - to cover contractual liabilities and commitments under a planned programme		23
	15,905	277
<u>CONTRIBUTION TO / (FROM) SPECIAL FUNDS</u>		
Due to move to IFRS, grants received in 2010/11 that are to be spent in future years, but do not have repayment clauses can no longer be treated as income in advance and need instead to be transferred to an earmarked reserve as a carry forward		<u>8,485</u>
<u>CONTRIBUTION TO / (FROM) WORKING BALANCES</u>		
		<u>(302)</u>

REVENUE OUTTURN 2010/11 - RECOMMENDED ACTION

ADULT AND COMMUNITY SERVICES DIRECTORATE

	Final Approved Budget	Unadjusted Spend	Variations (Under) / Over	Recommended Action Carry Fwd (Clawback) in 2011/12	To (From) Special Funds	Final Outturn
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000
Older People and Disability Services	106,897	106,269	(628)			106,269
Learning Disability Services	45,492	46,820	1,328			46,820
Mental Health Services	10,452	11,835	1,383			11,835
Strategic and Central Services	37,981	34,188	(3,793)	650		34,838
Information, Learning & Arts	11,781	10,878	(903)	798		11,676
Investment in Preventative Services	1,027	(750)	(1,777)	750		0
Total before Extra Care Housing	213,630	209,240	(4,390)	2,198	0	211,438
Extra Care Housing	2,500	0	(2,500)		2,500	2,500
NET BUDGET	216,130	209,240	(6,890)	2,198	2,500	213,938

SIGNIFICANT VARIATIONS BETWEEN BUDGET AND SPEND

£'000

Older People & Disability Services (628)

The outturn position for this service includes certain one-off benefits, most importantly in respect of "winter pressures funding" given late in the year by the government for spending on social care by the NHS. Without this the underlying position would have been an overspend of £1.745m, constituting 1.6% of the net budget, primarily due to higher purchases of care from independent providers.

Learning Disability Services 1,328

In line with national trends, spending pressures within this service remain high. These represent new clients, including children reaching the age of 18 and those leaving education up to the age of 24, as well as people whose care arrangements have broken down or whose needs have increased. Costs of individual packages of care can be very high, reflecting the complexity of each individual's needs. Although the financial recovery plan introduced this year enabled cost reductions of around £1.0m an overspend (2.9% of net budget) is still reported.

Mental Health Services 1,383

DCC continues to work closely with the Devon Partnership Trust to increase the efficiency of both organisations by reducing running costs and supporting quality in this highly volatile service. Significant management action during the year was again required in order to balance the budget, and despite efforts to contain spending which achieved cost reductions of around £0.9m, an overspend (13.2% of net budget) is reported, primarily due to increased average cost for commissioned residential care.

Strategic and Central Services (3,793)

This service includes spending under the Targeted Support programme which has recorded an underspend of £0.362m. A carry forward proposal for £0.350m is included. Central support services were tasked with assisting the directorate financial recovery plan. This has been achieved primarily by reducing expenditure and maximising the use of government grant on a number of projects (£1.640m) and by reducing spending on staff and associated costs (£0.933m) - largely from holding posts vacant under the vacancy management process. When preparing budgets for 2011/12, reductions in relation to permanent savings were applied.

Information, Learning & Arts (903)

Libraries - Successful vacancy management savings offsetting unavoidable operational overspends has resulted in an underspend of £0.288m.

Adult & Community Learning - Savings in staff costs (incl. Tutors) and running costs together with increased rental income have been partly offset by a reduction in the Skills Funding Agency Grant and reduced student fee income, resulting in a underspend of £0.510m. This surplus is ringfenced and is included in the carry forward proposals below, it will be used to cover the difficult trading conditions anticipated in future years.

Devon Records Office / Arts & Culture - Underspends totalling £0.105m across a number of expenditure lines and projects.

Investment in Preventative Services (1,777)

This budget was set aside to provide for investment in preventative services aimed at improving people's independence and wellbeing and supporting work in line with the Social Care Reform Grant. However, due to the extreme spending pressures identified early in the year, spending from this budget was held back as part of the directorate's financial recovery plan, and replaced in part by investment from the Social Care Reform Grant. This also includes a contribution of £0.750m in respect of an agreement with the PCT to invest in community based preventative services, this agreement was not budgeted and allows for sums to be spent over more than one year.

Extra Care Housing (2,500)

This represents money set aside for capital housing schemes associated with Extra Care Housing. This will be placed in a reserve earmarked for Extra Care Housing.

(6,890)

CARRY FORWARD PROPOSALS

Revenue Grants & Contributions Received - Due to the move to IFRS, grants received in 2010/11 that are to be spent in future years, but do not have repayment clauses, can no longer be treated as income in advance and need instead to be transferred to an earmarked reserve as a carry forward. The carry forward figure shown above includes £1.599m relating to grants - (Learning & Development £0.246m, Adult Community Learning £0.510m, S256 Investment in Preventative Services £0.750m, Targeted Support Handypersons grant £0.093m).

Library Service - Support as a result of delayed service restructure 288

Targeted Support - Phased financial support to deliver changes in contracts. 257

Strategic and Central Services - Carers Health and Wellbeing Checks 54

2,198

CONTRIBUTION TO / (FROM) SPECIAL FUNDS

Extra Care Housing (see above) 2,500

CONTRIBUTION TO / (FROM) WORKING BALANCES 2,192

FURTHER MANAGEMENT ACTION

Continued rigorous control of spending will be needed in all areas. Service Prioritisation reductions identified during the 2011/12 budget process will need to be achieved.

DRAFT REVENUE OUTTURN 2010/11 - RECOMMENDED ACTION
ENVIRONMENT, ECONOMY AND CULTURE DIRECTORATE

	Final Adjusted Budget	Unadjusted Spending	Variations (Under) / Over	Recommended Action Carry Fwd (Clawback) in 2011/12	To (From) Special Funds	Final Outturn
	(1)	(2)	(3)	(4)	(5)	(6)
	£'000	£'000	£'000	£'000	£'000	£'000
Highway Maintenance	39,549	30,638	(8,911)	9,303		39,941
Network Management & Area Offices	13,667	13,031	(636)	348		13,379
Planning & Transportation	2,818	2,565	(253)	240		2,805
Public Transport and EATS	7,360	6,397	(963)	971		7,368
Waste Disposal and Recycling	33,724	31,919	(1,805)	240		32,159
Business Management	408	(87)	(495)			(87)
Economy & Industrial Estates	1,671	1,047	(624)	624		1,671
Countryside & Heritage Services	2,827	2,591	(236)	99		2,690
Trading Standards	2,610	2,755	145			2,755
Directorate Revenue Outturn	<u>104,634</u>	<u>90,856</u>	<u>(13,778)</u>	<u>11,825</u>	<u>0</u>	<u>102,681</u>
<u>VARIATIONS BETWEEN BUDGET AND SPEND</u>					£'000	£'000
<u>Highway Maintenance</u>						
Additional spend on safety defects rectifications					2,395	
Deferment of planned maintenance works to fund safety defect rectifications					(2,708)	
Additional cost of street lighting energy price increases					720	
Deferment of street lighting maintenance to fund energy price increases					(540)	
Additional cost of Winter Service operations					1,100	
Saving on emergency repairs budget due to fewer storm incidences					(449)	
Savings on depot infrastructure maintenance					(126)	
DfT funding for rectification of winter damage to highways for 2011/12					<u>(9,303)</u>	
						(8,911)
<u>Network Management & Area Offices</u>						
Net underspend due to vacancy management and other savings						(435)
Dowry income for cycle paths, Road Safety grants and delayed works to Devon Drivers' Centre						(201)
<u>Planning & Transportation Strategy</u>						
Net balance of additional income generated to offset costs, and technical adjustments in respect of section 106 accounts						(253)
<u>Public Transport and Engineering & Transport Services</u>						
Various Public Transport grants to fund ongoing operations and dowry income						(971)
Minor engineering services overspend partially offset by community transport savings						8
<u>Waste Disposal and Recycling</u>						
Savings negotiated on In Vessel Composting contractor fees						(927)
Savings negotiated on tipping away payments, following Greendale planning approval						(945)
Increased tonnage and project costs offset by various savings						67
<u>Business Management</u>						
Senior officer vacancy savings, slippage on Invest to Save projects, and technical adjustments						(495)
<u>Economy & Industrial Estates</u>						
Project & procurement delays including a broadband pilot project, and minor one off income						(279)
Grant & contribution balances to fund future obligations						(345)
<u>Countryside & Heritage Services</u>						
One off savings on carbon management budgets and underspends on various partnership projects with pooled budget arrangements						(236)
<u>Trading Standards</u>						
Redundancy costs arising from service restructuring and unrecovered prosecution costs, partially offset by vacancy savings						145
						<u><u>(13,778)</u></u>
<u>CARRY FORWARD PROPOSALS / TRANSFER TO SPECIAL FUNDS (as column 4 & 5 above)</u>						
Highways: Completion of improvement works to Devon Drivers' Centre						40
Waste: Exeter Energy from Waste plant outstanding professional fees						175
Waste: Connect Deepmoor IVC plant to power grid						65
Economy: DCC revenue funding required for Broadband UK project						279
Countryside: DCC match element of unspent partnership resources committed to 2011/12						19
Countryside: completion of delayed Devon Biodiversity Action Plan						20
Due to the move to IFRS, grants received in 2010/11 that are to be spent in future years, but do not have repayment clauses, can no longer be treated as income in advance and need instead to be transferred to an earmarked reserve as a carry forward.						11,227
						<u><u>11,825</u></u>
<u>CONTRIBUTION TO / (FROM) WORKING BALANCES</u>						<u><u>1,953</u></u>

REVENUE OUTTURN 2010/11 - RECOMMENDED ACTION
OFFICE OF THE CHIEF EXECUTIVE & CORPORATE RESOURCES DIRECTORATE

	Final Approved Budget	Unadjusted Spending	Variations (Under)/ Over	<i>Recommended Action</i> Carry Fwd (Clawback) To (From) Special Funds		Final Outturn
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000
Office of the Chief Executive						
Corporate Services	4,303	3,815	(488)	272	0	4,087
Safer Devon Partnership	754	732	(22)	23	0	755
Against Domestic Violence & Abuse Partnership	1,061	1,031	(30)	30	0	1,061
Emergency Planning	367	315	(53)	0	0	315
Organisational Development	400	454	54	0	0	454
Other Services	3,459	3,163	(296)	351	0	3,514
	10,344	9,509	(835)	676	0	10,185
Corporate Resources Directorate						
Human Resources	4,140	3,954	(186)	0	0	3,954
Workforce Development	578	429	(149)	20	0	449
ICT	6,599	6,214	(385)	0	0	6,214
Customer Service Centre	1,836	1,672	(164)	0	0	1,672
Devon Procurement	2,005	1,820	(185)	16	0	1,836
Supply Zone	(71)	1,664	1,735	0	0	1,664
Business Transformation Unit	1,056	248	(808)	162	0	410
County Farms	(294)	(293)	1	0	0	(293)
Facility Management	372	25	(347)	0	0	25
Building Maintenance	3,086	2,961	(125)	0	0	2,961
Legal Services	(196)	(325)	(129)	0	0	(325)
Registration Service	487	65	(422)	0	0	65
Coroners Service	936	1,067	131	0	0	1,067
Finance	2,087	1,306	(781)	0	0	1,306
Other Services	1,327	1,335	8	0	0	1,335
	23,948	22,140	(1,808)	198	0	22,338
	34,292	31,649	(2,643)	874	0	32,523

SIGNIFICANT VARIATIONS BETWEEN BUDGET AND SPEND
Office of the Chief Executive

Corporate Services - vacancy management savings, delays in grant funded projects and planned savings in local initiatives and commissioning projects	(488)
Safer Devon Partnership - reduced commissioning	(22)
Against Domestic Violence & Abuse Partnership - reduced commissioning	(30)
Emergency Planning - reduced commissioning projects	(53)
Organisational Development - additional costs in respect of performance improvement	54
Other Services : delayed County Committee commissioning projects, partly offset by increased travel and other costs	(296)

Corporate Resources Directorate

Human Resources / Workforce Development - delayed ISA legislation, vacancy management savings, reduced L&D programme and increased income	(335)
Information Systems / Strategy - delays in managed network service contract & other commissioning projects, and increased income	(385)
Customer Contact Centre - vacancy management savings and reduced IT costs	(164)
Devon Procurement - vacancy management savings, increased income and delayed spend in respect of Local Involvement Network	(185)
Supply Zone - net trading loss in the period prior to closure and cost of closure	1,735
Business Transformation Unit - additional income including NPS discounts & Construction Framework SW, and vacancy management savings	(807)
Facilities Management - savings in energy costs and Non-domestic rates (shared administrative buildings) and despatch postal charges	(347)
Building Maintenance - savings in respect of corporate projects	(125)
Legal Services - increased external income, alongside savings in support costs & overheads	(129)
Registration Service - savings in staffing costs alongside increased income from fees & charges	(422)
Coroners - Increased mortuary, post mortem and analysts fees, and increased costs in respect of Plymouth and Torbay coroners fees	131
Finance - vacancy management & other staff related savings, reduced commissioning (financial systems) and other savings (overheads)	(781)
Other Services - minor variations	8
	(2,643)

CARRY FORWARD PROPOSALS

Corporate Services - delayed project in respect of Petitions (Area Based Grant funding) and Local Initiatives funding to meet 2011-12 commitments in respect of ADVA partnership	75
Safer Devon Partnership - delayed contribution to meet partner commitments in 2011-12	23
AVDA Partnership - delayed contribution to meet partner commitments in 2011-12	30
Other Services - delayed commissioning projects (County Committee locality budgets)	351
Procurement - delays in respect of the Local Involvement Network (Partnership Funds)	16

Due to the move to IFRS, grants received in 2010/11 that are to be spent in future years, but do not have repayment clauses, can no longer be treated as income in advance and need instead to be transferred to an earmarked reserve as a carry forward. 379

874

CONTRIBUTION TO/(FROM) SPECIAL FUNDS

None	0
	0

CONTRIBUTION TO/(FROM) WORKING BALANCES

1,769

BUDGET ADJUSTMENTS 2010/11

	Original Budget £000	2009/10 Br't-fwds. £000	Virements £000	Final Budget £000
Children and Young People				
- Schools		13,394		13,394
- Non-school	114,978	120	(2,085)	113,013
Adult and Community Services	217,271	207	(1,348)	216,130
Environment , Economy & Culture	106,459	442	(2,267)	104,634
Office of the Chief Executive	9,200	439	705	10,344
Corporate Resources	21,620	770	1,558	23,948
Unused Pay Budgets			1,743	1,743
Directorate Budget Allocation	469,528	15,372	(1,694)	483,206
Budget Carry Forward Fund		(15,372)		(15,372)
Capital Financing	54,864			54,864
Capital Financing PFI	10,048		(1,633)	8,415
Interest on Balances	(1,713)			(1,713)
Contributions to reserves				
General Reserve	3,300			3,300
Matched Funding	350			350
Redundancy	1,000			1,000
Roads Emergency	1,000			1,000
Precepts				
Flood Defence	233			233
Devon Sea Fisheries	396			396
Other receipts	0			0
Non-committee budgets	69,478	(15,372)	(1,633)	52,473
Direct Support for Capital	250		66	316
School contribution to capital expenditure	0			0
	539,256	0	(3,261)	535,995
Decrease in Area Based Grant			3,261	3,261
TOTAL	539,256	0	0	539,256

**ALLOWANCES PAID TO DEVON COUNTY COUNCILLORS UNDER THE MEMBERS
ALLOWANCES SCHEME FOR THE YEAR ENDING 31ST MARCH 2011**

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

Surname	Inits	Basic	Special	Mileage and
		Allowance	Responsibility	Subsistence
		£	£	£
Barker	SD	10970.04	16455.00	4411.62
Berry	EJ	10970.04	1919.66	1209.53
Black	AJ	10970.04	0.00	1533.77
Bowden	P	10970.04	0.00	918.04
Boyd	A	10970.04	0.00	928.25
Boyle	AJ	10970.04	0.00	1629.05
Brazil	JC	10970.04	0.00	757.50
Brock	PJ	10970.04	0.00	0.00
Brook	FJ	10970.04	2742.96	156.23
Cann	RS	10970.04	2742.96	1495.25
Channon	C	10970.04	16455.00	2480.22
Chugg	C	10970.04	0.00	1244.80
Clarance	C	10970.04	0.00	269.31
Clatworthy	J	9999.96	20000.04	1155.40
Colthorpe	P	10970.04	3166.64	390.57
Connett	AM	10927.89	0.00	0.00
Croad	RF	10970.04	16455.00	3627.99
Davis	AV	10970.04	16455.00	4787.17
Day	SJ	10970.04	2742.96	1050.73
Diviani	PA	10970.04	0.00	1604.08
Eastman	AJ	10970.04	0.00	1128.78
Edgell	RC	10970.04	2742.96	2173.10
Foggin	OM	10970.04	0.00	0.00
Fowler	GE	10970.04	0.00	585.72
Fry	A	10970.04	0.00	908.26
Giles	AR	9545.04	0.00	12.15
Greenslade	BC	10970.04	8000.04	5060.19
Gribble	G	10970.04	0.00	919.89
Hannaford	R	10970.04	0.00	0.00
Hannon	DPO	10970.04	0.00	173.24
Hart	TJ	9999.96	24999.96	5012.70
Hawkins	JD	10970.04	2545.80	1105.98
Haywood	CC	10970.04	0.00	1394.89
Hook	GN	10970.04	8000.04	1050.92
Hughes	BCJ	10970.04	0.00	0.00
Hughes	S	10970.04	16455.00	6345.20
Knight	J	10970.04	0.00	2013.73
Leadbetter	AR	10970.04	16455.00	3869.77
Lee	MR	10970.04	0.00	1012.00
Marsh	CM	10970.04	10264.96	420.95
McInnes	JR	10970.04	5484.96	2056.75
McMurray	J	10970.04	0.00	228.11
Moulding	AT	10970.04	0.00	782.23
Mumford	WD	10970.04	16455.00	4429.24
Newcombe	AV	10970.04	8000.04	1168.98
Owen	J	10970.04	0.00	73.25
Parsons	BM	10970.04	0.00	1339.15
Pennington	JT	10970.04	509.16	1363.84
Prowse	GJ	0.00	0.00	7.00
Radford	RA	10970.04	3999.96	869.15
Randall Johnson	S	10970.04	2742.96	0.00
Robinson	S	10970.04	0.00	2644.92
Sanders	PR	10970.04	2742.96	1460.21
Sellis	D	10970.04	3999.96	1834.47
Smith	DE	10970.04	0.00	719.95
Spence	SA	10970.04	5484.96	2422.64
Taylor	BO	10970.04	0.00	205.60
Walters	M	10970.04	0.00	459.18
Way	NA	10970.04	0.00	829.50
Westlake	RA	10970.04	8000.04	9.09
Wragg	EE	10970.04	0.00	908.33
Yabsley	JO	10970.04	2742.96	400.17

1. No payments were made to Members in respect of Co-optees Allowance
2. Carers Allowance of £1028 was paid to Cllr. AV Davis

PART II CAPITAL

1. The Capital Programme

- 1.1 The original 2010/11 Capital Programme was approved at £175.401 million. The programme was increased in year by £58.742 millions as a result of the previous year's underspends, by £14.224 millions for other adjustments approved by members in year and by £1.086 millions from external and locally managed funding sources that have been added as the accounts have been finalised. Thus the final Capital Programme for 2010/11 was £249.453 millions. Actual capital expenditure for the year was £143.547 millions. The table below shows spending and approvals for 2010/11 for each directorate.

	Budget £ million	Actual £ million	Variation £ million
Children and Young Persons' Services	110,450	62,483	47,967
Environment, Economy and Culture	109,192	73,188	36,004
Adult and Community Services	12,284	3,377	8,907
Chief Executives Office and Resources Directorate	17,527	4,499	13,028
Total	249,453	143,547	105,906

2. What we achieved with Capital investment

2.1 Children and Young People's Services

The first phase at Bideford Community College was completed on time and under budget in July 2010, with phase two commencing in September 2011. Significant projects were completed at Cheriton Fitzpaine, Oaklands Park, Dawlish and Clyst Vale Community College. A major project at Montgomery Primary School commenced on site in August and is due to complete by the end of the year. The improvements at Shaldon Primary School started in June, with the project due to complete shortly and new sports projects were let at Teignmouth Community College and Teign School.

This year saw some reductions being made to the Capital Programme as central government funding reduced. The Building Schools for the Future programme was withdrawn. This fortunately did not affect the Bideford Community College project.

The Better Buildings and Children's Centres schemes were completed during the year.

2.2 Environment, Economy and Culture

The 2010/11 Capital Programme was significantly influenced by the changes in Government funding for transport, following the Comprehensive Spending Review. Despite this, good progress was maintained on the major projects funded from the Community Infrastructure Fund - Redhayes Bridge; M5 Junction 30; and the Kingsteignton development package, all of which were completed on time. Significant progress has also been made in delivering the site infrastructure for Exeter Science Park.

Maintenance of the road network and bridges remains a prominent theme as three successive severe winters increased the speed of deterioration of the network. Work continues to reduce the carbon footprint of street lighting by the implementation of part-night lighting control units.

Construction of a new recycling centre at Pinhoe neared completion as part of the strategy to improve recycling rates. Progress was made towards finalisation of the contract for the Energy from Waste plant at Exeter, and PFI credits were secured for the South West Devon Waste Partnership plant at Plymouth.

The extension of the County-Wide cycle routes continues to provide alternative transport routes for work and leisure and contributes to the reduction of the carbon footprint of Devon.

2.3 Adult and Community Services

The 2010-11 financial year has been a challenging period for the Directorate's capital programme. £3.4m was spent across 60 projects, which included the purchase of community equipment, upgrades to buildings operated by the directorate, and projects to enhance facilities of library services.

Significant progress within the year has been made on the Library & Community Hubs at Cullompton and Newton Abbot. There was also substantial progress towards completing several projects including Library Facilities at Dawlish, the Newholme (Honiton) Community Hub, and the Castle Hospital at Okehampton which is another example of working in partnership with colleagues in NHS Devon to provide facilities for Health and social care services.

2.4 Chief Executive's Office and Resources Directorate

The County Farms Estates Useable Capital Receipts Reserve was used in 2010/11 to fund 7 projects. These schemes being the provision of essential farm infrastructure upgrades in accordance with the approved County Farms Estate Finance Plan 2002 to 2012 for Southacott Farm, Mariansleigh; Moorhouse Farm, Bovey Tracey; Prixford Barton Farm, Marwood; Great Stone Farm, South Molton; Cobham Week Farm, Bridestowe; Higher Leigh Farm, Churchstow and Lower Alminstone Farm, Woolsery. The Council continued to invest in compliance (Disability Discrimination Act and Nitrate Vulnerable Zones).

3. **Variation between the delivered Capital Programme and Budget**

3.1 The 2010/11 net underspending totalled £105.906 million. It is recommended that £66.574 millions is carried forward into the 2011/12 Capital Programme and £23.054 millions into the 2012/13 Capital Programme. An analysis of the underspending and the carry forward request is set out in the table below:-

	Variation	Carry Forward to 2011/12	Carry Forward to 2012/13
	£ million	£ million	£ million
Children and Young Persons' Services	47,967	18,920	21,132
Environment, Economy and Culture	36,004	28,096	1,922
Adult and Community Services	8,907	8,122	0
Chief Executives Office and Resources Directorate	13,028	11,436	0
Total	105,906	66,574	23,054

3.2 The main reasons for the underspending are explained in the following paragraphs on a Directorate by Directorate basis.

3.3 Children and Young People's Services

The Capital Programme under spend relates principally to schools under spending their Devolved Formula Capital by £12m and central government cuts totalling £5m. The underspend on Investing in Devon projects (£10.5m), Stepping Stones funding (£4.8m), Bideford Community College project (£3m), Barnstaple Roundswell Co-location project (£2.3m) and the Energy Efficiency projects (£1m) are caused by projects being delayed due to external influences, such as securing matched funding.

3.4 Environment, Economy and Culture

Work on major transport projects (Kingskerswell Bypass, East of Exeter Phase 2 and Exeter Principal Urban Area (PUA)) were significantly scaled down in 2010/11 as a result of the Government's announcement in June 2010 to suspend funding decisions with regard to Major Scheme investment. On 4 February 2011, DfT approved funding for the East of Exeter scheme, to start in Spring 2011 and also announced that Kingskerswell Bypass was successful in moving

Net of the cost of sales, capital receipts of £1.270 million were received in year from the sale of County Farms and £2.255 million from other land and building assets.

Having applied £10.684 million of capital receipts to finance spend, the closing balance for Capital Receipts is £43.317 million and is distributed across funds as follows:

➤ County Farms Ring Fenced Receipts	£ 2.523 million
➤ Investing in Devon – Airport Receipts	£ 34.376 million
➤ General Receipts	£ 6.418 million

5. Prudential Indicators

The prudential indicators are produced in line with the national code of practice that was drawn up by the Chartered Institute of Public Finance and Accountancy. This requires local authorities to monitor its overall debt level via a set of “prudential indicators”, in order to form a judgement about affordable, prudent and sustainable levels of debt. The definition of debt for the Prudential Indicators that were calculated and agreed within the Capital Programme for 2010/11 includes both borrowing and other long term liabilities such as PFI schemes.

The indicators are set annually when the budget is agreed and we report the final position of the indicators against the estimate within the outturn report. In 2010/11 no prudential indicators were breached.

5.1 Capital Expenditure

The Prudential Indicators 2010/11 were based on the Approved Capital Programme of £175.401 million.

Planned Expenditure	£ 175.401 million
Actual Expenditure	£ 143.547 million
Variance	£ 31.854 million

5.2 Capital Financing Requirement (CFR)

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

	Million	Million
Closing Capital Financing Requirement 2009/10	£637.997	
PFI Liabilities	£61.965	
Opening CFR		£ 699.962
Capital Investment	£ 143.547	
Less: Capital Receipt	(£10.684)	
Less: Government Grants and Contributions	(£60.762)	
Less: Revenue Financing and Reserves	(£2.555)	
Capital Investment Funded through Borrowing		£69.546
Less: Internal Debt Reduction	(£28.651)	
Less: External Contributions to Repayment of Debt	(£0.790)	
Less: Debt Transferred to Plymouth and Torbay	(£53.790)	
		(£83.231)
Closing Capital Financing Requirement		£686.277
Planned CFR (31 st March 2011)	£ 790.409 million	
Actual CFR (31 st March 2011)	£ 686.277 million	
Variance	£ 104.132 million	

The underlying need to borrow is less than anticipated due the slippage on the Capital Programme and borrowing transferred to Plymouth and Torbay.

5.3 Authorised Limit and the Operational Boundary for External Debt

External borrowing totals £527.850 million and other Long Term Liabilities total £58.204 million. The actual external debt for 2010/11 was therefore £586.054 million.

The authorised limit for external debt of £806.735 million was not breached.

The operational boundary for external debt of £762.594 million was not breached.

5.4 Ratio of Financing Cost to Net Revenue Stream

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

	<u>Including PFI Charges</u>	<u>Excluding PFI Charges</u>
Total Financing Costs	£ 58.825 million	£ 50.410 million
Net Revenue Stream	£539.256 million	£539.256 million
Actual	10.9%	9.4%
Estimated	11.7%	9.9%
Variance	0.8%	0.5%

6. **Determination of Capital Finance**

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

- borrowing totalling £69.546 million is used to capitalise expenditure,
- expenditure of £60.762 million is capitalised and funded from government grants and external contributions,
- useable capital receipts of £10.684 million are applied to meet capital expenditure, and,
- capital expenditure of £2.555 million is met from revenue budgets.

Mary Davis

Local Government Act 2003

Contact for Enquiries: Gordon Bryant Tel No: 01392 383457

Background Papers: Nil

CAPITAL OUTTURN SUMMARY 2010/11

	Revised Programme	Total Spending	Slippage and Other Variations	<i>Impact on 2011/12 Programme Increase / (Decrease)</i>	<i>Impact on 2012/13 Programme Increase / (Decrease)</i>
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £'000
CORE PROGRAMME					
Children and Young People	110,250	62,462	47,788	18,907	21,132
Environment, Economy and Culture	106,454	72,345	34,109	26,892	1,231
Adult and Community Services	11,765	3,377	8,388	7,603	0
Chief Executives Office and Corporate Resources	17,377	4,499	12,878	11,286	0
Total	245,846	142,683	103,163	64,688	22,363
VELP					
Children and Young People	200	21	179	13	0
Environment, Economy and Culture	2,738	843	1,895	1,204	691
Adult and Community Services	519	0	519	519	0
Chief Executives Office and Corporate Resources	150	0	150	150	0
Total	3,607	864	2,743	1,886	691
TOTAL	249,453	143,547	105,906	66,574	23,054
TOTAL TO BE FINANCED		143,547			

	Revised Programme	Total Spending	Slippage and Other Variations	<i>Impact on 2011/12 Programme Increase / (Decrease)</i>	<i>Impact on 2012/13 Programme Increase / (Decrease)</i>
	£'000	£'000	£'000	£'000	£'000
Children and Young People	110,450	62,483	47,967	18,920	21,132
Environment, Economy and Culture	109,192	73,188	36,004	28,096	1,922
Adult and Community Services	12,284	3,377	8,907	8,122	0
Chief Executives Office and Corporate Resources	17,527	4,499	13,028	11,436	0
TOTAL	249,453	143,547	105,906	66,574	23,054

CAPITAL PROGRAMME 2010/11 - STATEMENT OF DETERMINATION OF CAPITAL FINANCE

	Recomended Financing £000	Recomended Financing £000
SOURCES OF FINANCE		
External Resources		
<u>Borrowing</u>		
Total Borrowing		69,546
<u>Other External Finance</u>		
Grants and Contributions		60,762
 Total External Sources		 130,308
 Internal Resources		
Useable Capital Receipts Applied	10,684	
Revenue Budgets and Earmarked Reserves	<u>2,555</u>	
	13,239	
 Total Internal Sources		 13,239
 Total Sources of Funding		 <u><u>143,547</u></u>

Capital Receipts		
Balance at Start of Year		50,476
Received During Year		3,525
Applied to Financing		<u>(10,684)</u>
Balance at Year End		<u><u>43,317</u></u>

Note

Analysis of balance of capital receipts at year end

Airport Receipts earmarked for IID	34,376
Farms Earmarked Receipts	2,523
General Receipts	<u>6,418</u>
	<u><u>43,317</u></u>

Appendix 1

Debt (Monies Owed to the Authority) as at 31st March 2011

Recommendation :- that the bad debts outlined below be approved for write-off

The County Council collects income from a wide range of sources to fund its services. Large elements of income are received automatically from Government and District Councils in respect of Revenue Support Grant, share of National Non-Domestic Rates and Council Tax.

Technology is also used to receive income and the e-government agenda is resulting in new processes being established to collect income via the telephone and the internet. IN addition, debt recovery agents are used where non-sensitive debt has proved difficult to collect.

Income is also received from the raising of invoices to users of service. Accounts are credited with the income value with immediate effect, however, it is often the case that debtors take time to settle accounts and there is a time delay between accounting transactions and cash income.

The County Council has a number of debtor systems which encompass Adult Care functions, Devon Pensions Fund items and Corporate services.

As at 31st March 2011, the situation was as follows :-

	Corporate System	Adult Care Functions	Devon Pension Fund	Total
Total Invoiced Income for the Year	£124.588 million	£33.912 million	£7.940 million	£166.440 million
Outstanding debt older than 3 months	£2.777 million	£6.205 million	£0.033 million	£9.015 million
Percentage of Debt which is older than 3 months relative to whole year value	2.2%	18.3% (see note below)	0.4%	5.4%

It should be noted that during April, the County Council received £1.5 million from the Health Authority, against debt shown above under the Corporate system.

Within the Adult Care Functions, elements of Residential Care debt are underwritten by property charges. At the year end, these total £4,249,801 and reduce the percentage of outstanding debt to 5.8%.

Invoiced income in respect of Devon Pension Fund is comparatively low in percentage terms and relate to a small number of debtors. However, during the year a relative large value invoice was settled and the resultant debt level is very low when compared to the annual target.

In addition, to mitigate the effect of non-recovery of debt, Provisions have been established to write-off items which prove non-recoverable. At the year end, these total £0.180 million.

Bad Debts

1. Two invoices were raised in relation to the Company's two year sponsorship for the Supply Zone catalogue, totalling £12,523.62. The sponsorship was booked via Supply Zone's catalogue agent, Bow House Ltd. The Company subsequently wound up and liquidator's appointed, to whom we made our claim. The Administrators have advised that the Company's liquidation is complete, providing settlement of £96.68 against the outstanding debt and that the process has concluded. Approval is sought to write-off the debt relating to the Company in the sum of £12,426.94.

2. An overpayment of £19,932.26 was made to the debtor in respect of child care provision during the period October 2005 and February 2007. Court proceedings have taken place where the person accepted debt of £8,571.61. The Court heard that the named person has recently suffered a stroke, is currently in a home, heavily in debt and likely to become bankrupt in the near future. It subsequently ruled that repayment of the accepted sum should take place at a rate of £5 per month and direct debits were arranged to collect the specified sum. However, the debtor has defaulted on payment and given their personal circumstances, there is little prospect of recovering the monies outstanding. Processes within the CYPS Directorate have been amended to ensure that risk of similar overpayments are minimised in future. Approval is sought to write-off the debt of £11,360.65.

APPENDIX 2

ANALYSIS EXCLUDING EARMARKED RESERVES FROM DIRECTORATE SPEND

	Final Approved Budget	Recommended Outturn	Reconciling Adjustments	Outturn adjusted for reserve movements	Variations (Under) / Over
	(1) £'000	(2) £'000	(3) £'000	(4) £000	(5) £'000
1 Children and Young People - Schools*	13,394	13,395	(21,959)	(8,564)	(21,958)
2 Children and Young People - Non Schools	113,949	113,314	(1,772)	111,542	(2,407)
3 Adult and Community Services	216,857	213,938	(3,971)	209,967	(6,890)
4 Environment, Economy & Culture	106,569	102,681	(9,890)	92,791	(13,778)
5 Chief Executive's	11,809	10,185	789	10,974	(835)
6 Corporate Resources	24,159	22,338	13	22,351	(1,808)
7 Unused Pay Budgets	1,743	0	0	0	(1,743)
TOTAL FOR DIRECTORATES	488,480	475,851	(36,790)	439,061	(49,419)
8 Budget Carry Forward Fund	(15,372)	(15,372)	15,372	0	15,372
Adjustments to provisions					
9 Staffing transition	0	1,026	(1,864)	(838)	(838)
10 Redundancy	0	1	2,116	2,117	2,117
11 Bad and doubtful debts provision	0	25	0	25	25
12 Other	0	(265)	0	(265)	(265)
13 Capital Financing Charges	54,864	52,336	0	52,336	(2,528)
14 Capital Financing Charges - PFI	8,415	8,415	0	8,415	0
15 Investment Income on Balances	(1,713)	(1,926)	0	(1,926)	(213)
Levies and Contributions to Outside Bodies					
16 Environment Agency	233	231	0	231	(2)
17 Devon Sea Fisheries	396	360	0	360	(36)
18 Direct Revenue Support for Capital	316	1,896	659	2,555	2,239
19 Schools contribution to capital expenditure	0	(1,557)	0	(1,557)	(1,557)
Spending before reserve movements	535,619	521,021	(20,507)	500,514	(35,105)
20 Contributions to / (from) Earmarked Reserves	5,650	14,876	(9,226)	5,650	0
21 Routine Spending from Earmarked Reserves	5,261	5,274	(5,274)	0	(5,261)
22 Use of Earmarked Reserves	(10,535)	(5,274)	35,007	29,733	40,268
23 TOTAL	535,995	535,897	0	535,897	(98)

This analysis excludes capital charges and FRS17 adjustments and does not follow BVACOP analyses.

Financial Health Indicators

Devon County Council has agreed a set of data that it will use to gauge fundamental matters of financial health and standing. Suitably, these will be monitored and reported to Members on a quarterly basis.

Purpose	Indicator	Responsible Officer	2011/12 Target	2010/11 Target	Qtr 1 Actual	Qtr 2 Actual	Qtr 3 Actual	Qtr 4 Actual	Actual 2009/10	Actual 2008/09	Actual 2007/08	Actual 2006/07
Speed with which invoices are paid	Percentage of undisputed invoices which were paid within 30 days	Andy Stapley	96	96	90.84%	92.34%	92.55%	91.62%	93.50%	89.73%	95.49%	94.92%
Effectiveness of debt recovery	Percentage of total debts outstanding, that are older than three months, against the total sundry debt raised in the year - corporate debt	Chris Phillips	1.90%	2.00%	5.19%	2.34%	3.33%	2.20%	2.22%	2.90%	1.40%	2.55%
	Percentage of total unsecured residential debts outstanding, that are older than three months, against the total sundry debt raised in the year - client finance services debt	Chris Phillips	5.0%	4.00%	4.34%	4.52%	4.69%	5.77%	4.51%	2.80%	2.40%	7.39%
	Percentage of total debts outstanding, that are older than three months, against the total sundry debt raised in the year - pension fund debt	Chris Phillips	0.25%	0.25%	0.21%	0.56%	0.28%	0.42%	0.24%	0.30%	3.05%	2.90%
	Percentage of the cost of debt recovery against debt older than three months	Chris Phillips	2.5	3.50%	n/a until year end	n/a until year end	n/a until year end	2.69%	3.71%	3.70%	5.80%	5.20%
Achievement of efficiency savings	Annual Efficiency Statement Forecast (£'000s)	Neill Moore	N/A	£20.913m	£15.234m	£18.895m	£18.681m	£19.200m (Est)	£17.443m	£15.811m	£17.028m	£15.975m
Accuracy of budgets	Management of Revenue Budget - year end variation from final total net budget	Chris Sanders	-£100k	-£50k	£134k	£31	£672	-£98k	-£53k	-£43k	-£77k	-£71k
	Management of Capital Budget - year end variation from final approved budget	Gordon Bryant	-£20m	-£10m	-£9m	-£48.847m	-£63.720m	-£105.906	-£77.328m	-£11.791m	-£23.449m	-£11.956m
	Cost of Capital Financing as % of Net Revenue Budget required for the year	Gordon Bryant	10.90%	10.50%	n/a until year end	n/a until year end	n/a until year end	9.35%	9.50%	8.40%	7.89%	8%
Levels of reserves and balances	Level of earmarked reserves as a % of the annual budget requirement (excluding budget carry forwards)	Chris Sanders	7.50%	6%	7.0%	6.1%	6.1%	8.9%	7%	10%	12.90%	12.20%
	Level of unallocated reserves as a % of the annual budget requirement (excluding budget carry forwards)	Chris Sanders	2.80%	2.70%	2.70%	2.70%	2.70%	2.70%	2.80%	2.90%	3.40%	3.60%
	School Balances as % of Delegated Schools Budget for the year	Nicola Allen	3.50%	3.50%	n/a until year end	n/a until year end	n/a until year end	3.90%	3.27%	3.50%	3.00%	2.90%
	Number of school balances exceeding approved limits *	Nicola Allen	35	35	n/a until year end	n/a until year end	n/a until year end	41	23	45	25	27
Performance of Internal Audit	Percentage of planned audits undertaken against the number in the plan	Martin Gould	94%	94%	15%	38%	66%	94%	92%	94%	91%	94%
Cash Performance and Security	Investment return better than 7 day LIBID (London Inter Bank Bid Rate - measured in basis points)	Barry White	50	+50	+79	+94	+113	+100	+92	+182 (prov)	+27 (prov)	+6
	Liquidity of funds to cover expenditure without need for temporary borrowing	Barry White	98% of days	98% of days	100.0%	100.0%	100.0%	100.0%	100.0%	92.1%	100%	100%

* the definition of balances changed in-year to reflect DCFS practice and include Standards Fund monies