



Roads and transport

Devon
County Council

Financial Framework

The Financial Framework explains our sources of funding, how we plan our spending and allocate budgets. [The full Financial Framework can be found here.](#)

Our funding

Funding for Devon County Council's Highways and Traffic Management service is either a **Capital** or a **Revenue** allocation.

Capital expenditure reflects investment in an asset and is defined in the Accounting Code of Practice as "expenditure which adds to, and not merely maintains, the value of a fixed asset." Highway works eligible for capital funding include activities that:

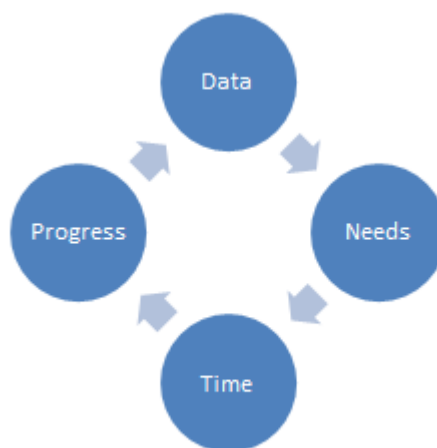
- extend the life of the asset, such as resurfacing schemes
- enable construction of improved infrastructure, including the acquisition of land, such as the South Devon Link Road
- replace an existing feature with an enhanced structure, such as major drainage improvements and the construction of new retaining walls
- the majority of capital funding comes to us as a direct grant from central government with the remainder allocated by County Council borrowing or from capital receipts, such as sale of land.

Revenue expenditure covers day to day expenditure and income, including works which maintain, rather than increase, the value of a fixed asset.

Some example of revenue items are works involving repair of safety defects, minor drainage repairs, grass cutting and winter maintenance. It also includes the running costs of the service, such as staffing, premises costs and income received from licences etc.

Revenue funding is available via the community charge, business rates and funds provided by central government. Another source of revenue funding is the on-street parking account. Any surplus revenue generated from on-street parking after the operating and management costs have been accounted for can be spent on things like public transport provision, highway improvements and environmental improvements but not general highway maintenance work.

How we allocate the funding



Capital: The Highways and Traffic Management capital budget is set by adopting an asset based approach.

This involves a systematic strategic review looking at:

- highway condition data and other intelligence, such as customer feedback
- spending requirements for each asset group, such as bridges, main road network, drainage, street lighting etc., are then determined
- taking a long term approach to provide optimal use of the funding available.

Progress against asset condition targets is annually reviewed and will inform the next year of funding allocation.

Revenue: The overall Highways revenue budget is set based on the previous year's allocation, plus inflation and service pressures, and is reduced by savings agreed as a result of the reduction in government funding. Once the overall total has been determined, individual budget line allocations are calculated, based on the Highway Asset Management Plan and taking account of factors such as specific savings, pressures, the condition of the asset and maintenance priorities. For weather dependent activities such as winter maintenance and emergencies, budget allocations are based on an average of the previous 5 years expenditure.

How we balance our spending

The Highways and Traffic Management Service needs to be able to react and adapt when faced with storm events, bad winters and prolonged damaging weather such as wind, rain, ice and snow.

The overall service budget is a fixed sum. We are not permitted to spend more than our allocation without authorisation.

Excellent budget management is vital to the success of our business.

Keeping things balanced as the year progresses is an ongoing challenge.



Photo credit Simon Pearson



There are times when we need to respond to unexpected events, such as the storms that occurred during 2012 and 2013. A contingency is held within the capital budget to address structural repairs to the road network following extreme weather. As a general rule, services are expected to contain in year pressures by adjusting expenditure on other activities so, in these circumstances, the response needs to be appropriate, measured and managed. Depending on the severity of the event, planned works may need to be cancelled to ensure the Highways service can stay within our budget.

2018-19 Funding

Our officers develop proposed programmes of work for the year ahead, in accordance with policies and in support of our business aims. The proposals are taken to the elected representatives at Cabinet for their consideration and subsequent approval. The following tables summaries the approved allocation of funding for 2018/19 for our service.

Capital:

The capital programme as per the budget book for 2018/19 was £41.207

Expenditure type	£
Local Transport Plan (LTP) maintenance	41,132
Depot programme	75
Total Highways Capital	41,207

Revenue:

The total revenue allocation for 2018/19 is £35,868

Expenditure type	£
Maintenance of roads and bridges	24,947
Street lighting	3,972
Public Rights of Way	608
Other	34
Highways management staff and associated costs	6,307
Total Highways revenue	35,868

On street parking account 2018/19

Other expenditure	2018/19 Budget allocation £'000
TCS: Bus rail, and community transport support	2,411
CPE Road signs and road markings	225

Traffic management plans	100
Disabled parking bays	100
Cyclic maintenance for the purposes of environmental improvement	2,200
Route reviews and improvements to road signs/lines	100
HATOC waiting restriction project	100
Road Safety and Speed Management	100
Traffic and parking IT systems	10
Safety camera partnership	10
Real time passenger information	78
Variable message signs	10
CPE P and D machine maintenance	40
Road safety improvements - Reactive	50
Park and Ride business rates/minor site maintenance	110
Country parks	219
Total other expenditure	5,863

2017/18 Funding

Our officers develop proposed programmes of work for the year ahead, in accordance with policies and in support of our business aims. The proposals are taken to the elected representatives at Cabinet for their consideration and subsequent approval. The following tables summarise the approved allocation of funding for 2017/18 for our service.

Capital:

The capital programme as per the budget book for 2017/18 was £48,787,000

Expenditure type	£
Local Transport Plan (LTP) maintenance	44,325,000
Depot programme	225,000
Challenge fund street lighting improvements	3,962,000
Mamhead Slipway, Exmouth	275,000
Total Highways Capital	48,787,000

Revenue:

The total revenue allocation for 2017/18 is £33,502,000

Expenditure type	£
Maintenance of roads and bridges	22,693,000
Street lighting	3,858,000
Public Rights of Way	627,000
Other	26,000
Highways management staff and associated costs	6,298,000
Total Highways revenue	33,502,000

On street parking account 2017/18

Other expenditure	2017/18 Budget allocation £'000
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TCS: Bus rail, and community transport support	2,411
CPE Road signs and road markings	225
Traffic management plans	100
Disabled parking bays	20
Cyclic maintenance for the purposes of environmental improvement	1,200
Route reviews and improvements to road signs/lines	100
HATOC waiting restriction project	100
Speed management	60
Traffic and parking IT systems	20
Safety camera partnership	10
Real time passenger information	78
Variable message signs	10
CPE P and D machine maintenance	40
Road safety improvements - Reactive	50
Park and Ride business rates	100
Park and Ride minor site maintenance	10
Country parks	219
Total other expenditure	4,753

[This table](#) shows the variation to the capital highway structural maintenance programme at month 6 since its approval by cabinet at the beginning of the year.