



Cabinet meeting on 19th September 2018

**Strategic Plan and Medium Term Financial
Strategy 2019-2024**

**Report Summary from Philip Atkins, Leader of
the Council and Mike Sutherland, Cabinet
Member for Finance**



Council Leader, Philip Atkins said:

“Over the past nine years the county council has reduced running costs by £240m. In that time, we have supported a flourishing economy with record low unemployment, and created better jobs, education and training opportunities, all with one of the lowest county council taxes in the country.

“We have a track record of delivering results and working with partners across the Midlands to help make the lives of Staffordshire people more rewarding. Our commitment to do this remains undiminished and we remain ambitious for Staffordshire and its people.

“We are spending a record amount on social care for a growing ageing population as national funding is reducing. Inflation and growing demands, such as more children coming into care, mean that like councils across the country, we are in uncharted territory. As a result, we must make some extremely difficult decisions about what we can continue to fund.

“Despite significantly reducing our own running costs, we are looking at further in-house and back office savings. Non-essential spending and recruitment is already on hold across the county council. These measures will reduce the size of the county council and our capacity to deliver for Staffordshire people.

“We will continue to lobby Government on the critical need for more money for social care. We are bidding to be in the next wave of a business rates pilot scheme and pressing for flexibility around council tax increases – all of which would help to bridge the £35m gap.

We keep innovating and remodelling how we work by making more use of technology and data in this digital age. With less funding, we are looking at communities to take on even more responsibility and supporting people to make the best choices for themselves and their families so that fewer people need our help.”

Mike Sutherland, Cabinet Member for Finance, said:

“This county council has a proud record of managing taxpayers’ money wisely and well to deliver the best possible results for the people we serve. However, we are in unprecedented times, and we need to do things differently.

“While we have a good grip on our finances this year, with a £35m shortfall in our budget in 2019/20, we have acted swiftly to plan and prepare so that we can meet our legal duty to balance the books and ensure financial sustainability for the 2019-2024 MTFS period.

“This report presents a credible plan to close that gap, but we do not underestimate how difficult some of the savings options are. Where possible we are protecting front-line services for vulnerable people and communities.

“To illustrate the size of the challenge, we will be spending a record £315m a year on care for the young and old – compared to around £200m ten years ago.

“However, our current financial position means that the only way to present a balanced budget is by securing considerable extra funding or a significant reduction in services citizens may expect in core areas such as care, highways and transport.

“We await the Government’s response to the financial challenge facing good and well-run councils across the country, and the consequences if extra additional funding is not forthcoming.

We still need to factor in our bid for the business rates pilot scheme, any additional funding in the Autumn Budget or via the Better Care Fund, any recommendations in the Green Paper on Adult Social and the Local Government Financial Settlement, before we know the full picture and present a final position to Full Council for approval in February 2019.”

1. We are today presenting the results of the Medium Term Financial Strategy and Draft Budget for 2019/20. This aims to balance the ambition of this council as set out in the Strategic Plan with the clear commitment contained in the pledge to deliver value for money for residents and business and live within our means. We need to strike the right balance between ensuring we honour this pledge and ensure we continue to invest in our longer term aims of this council.
2. **Recommendations** – we recommend that in respect of the Strategic Plan and Medium Term Financial Strategy 2019-2024, Cabinet agrees all of the recommendations set out in the attached report:

Cabinet – 19th September 2018

Strategic Plan and Medium Term Financial Strategy 2019-24

Recommendations of the Leader of the Council and the Cabinet Member for Finance

1. We recommend that in respect of the Strategic Plan, Cabinet:
 - a) Note the progress made regarding the development of the financial planning for the council for the period 2019-24 in the light of the direction contained in the Strategic Plan;
2. That, in respect of the Medium Term Financial Strategy (MTFS) 2019-24 and the 2019/20 revenue budget, Cabinet:
 - a) Consider the updates to the financial plans as set out in this report;
 - b) Agree the additional savings as set out in paragraphs 55 -75 and the appendices;
 - c) Note the risks associated with these additional savings as set out in this report and ask the Senior Leadership to undertake the appropriate engagement arrangements required to deliver the savings;
 - d) Note the draft revenue budget for 2019/20;
 - e) Receive a further report in January 2019 once the details of the Local Government Finance Settlement are known to recommend a Revenue Budget, MTFS and Council Tax to full council in February; and
 - f) Ask the Corporate Review Committee to scrutinise the proposed pressures and cost reduction options against the principles of a good and balanced budget.
 - g) Approve that the Chief Executive be given authority on behalf of the County Council, in consultation with the Leader, to approve the terms of, and subscribe to, the Business Rates Pilot Application to be submitted by Staffordshire authorities

Report of Director of Finance and Resources and the Director of Strategy, Governance and Change

Strategic Plan

3. The Strategic Plan is the primary document that shapes the financial plans and the Corporate Delivery Plan. Developed and delivered in tandem, they are supported by a range of directorate, service and team plans across the council. At an individual level, all members of the Wider Leadership Team (WLT) sign an annual Accountability Letter and a 'My Performance Conversation' process supports performance and development conversations for staff at all levels.

4. Over the last eight years, the County Council has had a clear vision to create:

“A connected Staffordshire, where everyone has the opportunity to prosper, be healthy and happy.”

Both strategies also show detail of how we work with Staffordshire’s residents, businesses and our partners to deliver our three priority outcomes, that the people of Staffordshire will:

- **Be able to access more good jobs and feel the benefits of economic growth**
- **Be healthier and more independent**
- **Feel safer, happier and more supported in and by their community**

5. In delivering on its vision the council’s approach has been about defining a new relationship with citizens, promoting independence and thinking about outcomes not services. The following paragraphs include some highlights of achievements since 2009.

Economic Growth – Highlights:

- From 2011 to 2016 19,000 new jobs have been created and the economy has grown from £14.2bn to £16.6bn.
- Average resident earnings continue to increase - gross weekly pay is £533 compared to £550 for the U.K.
- Since our economic growth programme was launched in 2014, 15 employment sites have been delivered with a total value of over £150m and created over 6,600 jobs.
- 154 Staffordshire Enterprise Zone has attracted £1bn investment and created 2,500 new jobs with a further 2,700 in the pipe-line.
- Our focus on employment sites had helped retain 1,100 high value jobs at General Electric and 800 jobs at Gestamp.
- Superfast Staffordshire has extended super-fast broadband coverage from 70% in 2013 to 95% and we have a target of 97% by 2021.
- We secured £35m in 2017 from government and developers to improve local transport.

Housing – Highlights:

- Our investment in infrastructure working with district councils is unlocking significant housing numbers - Stafford Western Access Road, Lichfield Southern Bypass and Branston Locks will deliver 6,200 homes.
- Seven of our 8 districts have compliant local plans (Newcastle-Under-Lyme is developing a joint plan with Stoke-on-Trent) that will deliver 70,000 new homes over 20 years.
- In partnership with Lovells, we developed 346 units in 12 months to house 1,000 army personnel returning from Germany - an unprecedented build out rate.
- Through the One Public Estate programme we are exploring the use modern methods of construction and the delivery of extra care facilities such as the Northfield Village in Stafford.

Education and Skills – Highlights:

- Significantly increased the percentage of good and outstanding schools from 76.2% in 2014 to 87.1% which is in line with the national average.
- Significantly improved attainment levels at Early Years Foundation Stage (EYFS) from 53.6% in 2013 to 74.5% in 2017, above the national average.
- Staffordshire performs above the national average in reading, writing and mathematics at Key Stage 1, and has seen a greater rate of improvement.
- Improved attainment rates at Key Stage 2 in 2017 were well above national levels of improvement.
- Over the last five years, we have doubled the number of apprentices to over 13,000 and this growth continues.
- Despite a 200% increase of high needs students, we have worked with local education providers and have placed more of our young people in local provision supported by significant investment including £1.3m investment in Futures in South Staffordshire.
- Over the last five years we have transformed our learning offer and OFSTED rate us as 'Good' while our teaching, learning and achievement is some of the best in the country.
- Our £45m ESF Programme has helped over 12,000 residents to improve their skills and employability benefitting thousands of local employers.
- Working with the SSLEP, we have invested £13m in facilities and employer to create over 3,000 new apprentices in manufacturing and construction and are investing a further £3m in equipment to increase STEM skills across the county

Health, Care and Wellness – Highlights

- Between 2009-2011 and 2014-2016 Healthy Life Expectancy increased by 0.6 years (seven months) for men and 2.6 years for women.
- The percentage of people in Staffordshire who feel satisfied with their lives has increased from 77% in 2011/12 to 83% in 2016/17.
- The number of children under 18 who are admitted to hospital due to alcohol-specific conditions has fallen from 58 per 100,000 in 2010/11 to 2012/13 to 32 per 100,000 in 2014/15 to 2016/17.
- The number of people aged 65 and over admitted to long-term residential or nursing homes has fallen between 2014/15 (642 per 100,000) and 2017/18 (549 per 100,000)
- Premature mortality rates from cancer, cardiovascular and respiratory diseases have fallen between 2001-2003 and 2014-16.
- The rate of admissions for falls and injuries in people aged 65 and over decreased between 2015/16 and 2016/17 and are lower than the national average.

Families and Communities – Highlights

- Our children's services are rated as 'good' by OFSTED. This was endorsed in 2017 when we took part in the pilot of the new OFSTED inspection framework.

- Our innovative Intensive Prevention Services has demonstrated over £2m cost avoidance to the local authority.
 - Our Building Resilient Families and Communities (Troubled Families) programme has engaged with 3,724 families, this represents 80% of our agreed five-year target of working with 4,680 families. Our continued success has resulted in a grant of £4.7m Earned Autonomy Funding.
 - By the end of 2019, over half (27) of Staffordshire's library provision will be managed and delivered by the communities they serve.
 - In 2015 we reduced the number of Children Centre buildings but through outreach and support have increased access to Children Centre provision to our most vulnerable families.
 - Since 2015/16 youth provision has been delivered by Staffordshire's Council of Voluntary Youth Services (SCVYS). This has seen a 27% growth in regular activity participation to 27,658 children and young people.
6. Our strategy is ambitious for our county, but also realistic that serious challenges remain for Staffordshire, its people and the local public sector. Most people are in work, but not enough people are earning the salaries and wages they need to lead the lives they want. There is continuing uncertainty for local employers and their staff around the impact of Brexit. Health and care challenges are great, with a growing ageing population contributing to enormous financial pressures on the health and care system. The numbers of children coming in to and remaining in the care system is increasing, in line with national trends.
7. The council therefore has agreed five priorities. These priorities are:

Priorities



Create the right conditions for **economic growth** across the whole of Staffordshire that produces more, better paid jobs for residents.



Support the construction of more **housing** to meet the growing needs of our families and people young and old.



Improve **Education and Skills** provision in our schools, colleges and universities so that more people gain the training and qualifications they need to succeed.



A joined up approach to **Health, Care and Wellness** that encourages people to take responsibility for their own health and plan for their future, so that we can support those who really need it.



Ensure **Children and Families** have a network of support to help manage their own problems and stay safe and well.

8. In order to deliver our priorities against a backdrop of reduced Government funding and growing demand for much of the support we provide, the way the County Council operates must continue to evolve. We have identified four themes, or enablers, that will underpin delivery of the Strategic Plan. They are: Workforce; Digital; People Helping People; and Networks and are explained in the following diagram:



Our **workforce** is the greatest asset we have for improving the lives of Staffordshire people, so we need to give our employees the skills, tools and confidence to do their jobs well.



People Helping People is how we support citizens to help themselves and one another to improve their communities and act on the things that matter most to them.



Our **digital** programme will make greater use of technology and data to work in more modern, effective and lower cost ways.



Work with and through our **networks** of public, private and community organisations to achieve our ambitions.

9. As a well-run county council, we will continue to reduce costs and find more efficient ways of working. However, our growing, ageing population, rising costs, and growing demand for services mean that more fundamental changes will be required.
10. The County Council has changed significantly over the last nine years but more recently we have found that we can no longer afford all the things we used to do or would like to do. We need to find different ways of working that help people to help themselves, take greater personal responsibility for their own lives, health and wellbeing, and greater responsibility for improving their own communities. That pace of change must accelerate over the next four years in the changing financial landscape. If we succeed in this and reduce demand on public services, the County Council can target the reducing resources we have at the people who really need them. Therefore, the council included the following pledge in its Strategic Plan:

Pledge Deliver value for money for residents and businesses and live within our means

11. Therefore, in the coming year:

- a. We will work hard to ensure that the economy continues to grow and that everyone has a good job with good prospects
- b. We will help people to help themselves to lead happy and independent lives with less need for services and support
- c. We will continue to support those least able to help themselves through creating new models of care in line with our resources

Financial Planning - Underlying Principles

12. We are in unprecedented times. Meeting the huge and increasing financial pressures from adult social care and children's services, with reduced funding, simply does not add up.
13. We started preparing for the forthcoming financial year with a shortfall of more than £35m. We have looked across the county council for savings – but after reducing our running costs by £240m in the past nine years, time and options are limited.
14. We need the Government to act now and we need the culture of our communities to change swiftly if there is any possibility of avoiding a devastating, lasting impact on core areas such as care and road maintenance.
15. We have a track record of delivering results and working with partners across the Midlands to help make the lives of Staffordshire people more rewarding. Our commitment to do this remains undiminished.
16. The difference right now is that we are in a time of unprecedented financial challenge and pressure on our budget that is not of our making.
17. We are spending a record amount on social care for a growing ageing population as national funding is reducing. Add the rising cost of inflation and growing demands, such as more children coming into care, and like councils across the country, we are in uncharted territory. As a result, we must make some extremely difficult decisions about what we can continue to fund. It is interesting to note that 10 years ago the council spent around £200m on adults and children care services. For 2019/20 this figure exceeds £315m.
18. A number of county councils are currently taking drastic action to address multi-million pound in-year overspends and to ensure they can balance the books in future years. Here in Staffordshire, our day-to-day management of our finances remains strong despite rising demand in particular in children's social care, but given the pressures in future years we have acted swiftly to plan and prepare for all eventualities and ensure we can close the current £35m shortfall in our budget next year. We have a legal duty to balance the books.
19. However, it is imperative that we review the financial plans with aims of understanding the impact of addressing the funding gap and underpinning the strategic plan to deliver effective services while living within our means.

20. To do this the council has agreed a set of principles to develop the financial planning in the council. These are:

The Medium Term Financial Strategy, driven by the new vision and new strategic plan is;

- To be focused on achieving outcomes in the delivery plan;
- To be evidence-based using a data-driven approach;
- Part of an ongoing, continuous process led by service leadership teams;
- About shaping options around a focus on the people of Staffordshire as citizens rather than customers;
- To assess delivery plan options against the following tests to determine whether they are:
 - managerially deliverable with an accurate assessment of the risks involved in delivery
 - politically manageable
 - deliver outcomes, and
 - 'ensure we live within our means'

21. Underpinning the planning framework is the council's aim of setting a Good and Balanced Budget.

22. Setting a **balanced** budget is a statutory requirement and means that:

- Income equals expenditure;
- Cost reduction targets and investment proposals are credible and achievable;
- Key assumptions are "stress tested".

23. The hallmarks of a **good** budget represent best practice. They are designed to ensure financial sustainability and mean that:

- It has a medium-term focus, supporting the Strategic Plan;
- Resources are focused on our vision for a Connected Staffordshire and our priority outcomes;
- It is not driven by short term fixes;
- It demonstrates how the county council has listened to consultation with local people, staff and our partners;
- It is transparent and well scrutinised;
- It is integrated with the capital programme; and
- It maintains financial stability.

24. The financial position the County Council currently faces mean that, for the first time, these hallmarks of best practice will not be achievable without either a significant increase in resources available or a significant reduction in the services offered to citizens of Staffordshire.

25. The statutory requirement to set a balanced budget will prevail but, as outlined elsewhere in this report (see the section called Summary of Medium Term Financial Strategy Position in paragraph 111 below), there is a necessary short-term focus in delivering the savings identified in 2019/20 which risks compromising the medium-term focus on our priority outcomes. Nevertheless, the shortfall in funding available to the Council means that such proposals have had to be included to ensure that the Council lives within its means.
26. We have therefore taken the decision to publish our draft budget three months earlier than usual. We want to be open and honest with Government, our citizens, our partners, our staff and local businesses about the scale of the challenge and the consequences if additional funding is not secured.
27. Our proposals mean we will still do more for Staffordshire people than those things we only have a legal duty to provide. The decisions we must make though, will have a significant and lasting impact on our communities, and reduce the size and capacity of the council, thereby reducing our flexibility and resilience. This will inevitably raise the risk of undermining some of the good work we have done.
28. We will continue to lobby Government on the critical need for more money for social care. We are bidding to be in the next wave of a business rates pilot scheme and pressing for flexibility around council tax increases – all of which would help to bridge the £35m gap.
29. We keep innovating and remodelling how we work by making more use of technology and data in this digital age. With less funding, we are looking at communities to take on even more responsibility and supporting people to make the best choices for themselves and their families so that fewer people need our help.
30. But the pace of change must be swift if, in the long-term, we can afford to protect the most vulnerable adults and children in our communities.
31. The six strands of our Medium Term Financial Strategy framework, when implemented, will enable a return to a good budget in the medium term but without a significant increase in resources we will not be able to set a good budget in 2019/20.

Financial Planning Approach – The ‘6 Strands’

32. There is a significant estimated gap from 2019/20 which requires a different approach. There is no single answer to addressing this gap and therefore the developing Strategic Plan proposes six strands of activity which together set out the approach to balancing the financial plans over the medium term.



Creating the right conditions for our economy to grow will increase Business Rates income



As we encourage housebuilding to meet growing demand, more homes will generate more Council Tax



Lobbying Government to secure greater funding and responsibility to act on the issues that matter most to Staffordshire people



Changing the way we use technology and data combined with closer working with communities, in a new offer to Staffordshire citizens



Using council assets such as land, buildings or money held in reserve to generate income



Continuing to reduce costs by finding new and more efficient ways of working, for instance through greater use of technology

33. Each of these strands is discussed in the paragraphs that follow.

Grow Business Rates

34. One of the income streams which can be increased is business rates and the County Council already has a strong track record of creating the right conditions for economic growth and job creation across Staffordshire. This work will continue. In the current business rates scheme, the County Council retains 9% of the business rates collected and on this basis, would need a 96% increase in the business rates collected to generate an additional £10m. The business rates pilot, if successful, would mean that the benefit to the council of growth would be greater than is the case under the current system.

Grow Council Tax

35. As the County Council becomes self-financing due to the loss of government grant, initiatives to increase income become more important. Levels of housebuilding in Staffordshire, in keeping with the rest of the UK, are failing to keep up with the needs and demands of our people. This was recognised by the Government with additional investment in housing in the Autumn Budget. The County Council is pursuing the option of encouraging house building to meet local demand. In doing so, this will also increase the number of properties in the county and therefore increase the income received from council tax.

Lobby Government

36. The County Council plays an active role in consultations with Government and ensures that the situation in Staffordshire is made clear to Whitehall. In addition, we work with the Local Government Association (LGA), County Councils Network (CCN) and others to influence Government policy and secure additional funding and responsibilities for the benefit of Staffordshire and its people. There is a green paper on social care due to be published in the Autumn of 2018 and the expectation is that this will set out plans for a longer-term solution to stabilise social care and support the NHS. The Government is also undertaking a fair funding review of local government and Staffordshire has already made a contribution to consultation in this area. Changes in funding would be reflected through a new, 100% retention system for business rates. The costs of children in care also continues to be of concern with the number of children looked after increasing, together with higher care package costs, all placing more pressure on already stretched budgets.

Using Council Assets

37. In recent years the County Council has become more commercial in its approach and is considering making investments in property, particularly where there is both a return to be earned and a wider benefit for the citizens of Staffordshire.

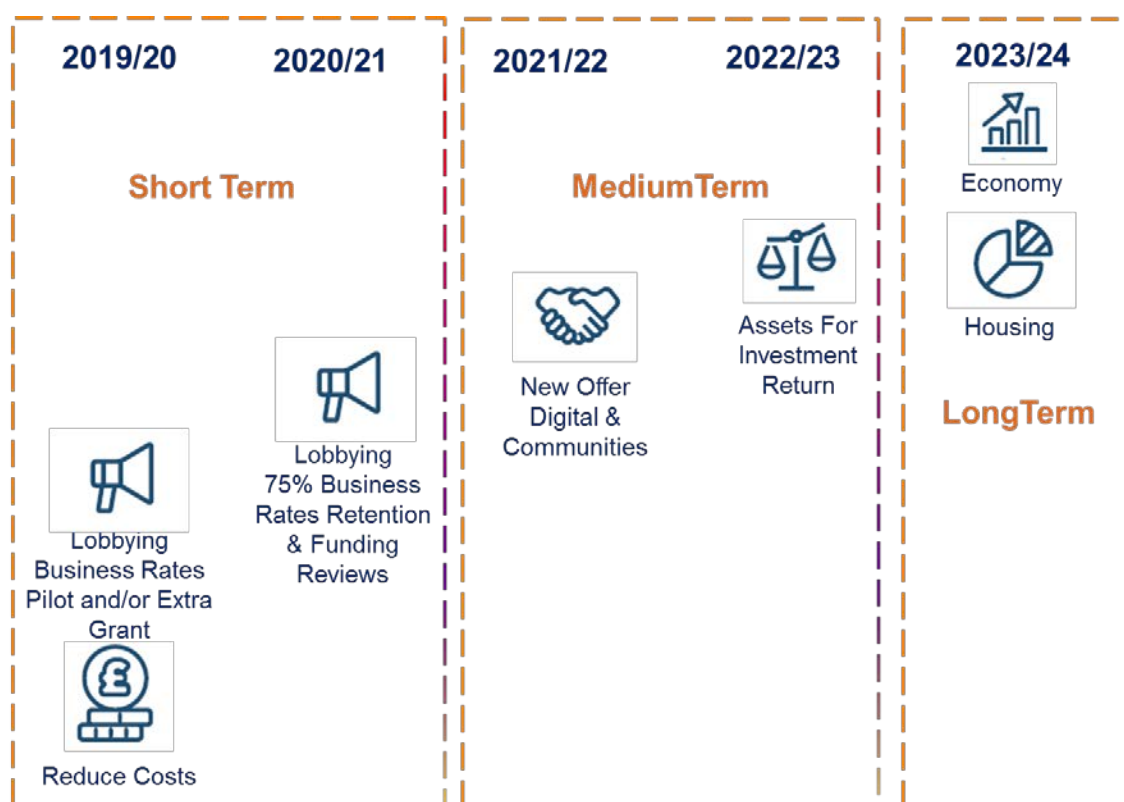
Community and Digital First

38. There are three new and interconnected initiatives that are being developed, to re-define and shape a new offer to the citizens of Staffordshire. Firstly, the County Council is developing its own digital programme, exploring how to better use technology and data to help people and business access the support they need. This is linked to a wider Smart Staffordshire project which brings together the County Council, universities, businesses and other public partners to create a single digital transformation programme with shared objectives across the entire county. The final element of this new approach is the County Council's work with communities, called People Helping People, which aims to give citizens more control and the ability to act on the issues that matter most to them. The County Council will continue to provide care and support for people where it has a legal duty to do so. In doing this we will have to take our overall funding into account. This may mean that not everyone gets exactly the support that they want.

Reduce Costs

39. In the last nine years the County Council has reduced its costs by £240 million, finding new, more efficient ways of working that deliver outcomes for residents; this plan removes another £35m in the financial year 2019/20. As a well-run council, we will continue this approach across the whole organisation, identifying opportunities to reduce overheads for instance through greater use of technology, joint working with partners, and closer working with the community.

40. The Strategic Plan sets out how these strands impact in the long term, medium term, and short/immediate term as shown in the following diagram:



41. What is clear from the previous diagram is that the aims of growing the economy and building more homes will take several years to realise any financial benefit to the council. Indeed, shaping the council's new offer will take time and the council will not see immediate returns. Therefore, the council must plan to reduce its cost base now to balance the budget for the immediate term while the longer-term initiatives are developed. In addition, the short-term plan includes a range of activities aimed at lobbying government to ensure care pressures are met and grant reductions are slowed. This is essential to give the council the time needed to transform in the medium term; it would be counter-productive to be forced to reduce spending in the short terms on those activities which are essential to the long-term future of Staffordshire e.g. economic development services.

Medium Term Financial Strategy – Update

42. The financial plans set out the financial implications of the council's Strategic and Delivery Plans. The development and refinement of the Strategic Plan is undertaken in conjunction with the financial planning process to ensure that budgets reflect the council's aims and objectives.

43. The planning period is five years, which provides a framework that promotes longer term planning.

44. The Local Government Finance Settlement for 2016/17 was a four-year settlement with allocations up to 2019/20. These amounts have then been confirmed in each annual settlement announcement. The Provisional

Settlement for 2018/19 was announced on 19th December 2017, one of the latest announcements in recent years and it confirmed the amounts of Revenue Support Grant for 2019/20.

45. Identifying efficiency through innovation and new ways of working has featured heavily in previous years' financial strategies and, in the light of the current economic climate will continue to be a fundamental part of the council's plans going forward. The council has a proven track record of delivering cost reductions with £240m being identified and delivered in the past nine years (up to and including 2017/18).
46. The council still has significant challenges ahead and the way residents' needs are met must continue to evolve. The delivery of challenging cost reduction targets and the management of current and future pressures is crucial to the delivery of the financial plans and the aspirations set out in the Strategic Plan.
47. In February the council recognised the need to commence with financial planning for 2019/20 as soon as the 2018/19 budget was approved. It recognised that radical proposals needed to be developed before the summer of 2018 so that plans can be put in place to deliver financial balance for 2019/20 and beyond.
48. It is now necessary to update the financial plans for the changes and developments since February. The key elements of the plans discussed in the report are:
 - a. The current economic climate/forecast
 - b. Projected pressures and cost reduction options
 - c. Risks
 - d. Council Tax and Business Rates
 - e. Reserves and Balances
 - f. Capital Programme
 - g. Summary of the Medium Term Financial Strategy Position
 - h. Corporate Review Committee Role
 - i. Consultation
 - j. Conclusions

Current Economic Climate

49. The Bank of England raised the official interest rate (the Bank Rate) in August to 0.75%. If the economy continues to perform as expected, and the latest forecasts suggest it will probably be growing about as fast as it can without overheating, then the Bank of England may raise interest rates further.
50. Inflation is above the HM Treasury target of 2%; currently the Consumer Price Index is at 2.3%. The main reason for this is the fall in the pound which arose following the Brexit vote. The lower pound has meant that things businesses get from abroad cost more. Businesses have been passing those rising costs on to their customers. So that has meant higher prices in the shops. However, inflation is expected to fall further in future periods.

51. Following the EU referendum in 2016 and the decision to end Britain's membership of the European Union, there has been economic uncertainty. This uncertainty surrounding Brexit is also likely to influence the government's stance towards public finances as it endeavours to put money aside to fund the costs associated with leaving the EU. This means less money being available for public services.
52. Growth dipped earlier this year and the forecast of the country's current account deficit shows it is likely to remain at a similar level for the next few years. Again, this is likely to mean very limited ability for the government to find additional funding for the public sector. It has however made announcements recently regarding funding for the NHS with an additional £20.5 billion announced to coincide with the NHS's 70th birthday. These announcements revealed little support for linked social care issues. Also, recent government focus on focus on education and defence probably signals further significant challenges in terms of funding settlements for the remaining parts of the public sector.
53. People are finding things tough financially at the moment due to lower pay levels and rising prices. This combination also tends to place a greater demand on the council for essential services which in turn increases our costs.
54. Finally, as a consequence of near full employment and rising prices in the shops, we may also see an upward pressure on pay levels resulting in demands for higher pay rises during the planning period.

Projected Pressures and Cost Reduction Options

55. Services have identified spending pressures and a range of savings options as part of the rolling programme of financial planning. The current list of pressures, investments and savings options are attached as Appendix 3 and the key impacts are discussed in the paragraphs that follow.
56. To ensure we protect frontline and universal services as far as we can, significant savings proposals are being put forward across support services. This will involve a review of services and staffing structures in Finance and Resources and Strategy, Governance and Change focusing on statutory responsibilities, strategic risks and key priorities and risks in the Corporate Business Plan (with service directorates leading on delivery plans and operational risks).
57. Pressures in the Health and Care Directorate continue to rise because of increasing demands for and cost of services across all client groups. These cost pressures, together with reducing funding levels, are one of the main reasons for the budget gap facing the council.
58. There are a range of issues facing this directorate the most significant of which is the rising cost of existing and new packages of care, due to previous and ongoing increases in the National Living Wage.
59. It is not possible for the council to stop providing care for existing clients or to discontinue new admissions into care. However, to live within our current means we are looking at options aimed at reducing the cost of care for existing

clients and managing demand for new admissions into care in the face of an ageing population through prevention initiatives that support people to stay in good health for longer, as well as by placing greater constraints on the choice of care.

60. The current plans and new savings proposals for Health and Care include the following. Further details are included in the appendices:
 - a. Further reducing the cost of social care assessment & case management and reablement
 - b. Further reducing the number and cost of current care packages and placements
 - c. Managing down pressures from demography and inflation
 - d. Improved working with CCGs and other NHS Partners to reduce cost and increase income
 - e. Living within a reducing Public Health ring fenced grant
 - f. Reducing some discretionary services as well as some commissioning costs.

61. Further reductions in the cost of social care assessment and case management will require renegotiation of the Section 75 with Midlands Partnership Foundation Trust (MPFT - formerly Staffordshire and Stoke on Trent NHS Partnership Trust).

62. Further reducing the number and cost of current care packages and placements and managing down pressures from demography and inflation will require ongoing controls to promote independence and ensure appropriate interpretation of Care Act eligibility criteria, as well as reducing people's choice of care in line with our powers under the Care Act.

63. In future years, the Public Health ring-fenced grant will reduce further requiring further savings to be made to live within reduced budget levels. These savings will be made, mindful of the terms of the grant and our duty to provide mandated public health services.

64. The Families and Communities current plans and new options continue to be dominated by the requirement to transform the Children and Families system specifically; against a backdrop of rising costs and constraints on funding; workforce transformation, including a shift to community supported locality models and greater use of volunteers and further cost reductions on Special Educational Needs (SEN) transport.

65. As a result of increasing demand and increased placement costs for Looked After Children the latest forecast overspend is currently in the region of £1.8m. We believe that this is a continuing trend. Preventative work to reduce the numbers of children needing to be taken into care has evidenced clear cost avoidance in diverting children from entering the care system, but, as yet, cash savings have not been achieved. It is anticipated that this will provide benefits in future years but the immediate cost pressures facing the service are unprecedented. In addition, increased placement numbers continue to put pressure on service budgets, particularly in the 9-11 year-old and under 4 age ranges. Combined with a slowing of numbers exiting the care system, this is placing additional demands on the service.

66. A recent Ofsted inspection highlighted capacity concerns regarding social worker caseloads, something we were already aware of and were taking steps to address. Cabinet has approved additional investment to tackle the problem, to be delivered in two stages. Stage one is to address the immediate and most pressing areas of concern by recruiting more social workers at an additional cost of £1.1m; Stage two will be a more considered look at structures, processes and potential service redesign. This will also link into the Children's transformation programme. There is no additional investment currently assumed in the financial plans. Once the outcomes of the stage two review are known a further update will be provided.
67. A review of Local Strategic Partnerships is underway to consider the ability to make additional savings. This also links to the wider Children's transformation programme.
68. Children's System savings have been re-profiled in light of the extended timeline for the project, which now incorporates whole system changes, resulting in a cost pressure in 2019/20 of £3.3m. At this stage it is not yet known whether future years will also require re-profiling and therefore the MTFS continues to include a £3.3m saving per annum from 2020/21. There are also further existing savings in relation to demand reduction. While results from recent pilot exercises looks positive and some of the saving can be met from planned workforce transformation, a remaining £1.2m saving is being delivered through alternative options as detailed in the appendices.
69. In addition to the main care services within Families and Communities, there are also pressures in the Special Educational Needs (SEN) Home to School Transport service and Dedicated Schools Grant High Needs Block.
70. Outside the issue of social care, there are pressures in other service portfolios with the main one being around the level of waste tonnages arising from economic growth. Demand for highway maintenance also continues to outstrip available funds resulting in significant challenges in maintaining the condition of our roads.
71. Economy, Infrastructure and Skills savings proposals are predominantly in universal services and they are likely to impact on all residents and visitors of Staffordshire, and the staff who deliver them. We are also considering increasing the amount of on-street parking charges across the county, an option that is often unpopular but the evidence suggests can actually support local economies.
72. A significant saving also includes proposals for the County Council to no longer provide School Crossing Patrol Services in communities. Our offer will be for local communities to fund the service if they believe it is still required and for Staffordshire County Council to act as employer and provide statutory training and equipment. This option will require consultation with the staff affected.
73. We will also consider invest-to-save options such as upgrading of parts of our street lighting infrastructure to be more energy efficient and therefore reduce our annual energy bills.

74. A further proposal is to remove the non-statutory transport offer for Concessionary Travel, meaning pass holders will no longer be able to use their passes to travel free of charge before 9.30am.
75. The total pressures and cost reductions, including the increasing pressures and savings from previous years, are shown in the table below. A summary by Directorate is attached at **Appendix 4**.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Pressures	11.577	16.893	28.087	38.445	40.693
Inflation	12.273	22.812	33.621	44.739	53.626
Savings	(35.181)	(47.709)	(54.782)	(58.760)	(61.580)
Investments	0.291	0.438	0.618	0.618	0.618
Net movement	(11.040)	(7.566)	7.544	25.042	33.357

Risks

76. There are a range of significant risks which need to be carefully monitored and managed. In some cases, the risks may not materialise or may be managed to mitigate their impact on the budget.
77. The biggest risks are around social care. This includes controlling demand when the population is ageing, with people living longer with more complex needs. Additionally, managing escalating prices in the provider market and developing cost effective alternatives quickly will be extremely difficult and the associated savings have a high-level of risk.
78. The 17-19 Staffordshire Better Care Fund (BCF) Plan has been fully approved thereby securing funding for the current round. A further BCF in 2019/20 has been announced with guidance expected in the winter. Early indications suggest that the current National Conditions will remain for 2019/20. The Delayed Transfer of Care (DTC) 'target' has been replaced with an 'aspiration.' However it should be noted that the escalation process remains in the guidance and has been strengthened through the creation of a local BCF 'fund' which provides a mechanism for the national team to transfer the minimum contribution away from CCGs and place in a nationally held fund to be redirected. Whilst this mechanism has been put in place, the National Team remain of the view that support is the best way forward for struggling health economies (the guidance now includes a mechanism for claw back of the previous year as well as redirection future money). There is no clarity yet beyond 2019/20 in terms of BCF allocations or what programme will replace the BCF.
79. Risks are inherent in the whole system change around Children's and Families' including community capacity and new ways of working not being fully embedded to support delivery of children's system transformation. The

numbers and costs associated with Looked After Children have increased markedly over the last couple of years. Whilst this is a national trend and there is risk to the financial plans that this trend continues, the MTFs includes no pressure for the 2018/19 forecast overspend, currently in the region of £1.8m. Instead it assumes this will be mitigated by the service through cost reduction intervention.

80. In relation to the council's capacity to deliver, there is an increasing risk that restructures are not completed in time to realise savings. The reduction in resources, particularly corporate support resources, would also impact on the capacity to support and deliver key strategic aims such as people helping people, digital, and economic growth to deliver additional council tax and business rate receipts etc. Prioritisation of scarce resources is key to managing the impact of this risk.
81. Given the levels of savings expected from property rationalisation, a very active and focussed approach will be required to avoid the risk that this does not proceed as fast as required.
82. Loss of specific grants and hence income to the authority is a risk.
83. The impact of the MTFs proposals on the wider Staffordshire economy may hamper the council's economic growth ambitions.
84. There is a high risk of increasing liabilities (including insurance claims) and growing maintenance costs if we reduce highways revenue spend further.
85. There is an increased risk of spending exceeding budgets and/or income falling short of budgets. The council has a proven track record of delivering significant cost reductions. However, the scale, complexity and pace of the changes still required enhances the risk that not all the cost reductions identified will be delivered within the required timescales. There is a heightened risk associated with plans not being delivered and outcomes not achieved. In previous years and for a variety of reasons, some transformation programmes have not fully achieved the targets set and therefore appropriate contingency arrangements need to be in place.
86. Delivery Plans now need to be revised in the light of the financial situation facing the council. Services need to continue to closely monitor the council's transformation programme including, where appropriate, options to severely restrict or even stop providing some services. The governance arrangements for this significant programme include regular reports to Informal Cabinet, Select Committees, Senior Leadership Team, Delivery Board, Service and Project Boards.
87. With regard to the risk of overspending against budget, thorough budget preparation and detailed monitoring during the year, coupled with personal financial accountability, minimises this risk. Furthermore, Finance Business Partners can identify any concerns at an early stage, advise management teams and recommend measures to mitigate the impact. Budget monitoring reports are regularly considered by management teams and by Select Committees, Portfolio Holders, SLT and Cabinet on a quarterly basis.

88. As the county council continues to transform, we recognise this also presents a potential significant impact for some of our communities, individuals and staff. Community Impact Assessments (CIAs) are therefore a critical component of the council's decision making processes. Each of the options outlined in this paper is likely to have a very different impact and affect different groups of people, therefore where appropriate these will require a specific CIA tailored for that service.
89. As such, services will undertake full and detailed Community Impact Assessments (CIAs) where there is a change to service, commissioning or policy, in line with its CIA framework. This includes identifying those potential negative impacts where changes could affect different groups of people and seek to identify those key actions we will take to reduce any negative impact, protecting Staffordshire's most vulnerable where possible.
90. There will be corporate support and guidance offered in assisting services in the development of their CIAs, ensuring they are developed at the earliest stage, inform thinking and are continually reviewed as part of implementing changes.

Sensitivity Analysis

91. In terms of assessing the impact of changes under various scenarios the following table sets out a guide to the effect of changes to the major cost elements/funding streams:

Impact of (+ or -)	Equates to (+ or -)
1% Revenue Support Grant	£0.1 million
1% Council Tax	£ 3.4 million
1% Business Rates growth (SCC receives 9% of the total collected rates across Staffordshire)	£2.7m across Staffordshire, of which SCC receives £244k (9%)
1% Pay award (excludes staff funded from specific grant (e.g. Dedicated Schools Grant))	£ 1.1 million
1% Non-pay budget	£ 1.3 million
1% Interest (on balances)	£ 1.5 million

92. Details regarding the assumptions used in the financial planning exercise for the major cost elements and funding streams are attached as Appendix 2.

Council Tax and Business Rates

Council Tax

93. Staffordshire County Council has the third lowest council tax level amongst counties in England. This position demonstrates the careful consideration that the council has taken regarding the level of tax demand placed on residents. However, this does restrict the level of funding required to pay for essential services. Clearly a careful balance needs to be struck between these two factors.
94. The current assumptions in the financial plans contained in this report are that the general council tax increase (aligned with the referendum limits suggested by government) is 2.95% for 2019/20 and 1.95% thereafter. In addition government permitted social care authorities to raise council tax by a further amount (a total of 6% over three years) to help with funding pressures in social care. This additional increase was included in the 2017/18 and 2018/19 financial years with zero therefore assumed for 2019/20.
95. The council has not exceeded the referendum limit. However, it is legally permissible to set a council tax increase in excess of the limit, subject to taking the increase to a public referendum. This is not a decision that would be taken lightly, while it remains an option, significant sums of money would be required to hold a referendum and, by its very nature, the outcome of the referendum is uncertain. To date no referendum in the UK has ever supported an increase in Council Tax.

Business Rates

96. An invitation to pilot 75% Business Rates retention in 2019/20 was published on the 24 July 2018. The invitation applies to new pilot applications together with the ten pilots that were formed as part of the 2018/19 Local Government Finance Settlement. The 2019/20 pilots being governed by the 2019/20 Prospectus.
97. Previously Cabinet approved the submission of an Expression of Interest to be a pilot in 2018/19. The Expression of Interest related to all eleven of the authorities within Staffordshire notably the County; City; 8 Districts/Boroughs and the Fire and Rescue Service. The 2018/19 process involved 26 applications and although the Staffordshire and Stoke on Trent Application met all of the selection criteria the affordability envelope of Government limited the programme to only 10 pilots.
98. The principles and governance arrangements as agreed for the 2018/19 application have been replicated in determining and evaluating the 2019/20 prospectus. Two major changes arise in the prospectus notably that the government will retain 25% of business rates growth resulting in a 75% pilot scheme, rather than 100% as at present, and a 'No Detriment Clause' will not be in place for 2019/20.

99. A 75% scheme is less rewarding than a 100% scheme. However following clarification of the treatment of Business Rates Section 31 Grants the actual financial business case is as strong as that of the 2018/19 application considered for Staffordshire. The potential 'windfall' for Staffordshire for 2019/20, based upon the 75% prospectus, is estimated to be £13.3m one-off money, with the county council share of this estimated to be about £5m.
100. The Local Government sector is currently subject to a claim in relation to mandatory business rates relief, backdated for 6 years, from NHS Foundation Trusts. This would appear to be the material issue in relation to the 'No Detriment' clause not being available. However it is now likely that if any potential liability arises this will now be determined, and more importantly accounted for, in 2018/19 rather than the pilot year. Nevertheless representations will be made directly to The Ministry of Housing, Communities and Local Government (MHCLG) and via the Local Government Association that any such issues arising from changes in policy/legislation and legal interpretation are dealt with equitably between ongoing pilots and new pilots created in 2019/20 and the overall Local Government sector.
101. Subject to the considerations above, the experiences to date of the respective Business Rates Pools in Staffordshire, that there is no apparent call on the 'No Detriment' clause by other pilots, together with the £13m loss/ trigger point, it is considered the reward from a pilot greatly outweighs the risk of a 'No Detriment' clause not applying.
102. In addition, to strengthen our application for 2019/20, discussions are taking place with the Staffordshire Commissioner and the 11 proposed members to include Staffordshire Police in our application. This proposal will show our application to be a total 'place-based' solution with a focus on the policing and crime prevention implications of the Economic Growth Strategy.
103. District /Borough tier splits remain as at present with the additional allocation being pass-ported to upper tier authorities. Each authority is guaranteed a minimum of £200,000 additional retention from the scheme whereas risks will be managed on a 'no loss' basis, as compared to existing arrangements at individual authority level. 'No loss' is determined to be that a member of the scheme will be no worse off:
- by being a member of the Pool than they would have been if they had not been a member of the Pool. Each member will retain the income they would have received if they were not a member of the Pool.
 - No member will be worse off as compared with previous pool arrangements for Staffordshire and Stoke on Trent Business rates Pool (2012) or Greater Birmingham and Solihull Business Rates Pool.
 - No member will be worse off as a result of the increased retained % arising from the Pilot Scheme
104. The Pilot governance arrangements will enable authorities to retain effective membership of other LEP'S via contributions to virtual Business Rate pools etc. The continuation of 100% Business Rates for Devolved areas will ensure that for 2019/20 at least that membership of more than one pool will remain in place and hence the ability to stay in a pool whether the application is successful or

not will remain in place. The application will, as in 2018/19, contain details of each authorities pooling requirements if the application is again unsuccessful.

105. The deadline for submission of an Expression of Interest is 25th September 2018. The process requires the Section 151 Officer of each member of the pool to confirm that “it fully supports the application and the proposed pooling arrangements.”

106. MHCLG have indicated that the number of pilots may be less than in 2018/19 (such pilots having to re-apply to be a pilot under the 2019/20 prospectus conditions) since there are now fewer issues to test via pilots. The process is likely to be very competitive and combined with the tight deadline for applications delegated authority is requested to submit and agree the details of the application.

Review of Reserves and Balances

107. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report to the Council on the adequacy of proposed reserves and the robustness of the budget.

108. We have reviewed the earmarked reserves and provisions we hold to make sure they are still required and that they are adequate. As part of producing the formal accounts of the council for 2017/18 earmarked reserves were reviewed. Excluding those reserves earmarked for schools, there was a total of £39.3m of earmarked reserves which were deemed to be fit for purpose for matters such as insurance claims and capital investment. It is not possible at this stage to release any of these sums to support the revenue budget.

109. At the end of 2017/18, general balances were £26.2m. We have carried out a risk assessment of the level of general balances the council needs to hold. In doing this we have considered the uncertain future economic and funding outlook and the risks surrounding the financial plans which are set out in this report. It is quite clear that in several areas, e.g. adult social care and looked after children, that the level of risk facing the council has increased substantially. The assessment, attached as Appendix 5, has concluded that in excess of £33m is deemed to be the minimum required for the council.

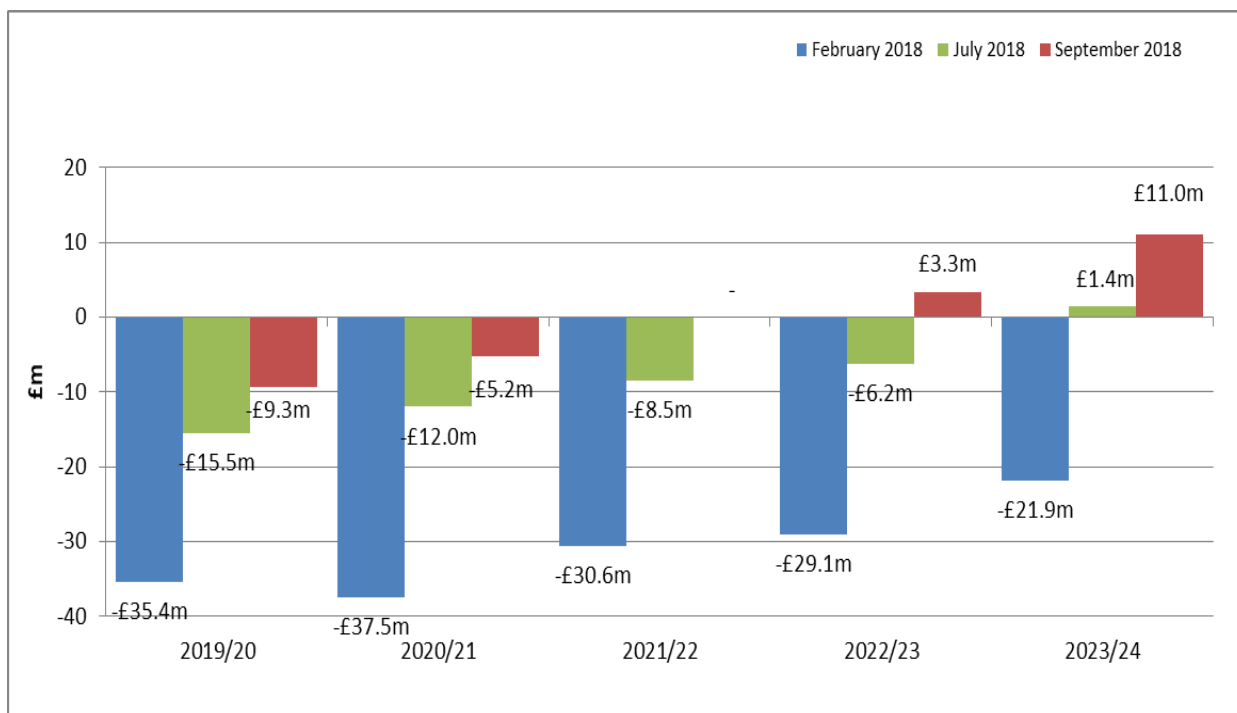
Capital Programme

110. The county council invests a significant sum (between £120m and £150m each year) in a wide range of capital projects including the road network, schools and economic development schemes. At this stage the Capital Programme cannot be reported as the levels of grant and other funding sources will not be known until around December. The Capital Programme will be reported to Cabinet in January 2019 once the detail of the funding is known.

Summary of Medium Term Financial Strategy

111. In February 2018, a budget gap in the order of £35m for each of the years of the plan period was reported to council.

112. Assuming the spending pressures and savings options identified in Appendix 3 are considered, the current position, compared to the position in February, is shown in the graph below:



113. It is clear from the previous graph that the range of savings options have more than offset the new spending pressures. It is important to note that the gap reduces over time reflecting, in the main, the profile of savings as some options take a time to deliver.

114. The forecast shows that there is expected to be a balanced position from the third year (2021/22). However, a gap still remains in the first two years. It is proposed therefore that as the forecast shows a sustainable and balanced position from the third year that the use of one-off resources would be a sensible way to deal with the remaining gaps, totalling £15m, in the first two years.

115. In addition to the £15m identified above it will be necessary to provide for any redundancy costs arising from the proposals. In previous years the policy adopted has been for services to meet these costs from the overall savings generated. However, given the scale of challenge facing services this time and the focus on securing on-going savings in the medium term, it would be appropriate to set aside some one-off funding for redundancy costs. It is suggested that up to £10m be set aside for this purpose.

116. As a first step to providing this short-term funding it is prudent to start to identify savings in the current financial year which can be carried forward to 2019/20. Cabinet have therefore already agreed to undertake a spending controls exercise, similar to that adopted in 2016/17.

117. A spending control process on its own is unlikely to generate sufficient one-off funding required for 2019/20 and 2020/21. Therefore other sources of funding must be utilised.

118. The County Council has always run an efficient County Farms service which covers its own running costs. A key element of this well run service has involved constantly adapting the size and scale of the estate to be as efficient as possible. This approach will continue in the life of this MTFS contributing to the one-off funding required. Due to this approach the previously agreed income targets for the later years of the MTFS will need to be revisited.

119. It would be feasible to sell some farms assets, in addition to those currently planned, and it is suggested that a target of £10m be set and the service asked to produce plans to achieve this in the next financial year.

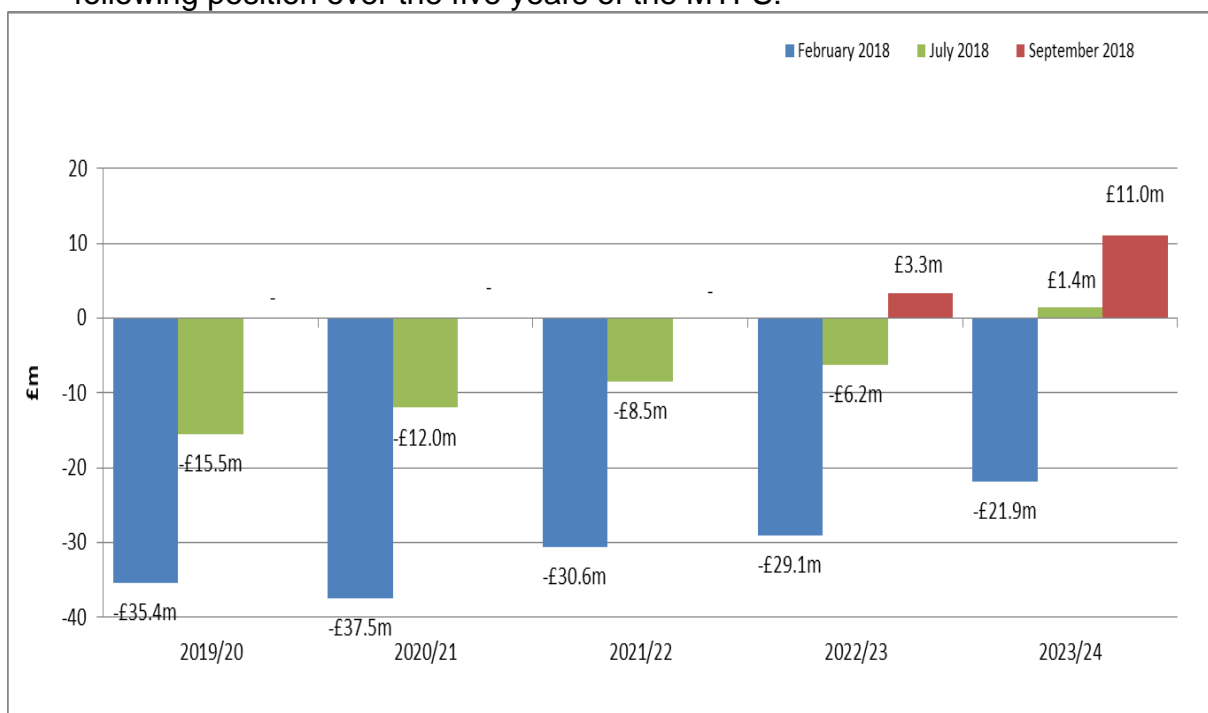
Other One-off Resources to Support the MTFS

120. Over the next two years £25m of one-off funding will therefore be required. The flexibility given by the extension of the flexible use of capital receipts strategy means that there are a number of sources that these funds can be found from.

121. The sources of one-off funding include:

- Underspending arising from the spending controls exercise in 2018/19
- Capital receipts arising from the property rationalisation programme
- Capital receipts arising from County Farms
- Additional funding received from government as a result of lobbying e.g. business rates pilot, additional general grant etc
- Use of general reserves/balances

122. Once the use of one-off resources are taken into account this would result in the following position over the five years of the MTFS:



123. The 2019/20 draft revenue budget for each service area together with planning forecasts for future years is attached as Appendix 6.

Corporate Review Committee Role

124. Scrutiny now needs to be undertaken on the results of the MTFS exercise. In this council, that role is undertaken by the Corporate Review Committee. As in previous years this committee has established a working group to specifically scrutinise the financial plans.

125. It is proposed that the Corporate Review Committee be asked to scrutinise the results of the MTFS exercise as set out in this report.

Consultation

126. As in previous years, consultation on the overall budget will be required with trades unions and business ratepayers at an appropriate time. In addition, savings options will require specific consultation as necessary to deliver the changes proposed.

Conclusions

127. Members have committed to delivering value for money for residents and businesses and living within the means available to the council. It is evident from the analysis contained in this report that this is becoming increasingly difficult to do. Balanced budgets for future years will not be possible without tough decisions being made on services that affect the lives of many. To deliver on its pledge this does mean that if nothing else changes, in terms of increased funding from government, then what is set out in this report is what this council will need to do.

128. That means thinking differently about what more we can all do for ourselves and what we expect to be paid for from the public purse.

129. The council remains ambitious for Staffordshire, exploring new options and areas to make our county better. Take housing for example. We believe we have a key role to play in creating the right conditions for housing development. This will help deliver much-needed homes for Staffordshire families and bring in more council tax to pay for public services.

130. The longer-term vision for the council is set out clearly in the Strategic Plan. Members of Cabinet are not prepared to do things which undermine the medium/long term view which is essential to ensure sustainability as an authority. The financial gap facing the council is caused by circumstances beyond its control; including significant reductions in funding, increased demands for services and complying with government policy without the appropriate resources to be able to deliver those policies.

131. In the next year our priorities remain to:

- Create the conditions for the economy to grow and create more better paid jobs
- Support the construction of more homes for Staffordshire families
- Improve education and skills provision in our schools, colleges and universities
- Focus on a joined up approach to health, care and wellbeing
- Ensure children and families have a network of support to help manage their own problems and remain safe and well

132. We await the Government's response to the financial challenge facing good and well-run councils across the country, and the consequences if extra additional funding is not forthcoming. We still need to factor in our bid for the business rates pilot scheme, any additional funding in the Autumn Budget or via the Better Care Fund, any recommendations in the Green Paper on Adult Social Care and the Local Government Financial Settlement, before we know the full picture.

133. However, we are being open with everyone now about our finances, the action we are taking and the reality we all may potentially face.

Andrew Burns
Director of Finance and Resources

John Tradewell
**Director of Strategy,
Governance and Change**

List of Appendices

1. Implications Statements
2. Major Assumptions used in the Medium Term Financial Strategy
3. Detailed Pressures, Savings and Investments
 - a. Health and Care
 - b. Families and Communities
 - c. Economy, Infrastructure and Skills
 - d. Finance and Resources
 - e. Strategy, Governance and Change
4. Summary of Pressures, Inflation, Savings and Investments
5. Risk Based Review of General Balances
6. Proposed Net Revenue Budget 2019/20 and Planning Forecasts 2019/20 – 2023/24

Equalities implications:

The overarching equalities implications are at the heart of political deliberations with interconnecting links. This interconnectivity is key to delivering within Staffordshire, the best value for money for all. Specific equalities implications arising from the issues covered by this report will be incorporated into outcome and service plans. Equality Impact Assessments will therefore be undertaken for each specific issue, where appropriate.

Legal implications:

At this stage in the development of the financial plans there are no specific legal implications presented by this report.

Some of the decisions required in the report carry a risk of legal challenge. The Council's response to any challenges will be considered if and when they arise on the basis of whether they are likely to be successful.

Resource and Value for money implications:

The Resource and Value for Money implications are set out in the report.

Risk implications:

As outlined in paragraphs 76-90 of the report.

Climate Change implications:

We have considered the impacts on climate change whilst developing the financial plans and have, in line with the county council's key priority concentrated on reducing our carbon footprint in future service delivery plans. As an organisation, over the medium term we are encouraging greater flexible working which aims to reduce emissions even further.

Health Impact Assessment

The impact on public health has been considered whilst developing the financial plans. Innovation and Efficiency options proposed aim to improve and promote the health of citizens through closer working with the NHS. Further implications will be incorporated in the outcome plan for Staffordshire as a place where people live longer, healthier and more fulfilling lives.

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Appendix 2

Major Assumptions Used in The Financial Planning Year-on-Year Increases

	2019/20	2020/21	2021/22	2022/23	2023/24
Staffing costs					
Pay	2.0%	2.0%	2.0%	2.0%	2.0%
Local Government Pension Scheme increases	1.0%	1.0%	1.0%	1.0%	1.0%
General running costs					
Prices (including internal recharges from trading services)	2.0%	2.0%	2.0%	2.0%	2.0%
Contractual inflation	Variable	Variable	Variable	Variable	Variable
Income (standard allocation)	2.0%	2.0%	2.0%	2.0%	2.0%
Utility / Running Expenses					
Electricity	10.0%	10.0%	10.0%	10.0%	10.0%
Gas	10.0%	10.0%	10.0%	10.0%	10.0%
Business Rates bills	3.2%	3.2%	3.2%	3.2%	3.2%
Water ¹	3.0%	3.0%	3.0%	3.0%	3.0%
Petrol	3.2%	3.2%	3.2%	3.2%	3.2%
Diesel	3.2%	3.2%	3.2%	3.2%	3.2%
In-Year Increases					
Interest Rates					
Interest on investments	0.25%	0.25%	0.25%	0.25%	0.25%
Interest on debt	3.94%	3.89%	3.77%	3.83%	3.88%
General Funding					
New Homes Bonus	£2.2m	£1.9m	£0.7m	-	-
Loss of Revenue Support Grant	-£14.8m	-£10.7m	-	-	-
Revenue Support Grant	£10.7m	-	-	-	-
Council Tax	2.95%	1.95%	1.95%	1.95%	1.95%
Social Care Precept	0.00%	2.00%	2.00%	2.00%	2.00%

¹ Water Bill increases are set by OFWAT. These have been capped for the 5 year period at the previous Novembers RPI inflation rate plus 0.5%

HEALTH AND CARE
Projected Pressures, Cost Reduction Options and Investments

Appendix 3a

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Care Commissioning					
Total Service Spending Pressures Approved in February 2018	4.378	10.823	16.841	23.339	23.339
Projected Changes to Original Service Spending Pressures					
Revised net estimate of minimum funding necessary for providers to meet the costs of inflation, including to cover the rise in the National Living Wage.	(2.259)	(2.441)	(0.293)	0.122	0.000
Revised estimate of funding required to cover costs of a rise in the number of people needing social care as the population ages.	(2.731)	(2.830)	(2.803)	(2.933)	(3.063)
Total Projected Changes to Service Spending Pressures Approved in February 2018	(4.990)	(5.271)	(3.096)	(2.811)	(3.063)
New Service Projected Pressures					
Incremental Drift - Additional cost of pay progression as staff gain experience or qualifications.	0.240	0.360	0.480	0.600	0.600
Additional capital charges for care director	0.020	0.020	0.020	0.020	0.020
Impact of 2018/19 rising cost of new older people residential and nursing placements already embedded into placement costs	2.200	2.200	2.200	2.200	2.200
Impact of 2018/19 rising cost of new older people residential and nursing placements	1.800	1.800	1.800	1.800	1.800
2019/20 onwards impact of rising cost of new older people residential and nursing placements	2.234	4.590	7.021	9.500	12.000
New Service Projected Pressures Total	6.494	8.970	11.521	14.120	16.620
Total Service Cost Reductions Approved in February 2018	(1.067)	(3.880)	(6.522)	(6.541)	(6.541)
Projected Changes to Original Service Cost Reductions					
Any savings through Dynamic Purchasing System are being offset by rising cost of older people residential and nursing placements	0.900	1.400	1.800	1.800	1.800
Acceleration of existing savings: Improving how we communicate with eligible adult social care users about how they make best use of their personal budget. Offering a range of mechanisms for people to exercise their choice and control including increasing the numbers taking direct payment.	(0.350)	(0.750)	(0.750)	(0.750)	(0.750)
To bring forward these savings and to start conversations with clients/families and unions/staff as necessary: A review of In-House services provided by SCC to ensure they effectively meet need, including stimulating the market to ensure services are provided in the most cost effective manor to meet eligible need.	(0.500)	(1.500)	0.000	0.000	0.000
Community offer - residual contract budget (saving brought forward)	(0.086)	0.000	0.000	0.000	0.000
Total Projected Changes to Service Cost Reductions Approved in February 2018	(0.036)	(0.850)	1.050	1.050	1.050

KEY: 1.000 = £1m of pressure or loss of income
(1.000) = £1m cost reduction or additional income

HEALTH AND CARE
Projected Pressures, Cost Reduction Options and Investments

Appendix 3a

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
New Service Cost Reduction Options					
Stricter Implementation of guidance related to choice of accommodation and cost effective care, ensuring that additional nursing capacity is securing.	(4.034)	(6.390)	(8.821)	(11.300)	(13.800)
Review small and non-regulated home care calls and eliminate or find alternatives: use of community assets and Assistive Technology (AT). We will find non-regulated services to meet non-regulated needs	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Recommission reablement with Clinical Commissioning Groups (CCGs) with a view to securing a single new contract for reablement services from Midlands Partnership Foundation Trust (MPFT) at a reduced cost for both parties or to retender services.	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
Ensure appropriate access to respite services in line with eligibility and practice guidance.	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Efficiencies in purchasing equipment and SCC will no longer fund adaptations to peoples homes (as this is the responsibility of District Council's).	(0.200)	(0.400)	(0.400)	(0.400)	(0.400)
Alternative funding available to cover loss of Section 256 monies from CCGs	(0.240)	0.000	0.000	0.000	0.000
Savings already delivered by the ending of South Staffs Connect service	(0.190)	(0.190)	(0.190)	(0.190)	(0.190)
Activity to reduce delayed transfers of care (DTC) from hospitals to social care community settings was previously expected to result in an additional cost of £1m. This is included in the pressure from the rising cost of new older people residential and nursing placements.	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
Redundancy budget reduction due to lower costs for Staffordshire and Stoke-on-Trent Partnership (SSOTP) restructure and loans being paid off/coming to term	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
SCC will no longer fund Home Care Health Tasks where this is an NHS responsibility.	(0.800)	(0.800)	(0.800)	(0.800)	(0.800)
Review of highest cost placements.	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
Learning Disability Employment Framework changes	(0.075)	(0.075)	(0.075)	(0.075)	(0.075)
Commissioner staffing & care Market Staffing	(0.155)	(0.155)	(0.155)	(0.155)	(0.155)
Advice & Information contract efficiencies	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
New Service Cost Reduction Options Total	(9.194)	(11.510)	(13.941)	(16.420)	(18.920)
Service Total	(4.415)	(1.718)	5.853	12.737	12.485

HEALTH AND CARE

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Adult Social Care and Safeguarding					
Total Service Spending Pressures Approved in February 2018	(0.400)	(0.796)	(0.796)	(0.796)	(0.796)
New Service Projected Pressures					
Mental Health Assessments (MHA) medical assessments	0.150	0.150	0.150	0.150	0.150
New Service Projected Pressures Total	0.150	0.150	0.150	0.150	0.150
Total Service Cost Reductions Approved in February 2018	(0.446)	(2.671)	(2.871)	(2.871)	(2.871)
Projected Changes to Original Service Cost Reductions					
Refocusing of activity within Adult Learning Disability Team (ALDT) to remove preventative services	(0.206)	(0.206)	(0.206)	(0.206)	(0.206)
Total Projected Changes to Service Cost Reductions Approved in February 2018	(0.206)	(0.206)	(0.206)	(0.206)	(0.206)
New Service Cost Reduction Options					
Renegotiate Section 75 contract for assessment and case management for older people / physical disabilities or consider other options.	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
Renegotiate Section 75 contract for assessment and case management for people with mental health conditions in south of county or consider other options.	(0.250)	(0.250)	(0.250)	(0.250)	(0.250)
Adult Social Work & Safeguarding: commissioner staffing	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)
Appointeeships - a review of non-statutory activities surrounding the service which will change the offer.	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Care Systems Development	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)
New Service Cost Reduction Options Total	(1.400)	(1.400)	(1.400)	(1.400)	(1.400)
Service Total	(2.302)	(4.923)	(5.123)	(5.123)	(5.123)

HEALTH AND CARE

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Public Health and Prevention					
Total Service Spending Pressures Approved in February 2018	0.500	0.500	0.500	0.500	0.500
Projected Changes to Original Service Spending Pressures					
Public Health - Drugs & Alcohol pressure.	0.600	0.600	0.600	0.600	0.600
Manage within existing Public Health Ring Fenced Grant following a further 2.6% reduction. Officers to return with options and recommendations for a decision in Sept 2018.	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
Total Projected Changes to Service Spending Pressures Approved in February 2018	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
New Service Projected Pressures					
Public Health - Unexpected additional charges in the North Sexual Health contract.	0.100	0.100	0.100	0.100	0.100
New Service Projected Pressures Total	0.100	0.100	0.100	0.100	0.100
New Service Cost Reduction Options					
Following a reduction in funds outside of the Public Health Ring Fenced Grant the Drugs and Alcohol service needs to manage within it's remaining funds	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Retendering Sexual health contract in the North of the County	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
New Service Cost Reduction Options Total	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Service Total	0.000	0.000	0.000	0.000	0.000
Total Health & Care Pressures and Cost Reductions	(6.717)	(6.641)	0.730	7.614	7.362
Inflation	3.945	6.689	9.489	12.351	13.688
Health & Care Grand Total	(2.772)	0.048	10.219	19.965	21.050

FAMILIES AND COMMUNITIES

Appendix 3b

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
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Children's Services

Total Service Spending Pressures Approved in February 2018	0.818	0.906	0.902	1.258	1.258
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New Service Projected Pressures					
There is a need to recruit more social workers in order to address the pressures and risks in the children's social care system primarily associated with high caseloads. In July Cabinet agreed an extra £1.1m and a recruitment campaign is due to be launched.	1.100	1.100	1.100	1.100	1.100
An increase in Looked After Children (LAC) numbers was considered could be managed across F&C. A LAC pressure of £3m was put into the MTFS and a corresponding saving was set against the Children's system transformation (although not expected to exclusively be found from there in F&C). However, the Children's system is taking longer to deliver savings even against the original MTFS demand reduction requirements. Savings from other areas are being diverted in the first instance to manage those original savings (£1.2m in 2019/20). Therefore, the potential to deliver £3m savings in 2019/20 is not possible	3.300	TBC	TBC	TBC	TBC
New Service Projected Pressures Total	4.400	1.100	1.100	1.100	1.100

Total Service Cost Reductions Approved in February 2018	(5.325)	(6.238)	(6.288)	(6.288)	(6.288)
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Projected Changes to Original Service Cost Reductions					
Engagement with partners to work differently together to build greater resilience in families and communities across Staffordshire which will both reduce demands coming into the children's social care system (estimated at 5%) and improve outcomes. The aim is that through changing how we commission for families we can address the root causes of difficulties and address the intergenerational cycle of dependency. The programme is estimated to deliver benefits over the longer term with savings rising to £3m by year ten. Detail of new delivery options below and in Safety for this saving.	1.230	1.230	1.230	1.230	1.230
Review of management capacity across Children and Family services. (this saving is to be utilised to support existing children's system MTFS saving)	(0.091)	(0.091)	(0.091)	(0.091)	(0.091)
Review reduction in transport, supplies and services in Local Support Teams (this saving is to be utilised to support existing children's system MTFS saving)	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Children's with Disability Service -review of short breaks units running costs, removal of vacant posts etc. (this saving is to be utilised to support existing children's system MTFS saving)	(0.190)	(0.190)	(0.190)	(0.190)	(0.190)

FAMILIES AND COMMUNITIES

Appendix 3b

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Review business support. (this saving is to be utilised to support existing children's system MTFS saving) . There will be a cost of change but this is not included in the numbers.	(0.174)	(0.174)	(0.174)	(0.174)	(0.174)
Review occupational therapists vacant posts (this saving is to be utilised to support existing children's system MTFS saving)	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)
Increase/add a vacancy factor in Children's with Disability Service (this saving is to be utilised to support existing children's system MTFS saving)	(0.085)	(0.085)	(0.085)	(0.085)	(0.085)
Review costs of children's residential provision (this saving is to be utilised to support existing children's system MTFS saving)	(0.142)	(0.142)	(0.142)	(0.142)	(0.142)
Extension of Youth Offending Service (YOS) review (this saving is to be utilised to support existing children's system MTFS saving) . There will be a cost of change but this is not included in the numbers	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)
Review of staffing establishment for vulnerable learners (this saving is to be utilised to support existing children's system MTFS saving)	(0.075)	(0.075)	(0.075)	(0.075)	(0.075)
Review Business Improvement and Development (this saving is to be utilised to support existing children's system MTFS savings) . There will be a cost of change but this is not included in the numbers	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)
Review Children's Voice Project post reduction (this saving is to be utilised to support existing children's system MTFS saving) . There will be a cost of change but this is not included in the numbers	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)
Non delivery of additional MTFS saving in relation to Children's System and change to existing MTFS saving for transformation costs.	(0.100)	0.000	0.000	0.000	0.000
Anticipated reduction in budget following introduction of a review of all age disabilities policies and practices and enhanced route planning.	0.300	0.700	0.300	0.120	0.000
Total Projected Changes to Service Cost Reductions Approved in February 2018	0.525	1.025	0.625	0.445	0.325

FAMILIES AND COMMUNITIES

Appendix 3b

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
New Service Cost Reduction Options					
Support corporate review of Administration and Business Support. There will be a cost of change but this is not included in the numbers	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
Review of Families First contribution to partnership teams. There will be a cost of change but this is not included in the numbers.	(0.250)	(0.250)	(0.250)	(0.250)	(0.250)
Review of efficiency of Gypsy Romany Traveller Service. There will be a cost of change but this is not included in the numbers	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Review Local Safeguarding Board in light of national policy changes	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)
Review the Local Safeguarding Childrens Board and Local Authority Work Force Development activity	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)
Review alterative funding for Autism services.	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Review of non-compulsory school age transport provision	0.000	(0.550)	(1.500)	(1.500)	(1.500)
Look at source of funding for Specialist Support Service- hearing & visual impairment / autism support	(0.038)	(0.038)	(0.038)	(0.038)	(0.038)
SC Partner- Busienss Improvement Team	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Review of senior management capacity across children's system	(0.150)	(0.150)	(0.550)	(0.550)	(0.550)
Aiming High Contract Reduction	(0.110)	(0.110)	(0.110)	(0.110)	(0.110)
New Service Cost Reduction Options Total	(1.628)	(2.178)	(3.528)	(3.528)	(3.528)
Service Total	(1.210)	(5.385)	(7.189)	(7.013)	(7.133)

FAMILIES AND COMMUNITIES

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Education Services					
Total Service Spending Pressures Approved in February 2018	(0.700)	(0.700)	(0.700)	(0.700)	(0.700)
Total Service Cost Reductions Approved in February 2018	1.700	1.700	1.700	1.700	1.700
New Service Cost Reduction Options					
Removal of budgets following review of requirements in Education Services and Entrust across a number of services.	(0.631)	(0.631)	(0.631)	(0.631)	(0.631)
New Service Cost Reduction Options Total	(0.631)	(0.631)	(0.631)	(0.631)	(0.631)
Service Total	0.369	0.369	0.369	0.369	0.369

FAMILIES AND COMMUNITIES

Appendix 3b

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Culture and Communities					
Total Service Cost Reductions Approved in February 2018	(0.597)	(0.902)	(0.902)	(0.902)	(0.902)
New Service Cost Reduction Options					
Archives and Heritage -Review of Victoria Centre of History (VCH) grant	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Archives and Heritage - Completion of programme - delete WW1 support officer role	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Archives and Heritage - Review archive and heritage proposed structure	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)
Archives and Heritage - review supplies and services budgets	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Libraries and Arts - Review and recommission Sportshire activity. There remains budget for the continuation of the contract for the Iron Man event and recommissioning Sport Across Staffordshire and Stoke on Trent	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)
Libraries- Budget for Community Based Libraries & County Retained Libraries	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
New Service Cost Reduction Options Total	(0.119)	(0.119)	(0.119)	(0.119)	(0.119)
Service Total	(0.716)	(1.021)	(1.021)	(1.021)	(1.021)

FAMILIES AND COMMUNITIES

Appendix 3b

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Rural					
New Service Projected Pressures					
Rights of Way - To fund and train additional resources to undertake Definitive Map Modification Order (DMMO) work.	0.050	0.050	0.050	0.050	0.050
New Service Projected Pressures Total	0.050	0.050	0.050	0.050	0.050
Total Service Cost Reductions Approved in February 2018	(0.130)	(0.280)	(0.280)	(0.280)	(0.280)
New Service Cost Reduction Options					
Review and extend the planned reorganisation	(0.073)	(0.073)	(0.073)	(0.073)	(0.073)
Car parking income	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
New Service Cost Reduction Options Total	(0.088)	(0.088)	(0.088)	(0.088)	(0.088)
Service Total	(0.168)	(0.318)	(0.318)	(0.318)	(0.318)

FAMILIES AND COMMUNITIES

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Community Safety					
Total Service Spending Pressures Approved in February 2018	0.000	0.000	0.000	0.000	0.000
Projected Changes to Original Service Spending Pressures					
Coroners Service – North Staffs recharges and increase in payment to Cannock Chase District Council for usage of Mortuary Building.	0.050	0.050	0.050	0.050	0.050
Total Projected Changes to Service Spending Pressures Approved in February 2018	0.050	0.050	0.050	0.050	0.050
Total Service Cost Reductions Approved in February 2018	(0.050)	(0.167)	(0.167)	(0.167)	(0.167)
Projected Changes to Original Service Cost Reductions					
Sexual Assault Referral Centre (SARC) – review whether to continue with 3 year contract currently in place until 21/22 (this saving is to be utilised to support existing childrens system MTFS saving)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)
Remove vacant commissioning posts (this saving is to be utilised to support existing children's system MTFS saving)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)

FAMILIES AND COMMUNITIES

Appendix 3b

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Review of Partnership Development and Commissioning (this saving is to be utilised to support existing children's system MTFS saving) . There will be a cost of change but this is not included in the numbers	(0.059)	(0.059)	(0.059)	(0.059)	(0.059)
Review the short breaks budget (this saving is to be utilised to support existing children's system MTFS saving)	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)
Review of Aiming High budget (this saving is to be utilised to support existing children's system MTFS saving)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Total Projected Changes to Service Cost Reductions Approved in February 2018	(0.325)	(0.325)	(0.325)	(0.325)	(0.325)
New Service Cost Reduction Options					
Review remaining financial support for Hate Crime	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Review the contribution Heantun Housing offender housing	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)
Staffordshire Young People's Service	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)
Commissioning Team (Development)- Expect 1.5 FTE to be funded from grant monies for 2 years	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Further review of regulatory services (does not include cost of change)	(0.168)	(0.168)	(0.168)	(0.168)	(0.168)
New Service Cost Reduction Options Total	(0.312)	(0.312)	(0.312)	(0.312)	(0.312)
Service Total	(0.637)	(0.754)	(0.754)	(0.754)	(0.754)
Total Families & Communities Pressures and Cost Reductions	(2.362)	(7.109)	(8.913)	(8.737)	(8.857)
Inflation	4.226	8.099	12.061	16.135	19.897
Families & Communities Grand Total	1.864	0.990	3.148	7.398	11.040

ECONOMY, INFRASTRUCTURE AND SKILLS
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
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EI&S Business Support

New Service Cost Reduction Options					
Reduction in support budgets	(0.080)	(0.080)	(0.080)	(0.080)	(0.080)
New Service Cost Reduction Options Total	(0.080)	(0.080)	(0.080)	(0.080)	(0.080)
Service Total	(0.080)	(0.080)	(0.080)	(0.080)	(0.080)

ECONOMY, INFRASTRUCTURE AND SKILLS
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
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Skills

New Service Cost Reduction Options					
Reduction in non-statutory Information Advice and Guidance activity	(0.370)	(0.370)	(0.370)	(0.370)	(0.370)
New Service Cost Reduction Options Total	(0.370)	(0.370)	(0.370)	(0.370)	(0.370)

Service Total	(0.370)	(0.370)	(0.370)	(0.370)	(0.370)
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ECONOMY, INFRASTRUCTURE AND SKILLS
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Transport, Connectivity & Waste					
Total Service Spending Pressures Approved in February 2018	0.197	0.381	0.685	1.305	1.305
Projected Changes to Original Service Spending Pressures					
Reduce existing Waste pressures due to lower than projected growth in tonnages	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Further estimated reduction in tonnages	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Total Projected Changes to Service Spending Pressures Approved in February 2018	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
New Service Projected Pressures					
Increased cost of Waste disposal following Hanford Contract extension	0.100	0.100	0.100	0.100	0.100
New Service Projected Pressures Total	0.100	0.100	0.100	0.100	0.100
Total Service Cost Reductions Approved in February 2018	(0.310)	(0.760)	(0.760)	(0.760)	(0.760)
New Service Cost Reduction Options					
Reduction in Green Waste recycling credit payments	(0.450)	(0.900)	(1.400)	(2.000)	(2.000)
English National Travel Concessionary Scheme (ENTCS) - Post 9:30 concession only	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
ENTCS - reduction in concessionary fare payments due to reduced supported bus network	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Phasing out of Your Staffordshire Card due to other commercial offers	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Increase in Household Waste Recycling Centre (HWRC) savings (through efficiencies and income)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Savings already delivered from supported bus network	(0.140)	(0.140)	(0.140)	(0.140)	(0.140)
Savings as a result of the re-negotiation of the Hanford Contract	0.000	(0.860)	(0.860)	(0.860)	(0.860)
Reduction in non-statutory transport activities	(0.085)	(0.085)	(0.085)	(0.085)	(0.085)
Home to school transport	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)
Removal of non-statutory Community Transport	(0.180)	(0.180)	(0.180)	(0.180)	(0.180)
New Service Cost Reduction Options Total	(1.295)	(2.605)	(3.105)	(3.705)	(3.705)
Service Total	(1.658)	(3.234)	(3.430)	(3.410)	(3.410)

ECONOMY, INFRASTRUCTURE AND SKILLS
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Infrastructure & Highways					
Total Service Spending Pressures Approved in February 2018	0.320	0.470	0.620	0.620	0.620
Total Service Cost Reductions Approved in February 2018	(0.885)	(1.225)	(1.300)	(1.300)	(1.300)
Projected Changes to Original Service Cost Reductions					
Local delays in introducing on street parking charges	0.025	0.100	0.175	0.175	0.175
Total Projected Changes to Service Cost Reductions Approved in February 2018	0.025	0.100	0.175	0.175	0.175
New Service Cost Reduction Options					
Further review of the provision of School Crossing Patrols	(0.290)	(0.540)	(0.540)	(0.540)	(0.540)
Review policy on community grit bins from winter 2019	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Increased Parking & bus lane enforcement	(0.200)	(0.400)	(0.400)	(0.400)	(0.400)
Street Lighting - Energy reduction following a programme of LED Investment	(0.040)	(0.300)	(0.600)	(0.900)	(1.000)
Additional savings on highway lighting and signals	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
One off use of unallocated highways S38 balances	(1.350)	(0.350)	(0.350)	0.000	0.000
Review of Community Engagement activities from 2022 when digital is more embedded.	0.000	0.000	0.000	(0.350)	(0.350)
Reduction in Urban Grass Cutting	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)

ECONOMY, INFRASTRUCTURE AND SKILLS
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Reduction in Weed control activities	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
New Service Cost Reduction Options Total	(2.580)	(2.290)	(2.590)	(2.890)	(2.990)
New Invest to Save					
Financing costs of investment in LED street lighting programme in order to deliver on-going energy saving.	0.231	0.408	0.588	0.588	0.588
Bus Lanes Investment to deliver savings	0.060	0.030	0.030	0.030	0.030
New Invest to Save Total	0.291	0.438	0.618	0.618	0.618
Service Total	(2.829)	(2.507)	(2.477)	(2.777)	(2.877)

ECONOMY, INFRASTRUCTURE AND SKILLS
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Economic Development & Strategic Planning					
Total Service Spending Pressures Approved in February 2018	0.050	0.000	0.000	0.000	0.000
Total Service Cost Reductions Approved in February 2018	(0.165)	(0.240)	(0.760)	(0.760)	(0.760)
Total Projected Changes to Service Cost Reductions Approved in February 2018	0.000	0.000	0.520	0.520	0.520
New Service Cost Reduction Options					
County Farms - Remove revenue contribution to capital	(0.150)	(0.150)	(0.150)	(0.150)	(0.150)
Reduce Economic Development Activities which support growth e.g. Tourism activities	0.000	(0.190)	(0.190)	(0.190)	(0.190)
Service area review of Business and Enterprise and Economic Development Activities	(0.150)	(0.150)	(0.150)	(0.150)	(0.150)
New Service Cost Reduction Options Total	(0.300)	(0.490)	(0.490)	(0.490)	(0.490)
Service Total	(0.415)	(0.730)	(0.730)	(0.730)	(0.730)
Total Economy, Infrastructure & Skills Pressures, Cost Reductions and Investments	(5.352)	(6.921)	(7.087)	(7.367)	(7.467)
Inflation	2.520	5.067	7.722	10.488	12.929
Economy, Infrastructure & Skills Grand Total	(2.832)	(1.854)	0.635	3.121	5.462

FINANCE AND RESOURCES

Appendix 3d

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/14 £m
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Strategic Property

New Service Cost Reduction Options					
Relocate remaining SCC staff in SP2 into SP1 and let to external organisations as part of the move towards smart working. This will involve reducing the staff to workstation ratio.	(0.687)	(0.687)	(0.687)	(0.687)	(0.687)
Property Rationalisation across the County and Services as part of the move to smart working	(1.000)	(2.100)	(3.200)	(3.600)	(3.700)
Capitalisation of elements of Landlords Repairs & Maintenance	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
New Service Cost Reduction Options Total	(2.687)	(3.787)	(4.887)	(5.287)	(5.387)
Service Total	(2.687)	(3.787)	(4.887)	(5.287)	(5.387)

FINANCE AND RESOURCES

Appendix 3d

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/14 £m
Information Communications & Technology					
Total Service Spending Pressures Approved in February 2018	0.660	0.660	0.660	0.660	0.660
Total Cost Reductions Approved in February 2018 (reduction to previous saving)	0.100	0.100	0.100	0.100	0.100
New Service Cost Reduction Options					
Reduction in overhead costs following Service transfer	(0.092)	(0.092)	(0.092)	(0.092)	(0.092)
Review of hardware refresh programme linked to changes per the cloud strategy	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
New Service Cost Reduction Options Total	(0.392)	(0.392)	(0.392)	(0.392)	(0.392)
Service Total	0.368	0.368	0.368	0.368	0.368

FINANCE AND RESOURCES

Appendix 3d

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/14 £m
Corporate					
New Service Cost Reduction Options					
To ensure we protect frontline and universal services as far as we can, significant savings proposals are being put forward across support services. This will involve a review of services and staffing structures in Finance and Resources and Strategy, Governance and Change focusing on statutory responsibilities, strategic risks and key priorities and risks in the Corporate Business Plan (with service directorates leading on delivery plans and operational risks).	(1.378)	(1.378)	(1.378)	(1.378)	(1.378)
New Service Cost Reduction Options Total	(1.378)	(1.378)	(1.378)	(1.378)	(1.378)
Service Total	(1.378)	(1.378)	(1.378)	(1.378)	(1.378)
Total Finance & Resources Pressures and Cost Reductions	(3.697)	(4.797)	(5.897)	(6.297)	(6.397)
Inflation	0.972	1.838	2.718	3.613	4.463
Finance & Resources Grand Total	(2.725)	(2.959)	(3.179)	(2.684)	(1.934)

STRATEGY, GOVERNANCE AND CHANGE
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Transformation Support Unit and Fleet Care					
Total Service Cost Reductions Approved in February 2018	(0.150)	(0.300)	(0.300)	(0.300)	(0.300)
New Service Cost Reduction Options					
Fleetcare - use of accumulated reserves	(0.500)				
New Service Cost Reduction Options Total	(0.500)	0.000	0.000	0.000	0.000
Service Total	(0.650)	(0.300)	(0.300)	(0.300)	(0.300)

STRATEGY, GOVERNANCE AND CHANGE
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Strategic Policy and Partnership & Insight, Planning and Performance					
New Service Cost Reduction Options					
Reduction in Grants to Voluntary Community Social Enterprise (VCSE)	(0.250)	(0.250)	(0.250)	(0.250)	(0.250)
Further reductions in Grants to Voluntary Community Social Enterprise (VCSE)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
New Service Cost Reduction Options Total	(0.600)	(0.600)	(0.600)	(0.600)	(0.600)
Service Total	(0.600)	(0.600)	(0.600)	(0.600)	(0.600)

STRATEGY, GOVERNANCE AND CHANGE
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Strategic HR and Organisational Development					
Total Service Cost Reductions Approved in February 2018	(0.100)	(0.175)	(0.175)	(0.175)	(0.175)
Service Total	(0.100)	(0.175)	(0.175)	(0.175)	(0.175)

STRATEGY, GOVERNANCE AND CHANGE
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Communications and Marketing					
New Service Cost Reduction Options					
Cross cutting support services review - Delete vacant post	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
New Service Cost Reduction Options Total	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
Service Total	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)

STRATEGY, GOVERNANCE AND CHANGE
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Law and Democracy					
New Service Projected Pressures					
Increased Legal Childcare Court Fees due to increased numbers of Looked After Children	0.150	0.150	0.150	0.150	0.150
New Service Projected Pressures Total	0.150	0.150	0.150	0.150	0.150
New Service Cost Reduction Options					
Removal of Members Community Grants allocation	(0.465)	(0.465)	(0.465)	(0.465)	(0.465)
Actuarial strain/redundancy savings due to early repayment of loans	(0.160)	(0.160)	(0.160)	(0.160)	(0.160)
New Service Cost Reduction Options Total	(0.625)	(0.625)	(0.625)	(0.625)	(0.625)
Service Total	(0.475)	(0.475)	(0.475)	(0.475)	(0.475)

STRATEGY, GOVERNANCE AND CHANGE
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Executive Support and Information Governance					
New Service Cost Reduction Options					
Cross cutting support services review - delete vacant posts	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)
New Service Cost Reduction Options Total	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)
Service Total	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)

STRATEGY, GOVERNANCE AND CHANGE
 Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/14 £m
Corporate					
New Service Cost Reduction Options					
To ensure we protect frontline and universal services as far as we can, significant savings proposals are being put forward across support services. This will involve a review of services and staffing structures in Finance and Resources and Strategy, Governance and Change focusing on statutory responsibilities, strategic risks and key priorities and risks in the Corporate Business Plan (with service directorates leading on delivery plans and operational risks).	(3.310)	(3.310)	(3.310)	(3.310)	(3.310)
New Service Cost Reduction Options Total	(3.310)	(3.310)	(3.310)	(3.310)	(3.310)
Service Total	(3.310)	(3.310)	(3.310)	(3.310)	(3.310)
Total Strategy, Governance & Change Pressures and Cost Reductions	(5.185)	(4.910)	(4.910)	(4.910)	(4.910)
Inflation	0.610	1.119	1.631	2.152	2.649
Strategy, Governance & Change Grand Total	(4.575)	(3.791)	(3.279)	(2.758)	(2.261)

Summary of Pressures, Inflation, Savings and Investments

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Health and Care					
Pressures	5.832	14.076	24.820	34.202	36.450
Inflation	3.945	6.689	9.489	12.351	13.688
Savings	(12.549)	(20.717)	(24.090)	(26.588)	(29.088)
Investments	-	-	-	-	-
Health and Care Total	(2.772)	0.048	10.219	19.965	21.050
Families and Communities					
Pressures	4.618	1.406	1.402	1.758	1.758
Inflation	4.226	8.099	12.061	16.135	19.897
Savings	(6.980)	(8.515)	(10.315)	(10.495)	(10.615)
Investments	-	-	-	-	-
Families and Communities Total	1.864	0.990	3.148	7.398	11.040
Economy, Infrastructure and Skills					
Pressures	0.317	0.601	1.055	1.675	1.675
Inflation	2.520	5.067	7.722	10.488	12.929
Savings	(5.960)	(7.960)	(8.760)	(9.660)	(9.760)
Investments	0.291	0.438	0.618	0.618	0.618
Economy, Infrastructure and Skills Total	(2.832)	(1.854)	0.635	3.121	5.462
Finance and Resources					
Pressures	0.660	0.660	0.660	0.660	0.660
Inflation	0.972	1.838	2.718	3.613	4.463
Savings	(4.357)	(5.457)	(6.557)	(6.957)	(7.057)
Investments	-	-	-	-	-
Finance and Resources Total	(2.725)	(2.959)	(3.179)	(2.684)	(1.934)
Strategy, Governance and Change					
Pressures	0.150	0.150	0.150	0.150	0.150
Inflation	0.610	1.119	1.631	2.152	2.649
Savings	(5.335)	(5.060)	(5.060)	(5.060)	(5.060)
Investments	-	-	-	-	-
Strategy, Governance and Change Total	(4.575)	(3.791)	(3.279)	(2.758)	(2.261)
Grand Total	(11.040)	(7.566)	7.544	25.042	33.357

The actual budget allocations for Finance & Resources and Strategy, Governance & Change will change depending on the outcome of the Corporate Centre re-design.

Risk Based Review of General Balances

CIPFA guidance indicates that a well-managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves and that Chief Financial Officers should take account of the strategic, operational and financial risks facing the authority.

A risk assessment has been undertaken to identify the key financial risks for next year which can be used as a basis for determining the minimum level of general balances for the county council. Details of this assessment are provided below. Whilst not a complete list of all the financial risks faced by the council, the assessment focuses on those most likely (High and Medium risks) to have a significant impact on the budget.

2018/19 Provision £m	Area of Expenditure	Level of Risk	Explanation of risk/justification of balances
Treatment of inflation and interest rates			
2.0	Inflation	Medium	Services could experience risks in contract prices over and above the general inflation allocation allocated in the MTFS. The mix of price increases could vary across sectors, which could result in a particular strain on resources in some areas.
1.0	Treasury Management	Low	1% point increase in interest rate on borrowing against capital programme.
1.0	Investments	Low	0.5% point drop in interest on balances will reduce the income by £0.75m.
Estimates of the level and timing of capital receipts			
0	Capital Receipts	Medium	In the event that the estimated level of receipts is not achieved because of unforeseen circumstances, the impact on the revenue budget should be minimal, as the shortfall would be dealt with by either adjusting the capital programme or by additional short term prudential borrowing, if judged affordable.
The treatment of demand led pressures			
10.0	Adults Social Care	High	Increasing demand for services.
5.0	Looked after Children	High	Continual risk that demand pressures from a potential increase in the number and cost of out of county residential care placements will exceed budget provision.
0.5	Other areas	Medium	Risks of overspend in other budget areas.
1.5	Income General grant income	High	There are risks around collection rates for both Council Tax and Business Rates, as well as uncertainty around future government grant levels.
1.50	VAT	Low	Risk of exceeding 5% limit for input tax.
The treatment of efficiency savings/productivity gains			
10.0	Non achievement of efficiency savings/ 'invest to save' costs/ redundancy costs	Medium	Risk of non-achievement of savings, or delays in delivery or additional unforeseen one off costs to facilitate savings.

Financial risks in any significant new funding partnerships, major outsourcing deals or major capital developments

4.0	Partnership risks	High	Financial risks of various potential significant partnership agreements that the council may enter into over the MTFS period.
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The availability of other funds to deal with major contingencies

2018/19 Provision £m	Area of Expenditure	Level of Risk	Explanation of risk/justification of balances
1.0	Disaster recovery	Low	Cost of consequential losses for uninsurable risk incidents such as virus attack on ICT infrastructure.
10.0	Insurance (Difficult to quantify)	Low	Risk of: uninsured terrorism, gradual pollution liabilities, gap between Aggregate stop and Provision.

Level of Balances – Summary

Level of Risk	£m
High and Medium Risks	33.0

Proposed Net Budget 2019/20 Planning Forecasts 2020/21 to 2023/24

	Proposed Net Budget 2019/20	Planning Forecast 2020/21	Planning Forecast 2021/22	Planning Forecast 2022/23	Planning Forecast 2023/24
	£m	£m	£m	£m	£m
Health and Care					
Public Health and Prevention (net of grant)	-	-	-	-	-
Adult Social Care and Safeguarding	38.184	37.088	38.445	40.038	40.499
Care Commissioning	168.494	172.410	181.224	189.377	190.001
<i>Sub Total</i>	<i>206.678</i>	<i>209.498</i>	<i>219.669</i>	<i>229.415</i>	<i>230.500</i>
Families and Communities					
Children's Services	110.212	108.922	110.077	113.297	115.978
Children's Public Health (net of grant)	-	-	-	-	-
Education Services	8.910	9.518	10.136	10.773	11.361
Culture and Communities	5.415	5.276	5.444	5.616	5.779
Rural	2.007	1.908	1.959	2.011	2.061
Community Safety	6.265	6.311	6.477	6.646	6.806
<i>Sub Total</i>	<i>132.809</i>	<i>131.935</i>	<i>134.093</i>	<i>138.343</i>	<i>141.985</i>
Economy, Infrastructure and Skills					
Business and Enterprise	1.184	1.035	1.205	1.381	1.541
Infrastructure & Highways	24.431	25.418	26.133	26.539	27.084
Transport, Connectivity & Sustainability	39.080	39.144	40.670	42.495	44.056
Skills	6.282	6.358	6.436	6.515	6.590
EI&S Business Support	1.061	1.061	1.061	1.061	1.061
<i>Sub Total</i>	<i>72.038</i>	<i>73.016</i>	<i>75.505</i>	<i>77.991</i>	<i>80.332</i>
Finance and Resources					
Finance	10.614	11.718	10.286	11.459	11.856
Strategic Property	(2.570)	(3.630)	(4.689)	(5.048)	(5.108)
Customer Services	0.486	0.515	0.544	0.573	0.601
Information Communications & Technology	6.509	6.833	7.163	7.499	7.817
Procurement & Contract Management	2.202	2.270	2.339	2.409	2.476
<i>Sub Total</i>	<i>17.241</i>	<i>17.706</i>	<i>15.643</i>	<i>16.892</i>	<i>17.642</i>
Strategy, Governance and Change					
Transformation Support Unit & Fleetcare	1.017	1.418	1.469	1.521	1.571
Strategic Policy, Partnership, Insight Planning & Performance	0.160	0.251	0.342	0.435	0.524
Strategic HR & Organisational Development	3.915	3.939	4.038	4.139	4.235
Communications and Marketing	1.125	1.149	1.174	1.199	1.223
Law and Democracy	4.758	4.906	5.055	5.207	5.352
Executive Business Support & Information Governance Unit	2.924	3.020	3.117	3.215	3.308
<i>Sub Total</i>	<i>13.899</i>	<i>14.683</i>	<i>15.195</i>	<i>15.716</i>	<i>16.213</i>
Service Total	442.665	446.838	460.105	478.357	486.672
Capital Financing					
Capital Financing	34.314	33.965	33.462	32.708	32.708
Centrally Controlled	19.494	20.863	22.328	22.608	22.608
Contingency	2.000	2.000	2.000	2.000	2.000
Net Revenue Budget	498.473	503.666	517.895	535.673	543.988
Contribution to General Balances	5.000	-	-	-	-
Budget Requirement	503.473	503.666	517.895	535.673	543.988
Revenue Support Grant	(10.692)	-	-	-	-
Retained Business Rates	(103.253)	(105.707)	(107.473)	(110.311)	(110.311)
Settlement Funding Assessment	(113.945)	(105.707)	(107.473)	(110.311)	(110.311)
New Homes Bonus	(1.706)	(1.032)	(0.598)	-	-
Better Care Fund	(28.204)	(23.201)	(23.201)	(23.201)	(23.201)
Council Tax Collection Fund Surplus	0.054	0.054	0.054	0.054	0.054
Council Tax	(350.406)	(368.583)	(386.677)	(405.522)	(421.537)
One-off Resources	(9.266)	(5.197)	-	-	-
Financing Total	(503.473)	(503.666)	(517.895)	(538.980)	(554.995)
<i>(Headroom) / Shortfall</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(3.307)</i>	<i>(11.007)</i>

The actual budget allocations for Finance & Resources and Strategy, Governance & Change will change depending on the outcome of the Corporate Centre re-design.