

Introduction

Revenue Forecast

1. The latest revenue forecast outturn (as provided in appendix 4) shows a forecast overspend of £1.728m (0.3%), compared to the forecast overspend of £4.360m (0.9%) at quarter 3.
2. The following paragraphs consider the key financial issues in each of the council's portfolios.
3. **Health and Care** **Forecast saving £3.568m (1.7%)**
4. The forecast outturn for the directorate is a saving of £3.568m, an increase of £2.573m from the quarter 3 forecast saving of £0.995m.
5. *Public Health and Prevention* *Forecast – Breakeven*
6. The breakeven position includes an assumption that the service will deliver a £0.250m saving through vacancy management and restructuring.
7. Following the recent spending review, the Public Health ring-fenced grant is expected to continue in 2020/21 with a slight increase, but uncertainty remains about its continuation from 2021/22.
8. *Adults Social Care and Safeguarding* *Forecast saving £1.267m (3.3%)*
9. Overall the service is forecast to save £1.267m, an increase of £0.184m from the quarter 3 position of £1.083m.
10. The Adults Learning Disability Team (ALDT) restructure was completed in November 2019 and delivered the planned MTFs saving. There is a forecast saving of £0.990m arising from vacancies held prior to the introduction of the new structure. This saving has increased slightly since quarter 3 due to some delays in recruiting to vacant posts in the new structure.
11. Following a review of the Mental Health North Team that transferred back to the council last year, it is forecast that a saving of £0.110m will be achieved which is slightly lower than the £0.131m forecast at quarter 3. However, there is a

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forecast overspend of £0.203m in the Learning Disability In-House provider services due to the vacancy factor built into the budget not being met and the need to employ additional agency staff to cover absences. This is lower than the forecast overspend of £0.305m at quarter 3.

12. Within Care Systems, Adult Safeguarding and Appointeeships there is a forecast saving of £0.325m, a decrease of £11,000 from quarter 3, resulting from staff turnover and holding vacant posts.
13. The number of Deprivation of Liberty Safeguards assessments has remained the same as for quarter 3, a forecast overspend of £0.1m. The Medical Health Assessments are showing a forecast saving of £70,000. There are other variances which amount to a forecast saving of £75,000.
14. *Care Commissioning* *Forecast saving £2.301 (1.3%)*
15. Further forecast savings of £2.389m have been identified from the reported quarter 3 overspend position of £88,000.
16. The forecast overspend for Long Term Residential and Nursing Placements remains at £14.7m. This position is reduced by a forecast additional client income of £3.445m – resulting in a net overspend of £11.255m. There are further one-off revenue carry forwards of £2.1m and one-off funding streams of £5.738m, taking the overall forecast overspend to £3.417m. This is an increase of £0.238m from the quarter 3 position of £3.179m.
17. Managing the Care Home market and developing alternative approaches that can be deployed swiftly continues to prove challenging. We continue to use a Dynamic Purchasing System where possible to generate competition and apply the Cost-Effective Care and Support guidance to secure the most cost-effective placements. We are mobilising block booked beds, which offer a cost-effective alternative to spot purchasing. We are also continuing to work with struggling providers to avoid loss of capacity from the market.
18. The ongoing work to secure the most cost-effective home care for older people continues to have a positive impact, with a forecast saving of £0.466m.

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19. There is also a forecast saving of £0.585m due to a continued fall in the number of people receiving direct payments and the recovery of surplus balances.
20. The forecast saving on the Physical Disabilities budget has increased to £0.929m, a further £0.556m compared to quarter 3. This increase has arisen in the main due to a reduction in the number of residential and nursing placements and a reduction in the forecast overspend on domiciliary care.
21. The Mental Health placement budget is forecast to overspend by £0.131m, a reduction of £0.237m from quarter 3. This reduction is due to savings in the cost of Supported Living placements following changes to contracts with care providers.
22. The Learning Disability placement budget is now forecast to save £3.696m which is an increase of £1.466m from quarter 3. This increase is due to a reduction in the direct payments forecast and a reduction in the number of residential placements. The total forecast saving is due to reductions in the number of people with Learning Disabilities being cared for in Nursing Homes as well as savings on our Supported Living contracts following a negotiation with the NHS. In addition, we are seeing reductions in the cost of placements following reviews as we try to help people be as independent as possible. We also have a forecast saving of £0.305m following the end of a long-standing agreement with Stoke CCG for Learning Disability housing related expenditure and are experiencing the full benefit of increases in health income negotiated in the second half of last year.
23. There are some forecast savings on contracts for Advocacy and Advice and Information which total £0.737m, which is unchanged since quarter 3.
24. The council continues to work with the local Clinical Commissioning Groups (CCG's) to support the discharge of people from specialist hospitals to community-based settings under the Transforming Care Partnership (TCP). Because the National Health Service England (NHSE) reduced the amount of funding that will accompany each individual, there is now a substantial cost pressures for the Staffordshire Health and Care economy. Current indications show the forecast overspend to be £1.9m in year. This overspend is partially mitigated by the ending of an agreement where the council transferred £1.250m per annum for Learning Disability clients with health needs. The

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council has indicated to the NHSE that it cannot support further discharges under the TCP unless these are properly funded as envisaged at the outset. There remains a significant risk of further cost pressures in the future.

25. There is a forecast performance related saving on the reablement contract with the Midlands Partnership Foundation NHS Trust (MPFT) of £0.230m which is unchanged from quarter 3. This is because fewer reablement episodes are expected to be delivered than specified in the Section 75 partnership agreement.
26. Prisoners related care activities are now forecast to save £0.271m, an increase of £88,000 from quarter 3, due to an increase in grant of £45,000 and further staffing savings and lower care costs.
27. The service is paying for redundancies in year for the ADLT restructure and closure of Lichfield Day Centre which amount to a forecast overspend of £1.046m.
28. **Families and Communities** **Forecast overspend £7.458m (5.3%)**
29. The latest forecast overspend is an increase of £0.410m since the quarter 3 report of £7.048m. This forecast is net of contribution from the Council's Exit and Transition Fund, currently forecast to be £1.396m.
30. *Children's Services* *Forecast overspend £6.925m (6.4%)*
31. The forecast overspend has increased by £0.127m since the quarter 3 report. This forecast overspend is mainly due to higher expenditure on Looked After Children (LAC) in independent sector placements. The forecast overspend in this area is £10.935m based on a 'standstill' position. This is decrease of £0.289m from quarter 3.
32. The number of LAC has seen a steep and significant increase in the past year from 1,125 in January 2019 to a high of 1,257 in September 2019. The position as at 14th February 2020 is 1,214 (this was 1,235 at quarter 3).
33. There is a continued use of agency staff in both Case Management Teams East and West, which is resulting in a forecast overspend of £0.483m. The

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adoption service is currently placing more children out of county and has a forecast overspend of £0.324m which is a decrease of £46,000 from quarter 3.

34. The Fostering service continues to face increasing pressure with a forecast overspend of £0.666m. Of this, £0.395m related to increased spending on allowance payments in particular Special Guardianship Order allowances. The rest of this overspend relates largely to additional expenditure on staffing, mostly relating to not delivering savings towards assumed vacancy levels, and lower than budgeted income.
35. Forecast savings totalling £0.303m in short stay residential, residential disability resource centres and Intensive Prevention Service are forecast due to staff vacancies.
36. Partnership and Development is forecast to overspend by £0.310m, which is a decrease of £77,000 since quarter 3. This forecast overspend includes use of agency staff and overtime of £0.268m.
37. The forecast overspend also includes £0.2m for the Children's Transformation project (stage 2). This is significantly less than the £0.9m approved in the business case to be spent in 2019/20 and is largely a result of delayed recruitment. This is likely to impact on the delivery of the programme and there is a risk that the planned number of children transferring out of care will be slower than initially expected.
38. It is anticipated that a contribution of £1.267m will be made from the Exit and Transition fund for Children's Services.
39. *Education Services* *Forecast overspend £1.800m (7.2%)*
40. There has been no change to the position from quarter 3 except for Transport related costs which are now forecast to overspend by £1.8m, an increase of £0.3m relating to the home to school transport costs.
41. The forecast saving of £0.2m from staff vacancies in the education commissioning services remain as does the £0.3m forecast saving on the pensions budget. These savings offset the SEND Assessment Team £0.5m MTFS saving which remains undelivered.

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42. Due to continued recruitment and retention difficulties within the SEND services in Education, most notably within Educational Psychology, significant vacancy levels and salary forecast savings have arisen. This is severely impacting service delivery and temporary, but more expensive, locum support has been commissioned to ensure the Council continues to meet its statutory commitments. The forecast for this remains at £0.2m overspent. However, due to the continued over achievement of income across the rest of the service together with other forecast savings, this will be mitigated in 2019/20, but will need to be incorporated in future years plans for the service.
43. *SEND High Needs Block (Dedicated Schools Grant, Non-SCC)*
44. The High Needs Block is currently forecast to overspend by £4.9m, a slightly improved position from quarter 3 by £0.6m. This includes a transfer of 0.5% from the Schools Block of £2.4m as approved by the Secretary of State, without which the overspend would be even higher.
45. *Culture and Communities* *Forecast overspend £0.129m (2.4%)*
46. The forecast overspend is £0.129m which is no change from quarter 3.
47. Archives and Heritage is forecast to be £0.171m overspent, due to undelivered MTFS savings due to the delays in the restructuring process. It is anticipated that the bid for Staffordshire History Centre Lottery funding will be successful and that these savings will be delivered in future years.
48. This overspend is offset by a forecast saving of £37,000 on Shugborough and various minor miscellaneous budgets.
49. It is anticipated that this forecast overspend will be funded from the Exit and Transition fund to provide a breakeven position.
50. **Economy, Infrastructure and Skills** **Forecast saving £2.209m (3.2%)**
51. The forecast saving for the directorate of £2.209m is a reduction of £0.204m from the quarter 3 position.
52. *Business and Enterprise* *Forecast overspend £87,000 (7.6%)*

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53. The service forecast spend has increased by £0.216m since the quarter 3 report. There has been increased provision for dilapidations and backdated costs for Homes England's in relation to Lymedale West Enterprise Centre and forecast overspend of £67,000 on Wood Fuels due to the mild winter. These pressures are partially offset by an additional income of £35,000 on County Farms and additional income within Planning and Development control as well as forecast savings from vacant posts.
54. *Infrastructure and Highways* *Forecast overspend £0.257m (1.0%)*
55. There has been a minor change of £9,000 since the quarter 3 report. Developments and Improvements are forecast to overspend by £0.512m due to the additional buy in of resources. There is a forecast overspend on Winter Maintenance of £0.250m and potential I+ revenue costs of £0.2m.
56. The new On Street Parking scheme has implementation delays causing a forecast overspend of £0.145m and MTFs savings in the current year which have not been delivered have been mitigated through savings elsewhere in the service.
57. *Transport, Connectivity and Waste* *Forecast saving £2.304m (5.9%)*
58. The forecast saving has decreased by £50,000 since the quarter 3 report. This position is mainly due to a forecast saving of £1.472m on Waste Management which is an increase of £72,000 since quarter 3 due to increased income and a forecast saving of £0.792m within Transport & Connectivity, mainly on concessionary fares.
59. There have been provisions for costs relating to the transfer of Household Recycling Centres (HWRC) for equipment purchases, mobilisation costs and urgent remedial work at a number of HWRC sites.
60. **Corporate Services** **Forecast saving £0.803m (2.4%)**
61. There is a forecast overspend of £0.127m, a reduction of £0.523m from quarter 3. There is agreed use of £0.930m of the Exit and Transition Fund, bringing the forecast to a saving of £0.803m.

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62. There has been significant increase in registrar's income since December, and Blue Badge income has also been higher than forecast. In addition revised income on Legal Services is significantly higher than previously forecast plus there has been a reduction in locum costs.

63. Centrally Controlled

64. There is a forecast overspend of £1m on Pooled Buildings, which is no change from quarter 3. This forecast overspend is due to savings from the rental of SP2 floors 2 & 3 not being delivered in full, as well as reduction in the savings relating to the property rationalisation programme which has seen delays in delivery.

65. Landlords Repairs and Maintenance is forecast to save £0.150m on planned maintenance which has been held back as work on the property rationalisation programme progresses.

66. Insurance Contract Renewal

67. The County Council's insurance contracts are due for renewal on 1st May 2020 with the main property insurances currently being tendered. The intention is to award the contract for three years initially and assess the insurance market position after this point. To ensure optimum self-insured levels we will be seeking quotations based on the current £0.250m excess and alternative £0.5m excess.

68. The liability insurance renewal while not subject to tender in 2020/21, is subject to annual review with insurers and given the shortage of insurers wishing to provide cover may result in the excess being increased from £0.250m to £0.5m.

69. Capital Forecast

70. Appendix 5 compares the latest capital forecast outturn of £116.1m, a decrease from the quarter 3 position of £123.0m. The key reasons for this decrease of £6.9m are set out in the following paragraphs.

71. Health and Care

Forecast spend £1.417m

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72. There has been a minor reduction of £10,000 in the miscellaneous budgets since the quarter 3 report.
- 73. Families and Communities** **Forecast spend £24.451m**
74. *Maintained Schools* *Forecast Spend £23.465m*
75. There has been a reduction in forecast spend of £2.323m since the quarter 3 report. There has been rephasing of forecast spends for Baldwins Gate & St Chads of £0.250m, and £0.520m for Developer Contributions for various schemes.
76. There has also been rephasing of forecast spends into 2020/21 for Walton Priory, Pirehill & Hassell of £0.110m, School Capital Allocations of £0.7m, and unallocated SEND of £0.820m.
- 77. Economy, Infrastructure and Skills** **Forecast spend £83.283m**
78. *Economic Planning & Future Prosperity* *Forecast spend £10.350m*
79. There has been an increase in forecast spend of £0.211m since the quarter 3 report. There have been forecast increases in spend for residual A50 costs of £0.259m and Branston Locks of £0.450m. There has been some slippage in the Forward Programme of £47,000 and rephasing of Featherstone and Tamworth Enterprise Quarter Projects of £0.173m.
80. There has been reprofiling and refining of the forecast spend of the i54 Western Extension project reducing the forecast by £0.123m, and due to a delay in sales of farms assets has resulted in rephasing of forecast costs into 2020/21 of £0.156m.
81. *Highways Schemes* *Forecast spend £72.498m*
82. There has been a reduction in forecast spend of £4.887m since the quarter 3 report. This is mainly due to the removal of forecast spends relating to Railway Stations of £3.993m as the assets are not held by SCC. There has also been a reduction in the forecast spend for Phase 1B Design Proposals for Station Street, Burton of £1.173 and B5017 Corridor Improvements, Burton of £0.252m.

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83. There has been an increase in forecast spend of £0.567m in relation to Norton Hall Roundabout.

84. Finance and Resources & ICT **Forecast spend £1.990m**

85. There has been an increase in forecast spend of £0.1m since the quarter 3 report due to an increase in Edge Refresh costs.

86. Property **Forecast spend £3.213m**

87. There has been a reduction in forecast spend of £0.399m since the quarter 3 report. There has been rephasing of the Responding to Accommodation Change and Pre-Sale Planning costs budgets of £0.202m, and the rephasing of District Property Rationalisation budget to 2020/21 of £0.425m.

88. The forecast spend for the SP2 to SP1 move has increased by £50,000 and quarter 4 has also seen the introduction of a new project, Oakdene Demolition, with a forecast spend of £0.178m.

89. Financial Health

90. Appendix 6 provides a forecast outturn performance against the key Financial Health Indicators approved as part of the 2019/20 budget setting process.

91. There have been 95.4% of invoices were paid within 30 days of receiving them at the end of quarter 4, exceeding the financial health indicator target.

92. The estimated level of outstanding sundry debt over 6 months old is £16.269m, this is over the target of £14.7m by £1.569m. This is a decrease of £4.420m since the quarter 3 report. The debt recovery process involves chasing by a range of methods with the eventual escalation to the external collection agent or to Legal for the possibility of a court decision to recover the debt.

93. Client debt now stands at £7.709m, a new working group has been established to look at why clients are not paying debts and to implement ways to avoid clients getting into debt in the first instance.

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Debtor Type	31/12/2019 £m	23/03/2020 £m	Inc. / (Dec) £m
Health Bodies & CCGs	7.542	2.277	(5.265)
Other Govt. and Public Bodies	1.773	2.062	0.289
Other General Debtors (Individuals & Commercial)	3.165	3.459	0.294
Health & Care Client Debt	8.209	8.471	0.262
TOTAL	20.689	16.269	(4.420)