

Cabinet Meeting on Wednesday 19 February 2020

Integrated Performance Report - Quarter 3, 2019/20



Philip Atkins, Leader of the Council said,

“We have demonstrated our commitment to growing our economy, ensuring people can lead healthy and independent lives and supporting vulnerable residents throughout the last quarter.

To help address the growing demand for residential and nursing care we took the decision to invest £1.2million in a new facility in Burton. Our Warm Homes Fund has gone from strength to strength since its launch last summer, enabling eligible families to get connected to gas and have central heating systems fitted.

The need for children’s social care continues to increase and we are now investing £8.1million in this area to recruit more frontline staff, focusing on preventative measures to keep children out of the care system. In April we launch the Together4Children adoption agency. This is a joint initiative with Stoke-on-Trent, Telford and Wrekin and Shropshire councils, meaning we can share information on children and prospective parents.

Staffordshire’s economic growth programme created or protected nearly 10,000 jobs and delivered 2,390 houses up to December 2019. We saw a rise in apprenticeship starts over the last financial year while average wages in the county have increased. Major projects such as the Lichfield Southern Bypass and Stafford Western Access route will really pick up pace in 2020 and we will be supporting the Local Enterprise Partnership in delivering our Local Industrial Strategy.

We have worked hard to strengthen closer collaborative working with our district and borough partners – setting up formal and structured strategic plans to enable us to deliver on our priorities together. These district, borough and town deals are already making a difference to communities and businesses and we anticipate significant progress in 2020.

It is encouraging that we have near full employment in Staffordshire, however our efforts remain on securing better skilled, better paid jobs for our residents. This ensures Staffordshire remains a leading location to live, work and invest.”



Mike Sutherland, Cabinet Member for Finance said,

“We are continuing to ensure the county council finances are managed carefully and effectively. The forecast outturn for quarter three shows an overspend of £4.4million, accounting for just under one per cent of the council’s overall budget.

Cost pressures resulting from children’s care services have grown as the number of our children in care has increased, in addition to the demands placed on us from adult social care.

Our saving and efficiency drive continue across county council operations whilst ensuring ongoing support for our more vulnerable residents. We always aim to achieve the best value for money for our residents wherever spending is necessary.”

Report Summary:

This quarterly Integrated Performance Report provides an overview of Staffordshire County Council's progress, performance and financial position in delivering against our Strategic Plan and Delivery Plan.

Recommendation(s)

We recommend that:

- a. Cabinet notes and challenges performance and advises of any further information and/or action required.

Local Members Interest
N/A

Cabinet – Wednesday 19 February 2020

Integrated Performance Report - Quarter 3, 2019/20

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

We recommend that:

- a. Cabinet notes and challenges performance and advises of any further information and/or action required.

Report of the Director of Corporate Services

1. Summary



2. At the end of Quarter 3, the overall assessment on Staffordshire County Council's performance and financial position is Amber. Particular areas of risk are in Adult Social Care and Children's and Families. Further details are included in this report and its appendices. The latest revenue forecast outturn shows a forecast overspend of £4.360m (0.9%), compared to the forecast overspend of £4.268m (0.9%) at Quarter 2.

3. Health and Care

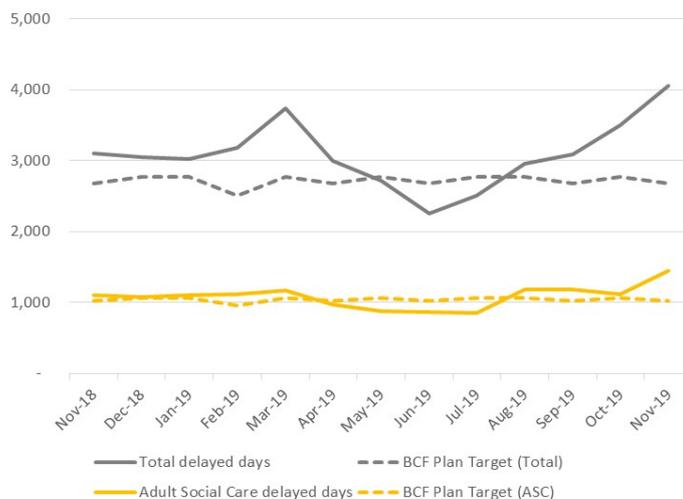
4. Quarter 2 reported that the demand and prices for residential and nursing care had risen, and this has continued during Quarter 3. The forecast overspend for long term residential and nursing placements is £14.720m (previously reported at Quarter 2 as £14.659m). This will be offset by increases in client income, planned revenue carry forward, use of hypothecated social care funding as



approved by Cabinet and agreed with the NHS, and underspends on other services. Given the unpredictability of price rises there may be further impact in 2019/20 and so this continues to be an area of high risk.

5. Longer term mitigations include ongoing support for struggling care homes to avoid loss of capacity from the market, commissioning of block booked beds, robust application of the Council's Cost-Effective Care and Support guidance and developing additional nursing home capacity to ensure that nursing beds are available for the rising number of old people who need them at a price the Council can afford to pay. In November 2019, the Council announced it would be investing £1.2million to turn the former Hillfields home in Burton into a nursing home.
6. Urgent care of elderly people remains a challenging picture in Staffordshire and Stoke-on-Trent remains challenging, with too many frail older people still being admitted to hospital and staying there for too long.
7. As well as the impact on patients this can create additional demand for social care if they are not well enough to return home. The Healthy Staffordshire Select Committee is now planning wider scrutiny of urgent care as part of its work programme later this year.
8. Up to 1,000 fuel poor households across Staffordshire could benefit from the Staffordshire Warmer Homes scheme. Launched in June 2019, eligible families across Staffordshire can get their homes connected to gas for free and get fully funded central heating systems installed to help keep their homes warm this winter. The scheme is available to households that currently aren't connected to gas and meet certain eligibility criteria. The £150m Warm Homes Fund has been established by National Grid to support local authorities to address some of the issues affecting fuel poor households. Other funding for the initiative has been provided from public sector partners. Staffordshire County Council is working in partnership with EON, and local district and borough councils to deliver this initiative.
9. In November 2019, the total number of Delayed Transfers of Care (DTC) increased to 4,051 against a Better Care Fund (BCF) target of 2,679 for the month. This is the fifth month in which total DTCs have shown an increase following a sustained period during the summer when the target was met. For the year to date DTC attributable to the NHS attributable days are 15,327 against a target of 11,720; DTC attributable to social care and joint are 8,757 against a target of 10,068. The winter period is always challenging, and it is likely that figures for December and January may also exceed BCF planned targets. We continue to work with system partners to support the 'discharge to assess' model by moving people as quickly as possible from 'discharge to assess' services into long term care where necessary, and by recommissioning Home First services to ensure that the right capacity is available where it is needed.

Figure 1: Delayed Transfers of Care, November 2018 to November 2019



Source: Delayed Transfers of Care monthly statistics, NHS England.

10. A key outcome performance measure of the health and wellbeing of Staffordshire residents is 'Healthy Life Expectancy'. Healthy life expectancy estimates the amount of lifetime spent in 'very good' or 'good' health based on how individuals perceive their health (based on a self-reported survey). Given that life expectancy has been increasing both locally and nationally this is a good measure of the quality of life years of a population. Latest data released in Quarter 3, 2019/20 shows that Healthy Life Expectancy (HLE) in Staffordshire is 63 years for men and 65 years for women, which is in line with the national average. Overall women live longer than men but spend more years in poor health than men (18 years for women and 16 years for men).
11. The forecast saving for Health and Care is £0.995m from a breakeven position at Quarter 2. There remain a range of high risk MTFs saving within this position and the service is using forecast savings as well as committing to seek alternative savings options where necessary.

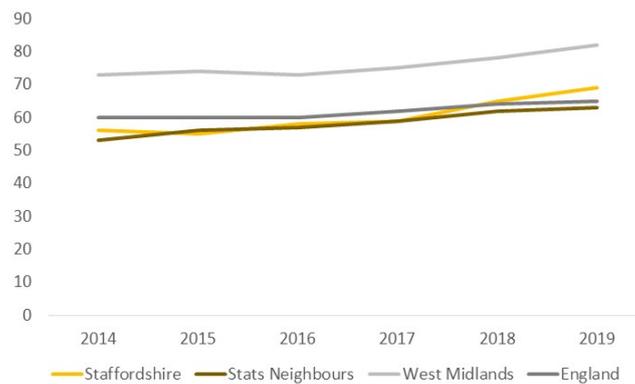
12. Families and Communities



13. In November 2019, the number of our children in care in Staffordshire had reduced slightly to 1,252 compared to the previous month (1,254); a rate of 74 per 10,000 which was higher than the national benchmark (65 per 10,000 in 2019) but lower than the regional benchmark (84.1 per 10,000 at the end of September). The number of children subject of a Child Protection Plan (742) had also seen a reduction in numbers compared to the previous month (762). There was a rate of 44 per 10,000 which is in line with the national benchmark from 2019 (41 per 10,000) and lower than the regional rate (46.3) at the end of September.
14. Cabinet approved additional investment in children's service of £8.1million in November 2019 to recruit additional frontline staff and for more preventative work to keep children with their families rather than being taken into care. The

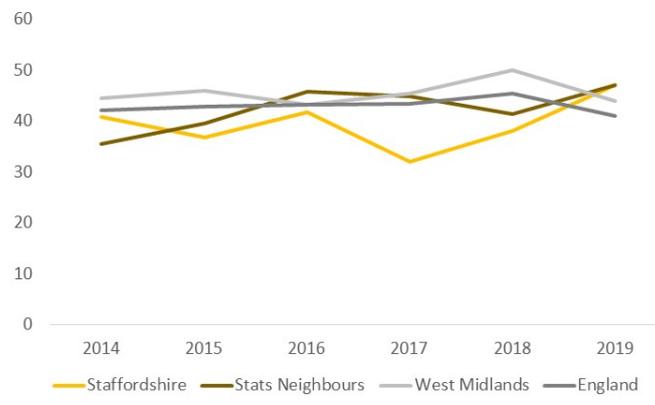
increased investment will fund an extra 34 family support workers across Staffordshire and two new court teams, as well as providing additional training for existing staff and a move towards a more 'district-based' approach. Although numbers of children subject of a child protection plan have reduced it is expected that numbers will increase over the coming months as the length of plans increase.

Figure 2: Our Children in Care (rate per 10,000), 2014 to 2019



Source: Local Authority Interactive Tool (LAIT)

Figure 3: Children subject of a Child Protection Plan (rate per 10,000), 2014 to 2019



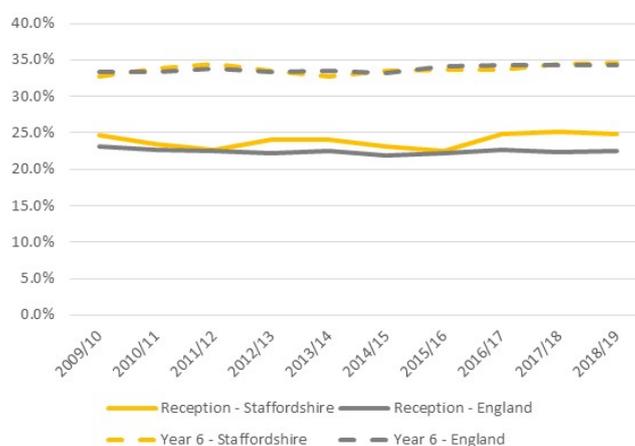
Source: Local Authority Interactive Tool (LAIT)

- Plans to create a unique partnership improving the lives of children needing adoption or long-term foster care are a step closer to completion after Cabinet on 18th December agreed to join three other local authorities in forming a regional partnership which will work together to find safe, stable and loving homes for children and provide support to those families. The Together4Children adoption agency, which is scheduled to launch in April, will see Shropshire County Council, Stoke-on-Trent City Council and Telford & Wrekin Council joining Staffordshire County Council to share information on children and the prospective parents available. The initial partnership will be for two years, with an option for a further three until March 2025. The project is backed by the Department for Education, which has invested more than £600,000 in developing the project.

16. Staffordshire County Council along with local Clinical Commissioning Groups (CCGs) are putting together a new online support service for children and young people, so they can access the right support to maintain their emotional health and wellbeing. This follows a consultation with 165 children and young people in 2019 and comes amid figures showing that around 40% of all young people experience at least one mental health issue by the age of 16.

17. Healthy Lifestyles has been identified as a priority by the Families Strategic Partnership Board. Latest data shows the prevalence of Staffordshire children who were overweight or obese in Reception (aged four to five) during 2018/19 was 24.8% and remains higher than the England average (22.6%). More than one in three (34.6%) of year 6 pupils (aged ten to eleven) in Staffordshire are either obese or overweight, this is similar to the national average of 34.3%. The Families Health and Wellbeing Service have a specialist healthy weights post who supports this priority across the service. In addition, for those families who need a targeted whole-family approach to obesity we commission Time4Sport to deliver a healthy weights service. This service has exceeded their annual target for the number of families accessing the service and 100% have maintained or lost weight as a result of accessing their support. Staffordshire County Council are leading a pilot in Cannock where they will seek to deliver a whole system approach to obesity, working with a wide range of partners to support healthy weight and lifestyles.

Figure 4: Excess weight in Reception and Year 6 children, 2009/10 to 2018/19



Source: National Child Measurement Programme

18. A report highlighting the work of the Trading Standards was presented to members of the Staffordshire Safe and Strong Communities Select Committee at their meeting on Monday 13 January 2020. In Staffordshire last year, 34,300 counterfeit items with an estimated value of £204,000 were removed or prevented from entering the supply chain. Other notable successful cases for Staffordshire County Council's Trading Standards service included the prosecutions of four rogue builders from Clayton, a man in Kidsgrove who was selling counterfeit golfing goods on eBay, as well as a Staffordshire livestock keeper from Great Wyrley guilty of a string of animal health charges. Shop

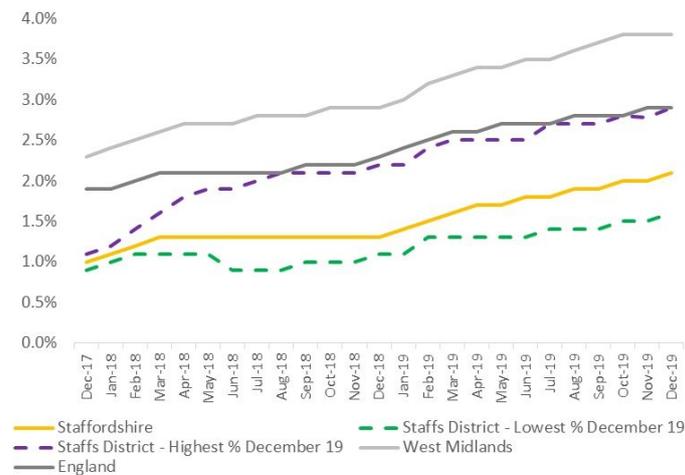
keepers having their licenses removed and suspended, and traders jailed for selling fake cigarettes were also amongst the successes.

19. Between April and December 2019 1,038 people had volunteered for Staffordshire County Council's Libraries Service, contributing over 83,000 hours of volunteer time. This constitutes an in-kind volunteer contribution of £1.2 million.
20. In November the Midlands Partnership NHS Foundation Trust (MPFT) won a Health Service Journal Award in the 'Health and Local Government Partnership' Award for their 8 MPFT Community Managed Libraries.
21. In Families and Communities there is a forecast overspend of £7.048m (5.0%), predominantly due to a £6.765m (6.3%) overspend in Children's Services. The latter is mainly due to higher expenditure on Our Children in Care in independent sector placements. The forecast overspend on these areas is £11.224, based on a standstill position. This is an increase of £0.308m since Quarter 2.

22. Economy, Infrastructure and Skills

23. The Economic Growth Programme is continuing to drive forward the economy in Staffordshire. Completed and current projects within the programme have created and safeguarded a total of 9,099 jobs and delivered 2,390 houses up to December 2019. 
24. Average wage levels in Staffordshire continued to increase in 2019. The median annual earnings (gross) for full-time workers was £29,281; an increase of £953 (3.4%) compared with 2018. Staffordshire's average wage levels are above the West Midlands (£28,262) but below the national average (£30,661).
25. Our £37million European Social Fund (ESF) Phase 1 programme has already engaged more than 22,000 residents to improve their skills and employability benefitting thousands of local employers with 9,200 progressing to employment, further education or Apprenticeships to date.
26. In 2018/19 there were 7,300 apprenticeship starts in Staffordshire (for learners of all ages), which is a 7% increase on 2017/18. A 5% increase has been recorded nationally. There has been a 48% increase in the highest level of apprenticeships compared to 56% nationally. This increase can partially be attributed to the role of the Advanced Manufacturing and Engineering (AME) Hub. The AME Hub is a network of colleges, private training providers and sector bodies under the umbrella of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (LEP).
27. The proportion of Staffordshire's working age claimant count population has seen a small increase between November 2019 (2.0%) and December 2019 (2.1%). The regional average has remained the same whilst the national average has also seen a small increase. Claimant rates in Staffordshire remain lower than both the regional (3.8%) and national (2.9%) averages.

Figure 5: Claimant Count, December 2017 to December 2019



Source: Office for National Statistics (ONS).

28. Work is ongoing to develop the Integrated Growth Plan and supporting pipeline projects to compliment the Local Industrial Strategy (LIS). This work will link closely to the development of the Stoke on Trent and Staffordshire Local Enterprise Partnership LIS Implementation Plan which is currently expected to commence once the LIS has been finalised and agreed with Government, expected to be the end of March 2020.

29. Major work to build an underpass for the new stretch of the Lichfield Southern Bypass to go beneath the cross-city railway line was successfully completed in a four-day period over Christmas 2019. It means the final stage of constructing the £17.5million road building scheme can now take place. As well as easing congestion the Bypass will allow for Local Plan led housing growth of around 3,875 units and 12 hectares of employment land.

30. Work on the Stafford Western Access Route began in Summer 2019. The new road will enable millions of pounds worth of new housing and business development to take place and will also improve traffic flow in the town centre, particularly by the railway station. An information event was held on Wednesday January 22nd to enable people to find out more about the work programme over the next six months. The scheme will include improved conditions for bus services, pedestrians and cyclists. There will also be environmental benefits through the redevelopment of areas of derelict land and landscaping along the route. The road is being funded by developers and with £15.5million secured by the Stoke-on-Trent and Staffordshire Enterprise Partnership through the Government's Local Growth Fund.

31. Across Staffordshire, more than 80,000 homes and businesses can now benefit from faster speeds thanks to the county council's £32 million Superfast Staffordshire partnership with Openreach and the government's BDUK (Building Digital UK) programme. The work is proving popular, with more than 62 per cent of premises already having contacted their service provider and upgraded to a superfast connection. Across the county, according to independent

thinkbroadband.com, more than 96 per cent of premises are able to order superfast broadband.

32. A Staffordshire primary school has won regional recognition for its work promoting active and sustainable travel and combatting air pollution outside their school. Working with Staffordshire County Council's Active Travel team, Heath Hayes Primary Academy in Cannock have won the Regional Modeshift STARS School Travel Award. The award is given to schools who have demonstrated excellence in supporting sustainable travel. The School will be visiting the Houses of Parliament in April 2020 to compete against 4 other regional finalists for the National School Travel Award.
33. In Economy, Infrastructure and Skills there is a forecast saving of £2.414m (3.5%). Based on high level forecasts of costs, tonnages and income it is forecast that there will be a £1.5m saving in this area in 2019/20. This represents an early delivery of future MTFS commitments and robust contract management of the existing waste contracts. It is important to note that the waste management spend is demand led and variations should be expected in year.

34. Corporate Services



35. Sickness absence stands at 11.97 days lost per employee (November 2019), an increase of 10% from the beginning of the year, and by nearly 11% from the same period last year. Long term absence accounts for nearly three-quarters of all days lost, with the average number of days lost having increased by 13% since last year; short term absence has increased by 4% in the same period. Psychological absence has continued to increase, and now stands at 3.25 days per employee, up 10% from last year. Staffordshire County Council continues to record sickness absence levels which are higher than the national average for public sector employees in 2019 (8.4 days) and this is something that will be addressed through the County Council's new People Strategy.
36. In response to the increasing levels of absence, meetings have been held with all members of Staffordshire County Council's Senior Leadership Team (SLT) to review the sickness absence within their individual service areas, focussing specifically on long term absences and their resolution. Mental health awareness training has been launched to the whole workforce to encourage individuals to support their own wellbeing and this program is ongoing. Unfortunately, there are no 'quick fixes' with an issue as complicated and emotive as sickness absence, and the way in which it is reported - using a rolling 12-month period - means that even with a significant impact it will be several months before we see an improvement in the figures.
37. The staff Community Engagement Days pilot ran during October to December 2019. During this time 108 members of staff supported community organisations, communities and individuals. This was made up of half days and full days with 11 individual staff and 13 teams of between 2 and 18 people. As a result of this in just three months Staffordshire County Council staff have contributed approximately 600 hours to local communities supporting at least 38 different

organisations and community areas. The activities have varied from offering social media workshops to a number of organisations, supporting local foodbanks, setting up websites, community clean-ups, supporting funding bids and clean up and decoration of community used buildings.

38. We have continued to develop our digital offer in Quarter 3. Highlights include, a new search bar auto complete functionality on our website homepage, a new School Transport Eligibility Checker went live in December 2019 and the new Cannock Chase Area of Outstanding Natural Beauty [website](#) was launched.
39. A key principle within our Strategic Plan is to encourage residents and communities to help themselves and one another. The People Helping People Fund allows each county councillor in Staffordshire to invest in projects which help families who need some support, or which help people to stay healthy and independent. Councillors have sought out local projects and jointly invested in these with their local communities. This has allowed great activities to expand, or to get something started in areas where activity doesn't happen.
40. In total, 142 applications were received for the Fund, before the December deadline. As at Quarter 3, 61 projects have so far been supported, receiving a total of £44.1k but generating £158k value in match funding and support-in-kind. This gives an overall return on investment of over 3.5:1. Supported projects cover a wide range of areas, from bursaries for supporting children's therapist time, to a range of expanded dementia and carer support, to new inter-generational activities focused on supporting family cookery and health.

List of Appendices:

1. Finance Quarter 3 Summary
2. Finance Quarter 3 Detailed Report
3. Corporate Checklist
4. Revenue Forecast Outturn 2019/20
5. Capital Forecast Outturn 2019/20
6. Financial Health Indicators 2019/20

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The following graphs summarise the financial performance of the council. Full details are contained in this report.

The graphs and charts are compiled using quarter 3 forecast information.

The latest revenue forecast outturn shows an overspend of £4.4m (0.9%), compared to the forecast overspend of reported £4.3m at quarter 2.

There has been use of £2.3m of the Exit and Transition Fund which was established in 2018/19.

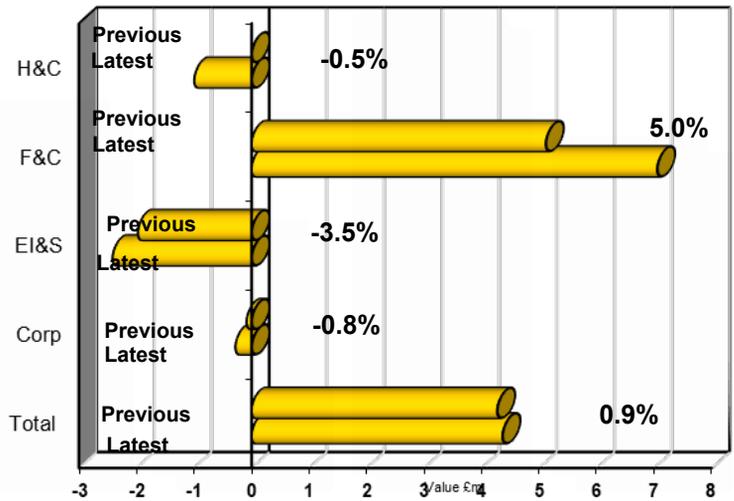
There is a forecast overspend of £7.7m on Children's Services, after the use of £6.0m Social Care Contingency. This is due to increasing numbers of LAC and additional expenditure on placements. Restructuring of business units is underway including recruitment of social workers.

Progress on Innovation and Efficiency options is monitored monthly. Savings are categorised into confidence of delivery. The latest position shows that the savings are currently below the target. Those savings classified as undelivered include – Children's Services savings, cross cutting support services reviews, reduction in urban grass cutting and weed control, Purchase of Annual Leave scheme, and increase in parking and bus lane enforcement.

The latest capital outturn projection is £123.0m, compared to the quarter 2 position of £126.1m, a decrease of 2.4%. This projection is a fully funded position. This decrease is mainly due to rephasing of £3.1m for the Greenwood House project. There have been other changes to the programme and the detail can be found within the report.

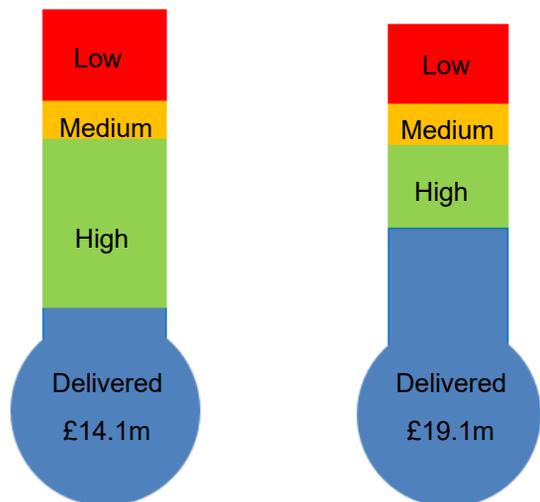
Within the national context, the retail price index is currently 2.2%, and the latest consumer price index is 1.5%. GDP is estimated to have grown by 0.1% in the three months to November. Current unemployment figures show Staffordshire benefit claimant rate is below that of the West Midlands and Great Britain.

Revenue Budget Variance

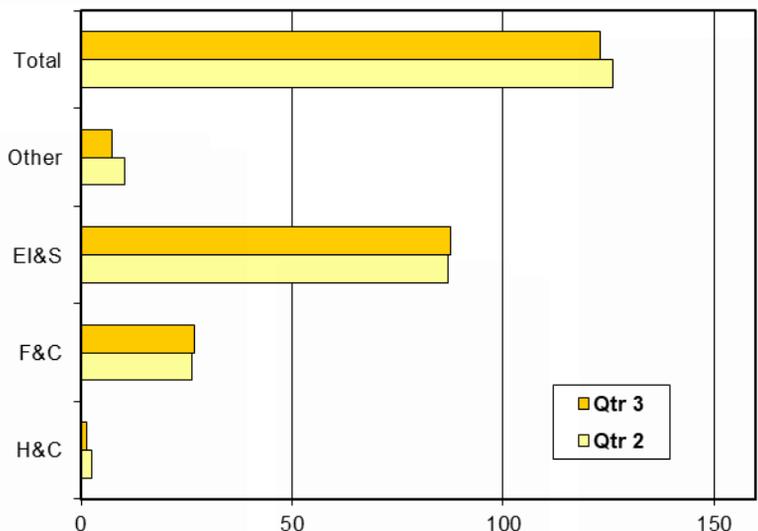


Savings Tracker – Target £40.045m

Quarter 2 -£38.605m Quarter 3 -£34.430m



Capital Programme



Introduction

Revenue Forecast

1. The latest revenue forecast outturn (as provided in appendix 4) shows a forecast overspend of £4.360m (0.9%), compared to the forecast overspend of £4.268m (0.9%) at quarter 2.

2. The following paragraphs consider the key financial issues in each of the council's portfolios.

3. Health and Care **Forecast saving £0.995m (0.5%)**

4. The forecast saving is £0.995m from a breakeven position at quarter 2.

5. The service has applied grants for winter planning and the Better Care Fund in accordance with conditions of that funding to meet cost pressures as approved by Cabinet and the NHS.

6. There remain a range of high risk MTFS saving within this position and the service is using forecast savings as well as committing to seek alternative savings options where necessary.

7. Public Health and Prevention **Forecast – Breakeven**

8. The current breakeven position includes an assumption that the service will deliver a £0.250m saving through vacancy management and restructuring.

9. Following recent announcements on the 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.

10. Adults Social Care and Safeguarding **Forecast saving £1.083m (2.8%)**

11. Overall, the service is forecast to save £1.083m, which in the main relates to a range of staff related saving.

12. The Adults Learning Disability Team (ALDT) restructure was completed in November delivering a planned MTFS saving of £0.206m. There is a forecast

Appendix 2 – Quarter 3 Finance Report

saving of £0.946m arising from vacancies held prior to the introduction of the new structure. The forecast saving has increased from quarter 2 due to lower than forecast costs of change and a delay in filling some posts.

13. The saving from the review of the Mental Health North team is now forecast at £0.131m, an improved position from quarter 2 position of £53,000. There is a forecast overspend of £0.305m in the Learning Disability in-house provider services due to non-achievement of a vacancy target and the need to employ additional agency staff to cover absences. This is higher than the forecast overspend of £0.134m at quarter 2.
14. Within Care Systems, Adult Safeguarding and Appointeeships there is a forecast saving of £0.336m and increase of £0.101m since quarter 2, due to staff turnover and holding vacant posts.
15. The number of Deprivation of Liberty Safeguards (DoLS) assessments has risen resulting in a forecast overspend of £0.1m an increase from the £54,000 forecast at quarter 2. Other variances result in a forecast saving of £75,000.
16. *Care Commissioning* *Forecast overspend £88,000 (0.1%)*
17. Demand for Older People residential and nursing care continues, and mostly nursing care. The forecast overspend for long term residential and nursing placements is £14.720m. This position is net down by a forecast position for additional recoverable client income of £3.703m – resulting in a net forecast overspend of £11.017m. This is then partially mitigated by one – off revenue carry forward of £2.1m and other one – off funding streams of £5.732m, taking the net forecast overspend to £3.179m. This is an increase of £0.456m since quarter 2. Given the unpredictability of price rises, this continues to be an area of high risk.
18. Managing the price rises and developing cost effective alternative to the market quickly remains extremely difficult. The Council is providing support for struggling care homes, to avoid loss of capacity from the market, block booking beds at a lower cost per bed and developing additional Council owned capacity in future years. However, most significant mitigating activity through the robust application of the council's Cost-Effective Care and Support guidance and utilisation of the Dynamic Purchasing system are having limited impact on prices in the independent residential and nursing market.

Appendix 2 – Quarter 3 Finance Report

19. New contracts are now in place to ensure we source the most cost-effective home care for older people and the forecast assumes a saving of £0.333m.
20. The number of older people in receipt of a direct payment has reduced by 10% over the year and together with a recovery of surplus funds there is an overall forecast saving of £0.301m
21. The forecast saving on the Physical Disabilities budget has increased from the quarter 2 position of £0.113m to £0.373m. This change is mainly due to additional income from clients and health partners.
22. The Mental Health Budget is now forecast to overspend by £0.368m, a reduction from the quarter 2 position of £0.412m. This forecast overspend is due to increases in the cost of Nursing and Supported Living placements costs, which are being offset by additional increases in the forecast for health income and additional savings on the mental health contracts.
23. The Learning Disability Placements budget is now forecast to save £2.230m. This is partly due to reductions in the number of people with Learning Disabilities being cared for in Nursing Homes and savings from Supported Living contracts following a negotiation with health partners. This forecast saving has increased by £0.698m since the quarter 2 position, this is due to forecast increase income on respite contracts, health income, and general reductions in placements. There always remains a risk that demographic growth and potential price increases, particularly in the Supported Living market, will reduce this forecast saving, and these will continue to be closely monitored.
24. There are some forecast contract savings for both Advocacy and Advice and Information which total £0.737m, an increase from the quarter 2 position of £0.609m.
25. As previously reported the council continues to work with the local Clinical Commissioning Groups (CCGs) 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 pressure for the Staffordshire Health and Care system.

Appendix 2 – Quarter 3 Finance Report

Current indication shows the potential cost pressure for the County Council is £1.4m. This pressure is partially mitigated by the ending of an agreement whereby the council transferred £1.250m per annum for LD clients with health needs. It is assumed that the service will identify further mitigated options to cover any shortfall while continuing to provide support for further discharges. However, there remains a significant risk of further cost pressures in the future.

26. A forecast saving of £0.230m has arisen as a result of a performance related penalty on the reablement contact with the Midlands Partnership Foundation NHS Trust (MPFT) as fewer reablement episodes are expected to be delivered than specified in the Section 75 partnership agreement.
27. Prisoners related care activities are now forecast to save £0.183m, a reduction from the £0.205m reported at quarter 2. This forecast saving is due to staffing savings and lower care costs. Other variances amount to a forecast overspend of £0.928m.
28. **Families and Communities** **Forecast overspend £7.048m (5.0%)**
29. The overspend has increased by £2.267m since the quarter 2 report. The reasons are outlined below. The overall forecast assumes that £1.360m of funding from the Exit and Transition fund is allocated to the directorate.
30. *Children's Services* *Forecast overspend £6.765m (6.3%)*
31. The forecast overspend for the service is £6.765m at quarter 3, an increase of £0.778m since the quarter 2 report.
32. The forecast overspend is mainly due to higher expenditure on Looked After Children (LAC) in independent sector placements. The forecast overspend on these areas is £11.224m based on a stand still position. This is an increase of £0.308m since the quarter 2 report.
33. The number of LAC has seen steep and significant increases, from 1,125 in January 2019 to a high in September 2019 of 1,257. The latest position now stands at 1,235. It is hoped that this is now a stabilised position to enable the ambitious LAC reduction targets recently proposed by Children's Services to be achieved by the year end.

Appendix 2 – Quarter 3 Finance Report

34. There is continued use of agency staff in both East and West Case Managements Teams, which results in a forecast overspend of £0.437m. The adoption service is currently placing more children out of county and has a forecast overspend of £0.370m. The Fostering Service continues to face increasing pressure with a forecast overspend of £0.651m, of which £0.220m is staffing, mostly relating to not delivering savings around assumed vacancy levels, and £0.431m relates to increased spending on allowance payments, in particular, Special Guardianship Order allowances.
35. Partnership and Development is forecast to overspend by £0.387m. This includes partially undelivered MTFS savings following delays in the restructuring process and use of agency staff and overtime.
36. There is a forecast overspend of £0.549m within Safeguarding primary arising through the use of agency staff and the delay in restructuring.
37. Forecast savings of £0.364m are due to staff vacancies across several service areas. Other small forecast savings amount to £0.438m.
38. The £6.051m un-ringfenced grant for Adults' and Children's social care was allocated in its entirety to Children's Services, and this reduces the total forecast overspend from £12.816m to £6.765m.
39. In November, Cabinet approved investment of £8.1m for the continued transformation of the Children and Families system. The benefits arising from this transformation are expected to significantly reduce the overspending in the medium term as the service implements a Restorative Practice methodology. The investment is included in the 2020/21 MTFS but recognised that some spend will occur in 2019/20.
40. *Education Services* *Forecast overspend £1.500m (6.2%)*
41. The forecast overspend is mainly as a result of an increase in pressure in the home to school transport costs.
42. The latest forecast for SEND transport is an overspend of £1.5m as demand for transport is increasingly outstripping supply. While there is little change in the overall numbers of pupils being transported, 1 in 4 are new starters from September and it has not been possible to design cost effective routes for groups of pupils quickly. There has been a greater move of pupils towards

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single occupancy taxis in an attempt to manage more effectively any disruptive behaviour. The average cost per pupil per day has also risen well in excess of inflation and further work is ongoing to look at the potential reasons behind this.

43. There is a forecast saving of £0.2m from staff vacancies in the education commissioning service and an increased forecast saving for the Pensions budget of £0.3m, both of which have been used to offset the SEND Assessment Team £0.5m MTFS saving in year which remain undelivered.
44. The SEND services within Education continue to face recruitment and retention difficulties giving rise to a significant vacancy level and salary forecast saving, most notably within Educational Psychology. 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. This has led to a forecast overspend in this area of £0.2m. However, due to 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 plans for the service.
45. *SEND High Needs Block (Dedicated Schools Grant, Non-SCC)*
46. The High Needs Block is currently forecast to overspend by £5.5m – a significant increase of £3m from the position at quarter 2. 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.
47. There has been a 20% increase in the number of children at Independent Special Schools compared to last year and also higher than expected costs for these placements. This is higher than previously forecast at an additional cost of £2m. Pupil Referral Units (PRU) have also had growth resulting in an additional forecast overspend of £0.4m, and an increase in the number of placements at Special Schools and Academies is forecasts to cost an additional £0.5m.
48. This year the overspend can be met from the DSG reserve. However, this will not be the case in future years as the reserve will be all but deplete making it difficult to manage future budget pressures. While the SEND transformation programme is expected to manage this underlying pressure in the medium term, it is unlikely that this will deliver the necessary savings in the short term. Accordingly, the Council has requested a further switch from the School's Block

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to the High Needs Block in 2020/21 to avoid bringing the overall DSG reserve into deficit which would risk the liability falling upon the Council.

49. The above does not include spending on transformational activities, including the district model roll out, which have been funded from existing resource and SEND Reform Grant. Going forward it is likely that additional investment will be required to support the SEND transformation programme and service stabilisation, the cost of which is currently being assessed.
50. *Culture & Communities* *Forecast overspend £0.126m (2.3%)*
51. There has been a small increase of £11,000 since the quarter 2 report. Libraries remain at a breakeven position.
52. Archives and Heritages are forecast to overspend by £0.126m, which is due to an undelivered MTFs saving relating to restructuring. It is hoped that the bid for Staffordshire History Centre Lottery Funding will be successful and that these savings will be delivered in future years.
53. **Economy, Infrastructure and Skills** **Forecast saving £2.414m (3.5%)**
54. *Business and Enterprise* *Forecast saving £0.129m (11.3%)*
55. There is increased saving due to additional income from Farms and Planning, savings on legal costs related to Regulation, and on the Minerals and Waste Local Plan. These savings have been partially offset by the increased costs due to restructures, Enterprise Centre repairs, security, waste costs and provision for dilapidations.
56. *Infrastructure and Highways* *Forecast overspend £0.248m (1.0%)*
57. There is a small increase of £2,000 in the forecast overspend since the quarter 2 report.
58. There are forecast overspends on Developments and Improvements of £0.536m due to the additional buy in of resources, £0.207m on winter maintenance, and £0.212m of forecast I+ indirect revenue costs. This forecast overspend are being offset by forecast one off savings on vacancies and additional income in other areas.

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59. On Street Parking, there are new scheme implementation delays and other MTFS savings not being achieved in this financial year, however these have been mitigated through other savings within the service.
60. *Transport, Connectivity and Waste* *Forecast saving £2.364m (6.0%)*
61. There is an increase in the forecast saving of £0.464m from the quarter 2 report.
62. This position is mainly due to forecast savings on Waste Management of £1.5m and Concessionary Fares of £0.750m. This represents an over achievement of existing MTFS savings and an early delivery of future MTFS savings due to robust contract management of the waste and transport contracts and concessionary travel claims. It is important however to note that waste management and concessionary travel is demand led and variations should be expected in year.
- 63. Corporate Services** **Forecast saving £0.280m (0.8%)**
64. The forecast saving has increased by £0.224m since the quarter 2 report. This position assumes that savings of £72,000 will be delivered against the annual leave purchase scheme. There are also forecast savings included for BEST following a restructure, vacant posts for Audit, ACFS and Welfare Benefits, and reduced overspend on Digital and the roll out of O365.
65. There are some forecast overspends within Legal Services as a result of using Locums and DOLs Staff, and for redundancy payments.
- 66. Centrally Controlled**
67. There is a forecast overspend of £1m for centrally controlled budgets, this is due to the delay in the rental of Staffordshire Place 2 and reduction in savings identified for property rationalisation.
- 68. Insurance Contract Renewal**
69. 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

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position after this point. To ensure optimum self-insured levels we will be seeking quotations based on the current £250,000 excess and alternative £500,000 excess.

70. 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 £250,000 to £500,000.

71. Capital Forecast

72. Appendix 5 compares the latest capital forecast outturn of £123.0m, a decrease from the quarter 2 position of £126.1m. The key reasons for this decrease of £3.0m are set out in the following paragraphs.

73. Health and Care **Forecast spend £1.427m**

74. There has been a reduction in the forecast spend of £0.942m since the quarter 2 report. This is due to reprofiling of the Care Director budget by £0.459m, Dementia Centre of Excellence by £0.201m and Hillfield House Nursing Care refurbishment of £0.752m into 2020/21.

75. There has been the introduction of two new schemes, Histon Hill and Rowley Hall Nursing Homes with a forecast spend in year of £0.470m.

76. Families and Communities **Forecast spend £26.846m**

77. *Maintained Schools* *Forecast Spend £25.788m*

78. There has been an increase in forecast spend of £0.962m since the quarter 2 report. Several new Developer Funded projects have been introduced with a forecast spend of £1.528m. There have also been reductions in forecast spend including £0.550m due to rephasing of Schools Capital Allocations into 2020/21.

79. Economy, Infrastructure and Skills **Forecast spend £87.524m**

80. *Economic Planning & Future Prosperity* *Forecast spend £10.139m*

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81. There has been a reduction in forecast spend of £2.650m since the quarter 2 report. This is due to adjustments of £0.923m to the Superfast Broadband works, which are now being funded directly by BT gain share, reprofiling of i54 Western Extension project of £0.188m, Forward Programme of £0.179m, residual A50 costs of £1.5m and the reduction of the Branston Lock estimate by £0.301m.

82. *Highways Schemes* *Forecast spend £77.385m*

83. There has been an increase in forecast spend of £3.304m since the quarter 2 report. This is due to the refining of budget estimates across multiple projects in addition to a number of new Developer Funded schemes.

84. Finance and Resources & ICT **Forecast spend £1.890m**

85. There has been a small increase of £16,000 since the quarter 2 report due to the net effect of the introduction of the new Libraries Public Access Device refresh project of £0.261m and the reprofiling of the Exchange Refresh project of £0.245m into 2020/21.

86. Property **Forecast spend £3.612m**

87. There has been a reduction of £3.081m since the quarter 2 report, which is due to the rephasing of £3.099m forecast spend for Greenwood House into 2020/21. This has been offset by a small increase in the forecast for the SP2 > SP1 relocation project of £18,000.

88. Financial Health

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

90. There have been 99.99% of invoices paid within 30 days of receiving them at the end of quarter 2, exceeding the financial health indicator target.

91. The estimated level of outstanding sundry debt over 6 months old is £20.689m, this is over the target of £14.7m by £5.989m. This is also an increase of £3.499m since the quarter 2 report. The debt recovery process involves chasing by a range of methods with the eventual escalation to the external

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collection agent or to Legal for the possibility of a court decision to recover the debt.

92. Within the debt figure for CCG's and NHS bodies the Council has considerable debts of £6.903m outstanding from Staffordshire CCGs of which £6.1m relates to previous years. This is much improved from last year, when the position was an outstanding debt of £14.6m, with only £6.1m of this still remaining. This has been escalated to senior management within the CCGs to give them the opportunity to take action to resolve this urgently before standard debt recovery processes are initiated.
93. In addition, there have been a number of amendments required to systems and processes to prevent a repeat of this situation. These changes have taken longer than expected and as a result the position regarding the 2019/20 debt has worsened again as it now includes debts over 6 months arising in relation to invoices raised in the current financial year. The table below shows the current Top 5 CCG Debtors:

Customer Balances Outstanding – Staffordshire CCGs

Stafford and Surrounds CCG	£2.496m
Stoke on Trent CCG	£1.603m
North Staffordshire CCG	£1.135m
South East Staffordshire CCG	£1.039m
East Staffordshire CCG	£0.428m
Total	£6.702m

*there are two further CCGs outside of the Top 5 with debts which bring the total outstanding to £6.903m as mentioned in paragraph 92.

94. Client debt now stands at £8.209m, 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	30/09/2019 £m	31/12/2019 £m	Inc. / (Dec) £m
Health Bodies & CCGs	6.097	7.542	1.445
Other Govt. and Public Bodies	1.390	1.773	0.383
Other General Debtors (Individuals & Commercial)	3.327	3.165	(0.162)
Health & Care Client Debt	6.376	8.209	1.833
TOTAL	17.190	20.689	3.499

Appendix 3 – Corporate Checklist

Equalities implications:

Through the delivery of county council business plans, service delivery is increasingly reflecting the diverse needs of our various communities.

Legal implications:

There are no legal implications arising from this report.

Resource and Value for money implications:

The resource and Value for money implications are set out in the report.

Risk implications:

The risk implications concern the robustness of the forecast outturn which may change owing to pressures on services with a consequent effect on county council functions being able to keep within budgets and a potential call on balances.

Climate Change implications:

Staffordshire's communities are places where people and organisations proactively tackle climate change, gaining financial benefit and reducing carbon emissions' is one of the county council's priority outcomes. Through the monitoring and management of this outcome; climate change and carbon emissions are being addressed in an active manner.

Health Impact Assessment and Community Impact Assessment screening:

Not required for this report.

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Revenue Forecast Outturn 2019/20

	Revised Budget Qtr 3 £m	Forecast Outturn £m	Variation £m
<u>Health and Care</u>			
Public Health & Prevention	(5.704)	(5.704)	0.000
Adult Social Care & Safeguarding	38.227	37.144	(1.083)
Care Commissioning	174.172	174.260	0.088
Specific Grant Allocation	(1.570)	(1.570)	0.000
Exit and Transition Fund	0.000	0.000	0.000
Health and Care Total	205.125	204.130	(0.995)
<u>Families and Communities</u>			
<i>Children's Services</i>	<i>101.456</i>	<i>114.272</i>	<i>12.816</i>
<i>Social Care Contingency</i>	<i>6.051</i>	<i>0.000</i>	<i>(6.051)</i>
Total Children's Services	107.507	114.272	6.765
Children's Public Health	(4.546)	(4.546)	0.000
Education Services	24.285	25.785	1.500
Culture and Communities	5.417	5.543	0.126
Rural	2.046	2.046	0.000
Community Safety	8.108	8.125	0.017
Specific Grant Allocation	(1.710)	(1.710)	0.000
Exit and Transition Fund	0.000	(1.360)	(1.360)
Families and Communities Total	141.107	148.155	7.048
<u>Economy, Infrastructure and Skills</u>			
Business & Enterprise	1.144	1.015	(0.129)
Infrastructure & Highways	25.518	25.766	0.248
Transport, Connectivity & Waste	39.228	36.864	(2.364)
Skills	2.312	2.248	(0.064)
EI&S Business Support	1.064	0.959	(0.105)
Specific Grant Allocation	0.000	0.000	0.000
Exit and Transition Fund	0.000	0.000	0.000
Economy, Infrastructure and Skills Total	69.266	66.852	(2.414)
Corporate Services	34.125	34.776	0.650
Exit and Transition Fund	0.000	(0.930)	(0.930)
Corporate Services Total	34.125	33.846	(0.280)
Traded Services	(1.649)	(1.649)	0.000
TOTAL PORTFOLIO BUDGETS	447.974	451.334	3.360
<u>Centrally Controlled Items</u>			
Interest on Balances & Debt Charges	34.675	34.675	0.000
Pooled Buildings and Insurances	11.532	12.532	1.000
Trading Services Reserves	0.000	0.000	0.000
Contingency Position	4.000	4.000	0.000
TOTAL FORECAST OVERSPEND	498.181	502.541	4.360

CAPITAL PROGRAMME 2019/20

	<u>2nd Quarter Budget</u>	<u>Enhancements to Programme</u>	<u>3rd Quarter Budget</u>
	£m	£m	£m
Health and Care			
Care and Independence	2.369	(0.942)	1.427
Health and Care Total	2.369	(0.942)	1.427
Families and Communities			
Maintained Schools	24.826	0.962	25.788
Academy Conversion Residual	0.027	0.000	0.027
Rural County (Countryside)	0.150	(0.038)	0.112
Vulnerable Children's Projects	0.456	(0.456)	0.000
Tourism and Culture	0.934	(0.015)	0.919
Families and Communities Total	26.393	0.453	26.846
Economy, Infrastructure and Skills			
Economic Planning & Future Prosperity	12.789	(2.650)	10.139
Highways Schemes	74.081	3.304	77.385
Waste & Sustainability Projects	0.125	(0.125)	0.000
Economy, Infrastructure and Skills Total	86.995	0.529	87.524
Trading Services - County Fleet Care	1.700	0.000	1.700
Finance, Resources & ICT	1.874	0.016	1.890
Property	6.693	(3.081)	3.612
Corporate Leased Equipment	0.050	0.000	0.050
Total	126.074	(3.025)	123.049

Financial Health Indicators 2019/20

Appendix 6

Indicator	Current Performance	
<p><u>Debtors</u> Level of outstanding general debtors more than 6 months old does not exceed £14.7m (Current Performance – £20.689m)</p>		
<p><u>Payments to suppliers</u> At least 90% of invoices have been paid within 30 days of us receiving them during the last quarter (Current Performance – 99.99%)</p>		
<p><u>Monitoring</u> Quarterly financial monitoring reports have been issued to Cabinet during the last 12 months</p> <p>The council's most recent revenue outturn forecast did not vary by more than +/-2% when compared to the overall revenue budget</p> <p>Monthly monitoring reports of progress against MTFS savings have been produced for the Senior Leadership Team during the last 12 months</p>	<div style="display: flex; flex-direction: column; align-items: center; justify-content: center;">    </div>	
 Indicator not met	 Indicator not met by small margin	 Indicator met