Cabinet meeting on 21 June 2018

Final Financial Outturn Report

2017/18

Quote from Philip Atkins, Leader of the Council and Mike Sutherland, Cabinet Member for Finance

"Staffordshire taxpayers rightly expect us to spend their money wisely and well to make the greatest possible difference in communities across the county. It is also our duty to live within our means, keep a tight grip on our finances and deliver value for money, and we have therefore included this pledge in our new strategic plan, approved earlier this year.

"This report shows on the face of it a positive financial picture over the past 12 months. As part of a well-run council, officers have managed budgets carefully to balance the books overall and by not spending our contingency, allow us to put money back in to our limited reserves.

"However, significant financial challenges remain. Our population is ageing and growing, and more children are coming into the care system, meaning that year-on-year we are spending record amounts on social care. Inflation is also increasing our running costs.

"In the past 12 months we have utilised money from the Government's improved Better Care Fund and the proceeds of council land and property sales to help balance the books. This is in addition to changes in the way we work over the past eight years that have reduced our running costs by £240million. We need to find a further £37million of cost reductions to balance the books next year.

"So while the council is in safe financial hands, the current ways of working and the current way the council is funded need to change. We will continue lobbying the Government hard over the coming months on the need for local government funding reform. As a well-run council, we have also started our budget planning process for 2019-20 six months earlier than usual. At July's Cabinet meeting we will be bringing a report on the work to date and to discuss the difficult steps we may need to take to balance the books next year."

Report Summary: This report outlines the final financial outturn position of the county council including delivery of the Medium Term Financial Strategy.

Recommendation(s)

I recommend that:

a. Cabinet Members note the final outturn position which is an underspend of £0.205m on portfolio budgets with the Contingency budget remaining unspent giving a total underspend of £4.792m.

b. Cabinet Members approve the capital financing arrangements as set out in Appendix 3, including the capitalisation of transformational revenue expenditure.

Local Members Interest
NA

Cabinet – 21 June 2018

Final Financial Outturn Report 2017/18

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

a. Cabinet Members note the final outturn position which is an underspend of £0.205m on portfolio budgets with the Contingency budget remaining unspent giving a total underspend of £4.792m.

b. Cabinet Members approve the capital financing arrangements as set out in Appendix 3, including the capitalisation of transformational revenue expenditure.

Report of the Director of Finance and Resources

Reasons for Recommendations: To inform Cabinet of the final financial outturn for 2017/18.

Report Commissioner: Andrew Burns

Job Title: Director of Finance and Resources

Telephone No: 01785 27 6300

Email: andrew.burns@staffordshire.gov.uk

Latest Financial Summary

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

The graphs and charts are compiled using final outturn information.

This report presents the final position for both revenue and capital budgets at the end of the 2017/18 financial year. The final revenue position is an underspend of £4.792m (0.9%). This is within our Financial Health target of 2% variation on revenue budgets.

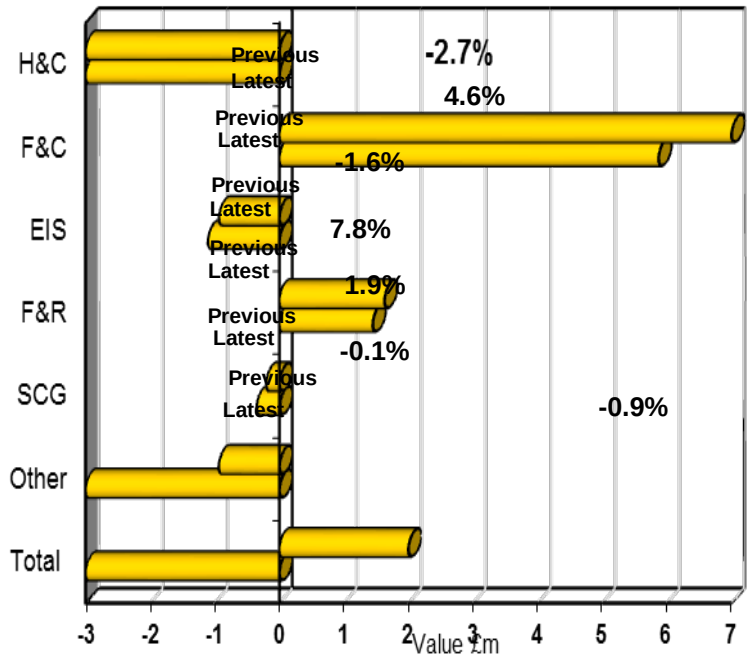
At the First Quarter the forecast was an overspend of £8.6m but services have made tremendous efforts to identify and deliver additional savings to mitigate this overspend. This has now been achieved with services delivering a small underspend of £0.205m which is just 0.04% of the budget, effectively a breakeven position. In addition, it has not been necessary to allocate further amounts from contingency and therefore this budget is unspent and can be put into balances to be available to support the MTFS in future years.

The capital outturn is £142.2m which represents continued investment in schools, highways and economic regeneration. The capital programme has been fully funded. The final position includes £15.0m of transformational revenue expenditure which has been capitalised in accordance with the Flexible Use of Capital Receipts direction.

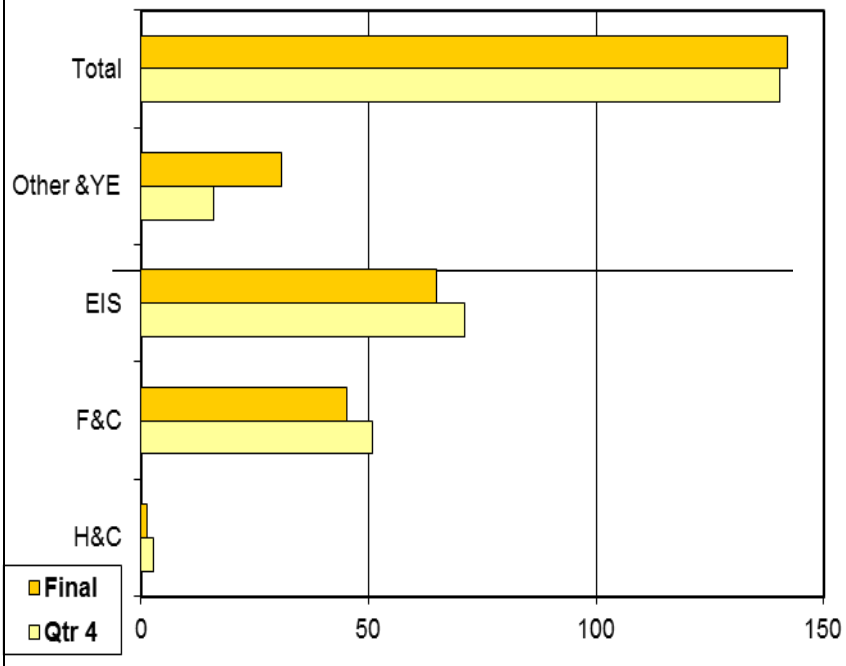
To enable us to provide future flexibility to finance the Capital Programme, £2.764m of repairs and maintenance spend has been capitalised.

Within the national context, the retail price index is currently 3.3%, and the latest consumer price index is 2.3%. GDP is estimated to have increased by 0.4% in the quarter to December 2017. Current unemployment figures show Staffordshire benefit claimant rate is below that of the West Midlands and Great Britain.

Revenue Budget Variance



Capital Programme



County Council Financial Outturn

This report presents the final position for both revenue and capital budgets at the end of the 2017/18 financial year.

At the beginning of the year, the First Quarter Budget Monitoring report showed a forecast overspend of £8.599m. In response to this services have made tremendous efforts to identify and deliver additional savings in order to live within their means. This report shows that services have achieved this aim with a small underspend on portfolio budgets of £0.205m which is 0.04%, effectively a breakeven position.

In addition, no further amounts have been required from the Contingency budget and therefore £3.746m remains unspent at the end of the year. Together with a small underspend on centrally controlled budgets this has resulted in an overall underspend of £4.792m. This amount will now be put into general balances to be available to support the MTFS in future years.

The capital programme shows total expenditure of £142.189m. This reflects our continued investment in school places, highways and economic regeneration. The total expenditure includes £15m of revenue transformational spend, as planned in the budget for 2017/18.

A detailed breakdown of the revenue position can be found in **Appendix 2** with the capital position shown in **Appendix 3.**

The following paragraphs contain a key financial summary of how each of the portfolio areas has performed in the year.

Health & Care **Saving £6.077m (6.03%)**

Public Health *Breakeven*

The final outturn on Public Health remains a breakeven position as reported at quarter 4.

Adult Social Care & Safeguarding *Saving £0.304m (0.7%)*

The £0.115m forecast saving for the service reported at quarter 4 has increased to a final saving of £0.304m.

The saving of £0.119m reported at quarter 4 for Learning Disability In House and Assessment & Care Management services has increased to show a final outturn saving of £0.170m. This is a result of managing social work staff vacancies whilst ensuring business continuity ahead of a restructure.

The budget shortfall on the Welfare Benefits contracted service reduced slightly to £26,000 from the £56,000 forecast at quarter 4.

Care Systems Development and Adult Safeguarding Enquiry Team have saved £0.210m. At quarter 4 this was reported to be a £52,000 saving. The increased saving is a result of lower operational activities within the Homecare Framework contract as well as vacant posts within the Adult Safeguarding Team.

Care Commissioning *Saving £5.773m (3.2%)*

The final saving for Care Commissioning has increased by £0.506m from the quarter 4 reported position of £5.267m.

This large budget pays for the care costs of many vulnerable people in Staffordshire. This includes older people who require our care and also people with physical disabilities, learning difficulties and also those with Mental Health conditions. The range of care provided includes care to enable people to live at home, such as home care visits, the provision of equipment and technology along with Residential and Nursing home placements and respite care. The budget is also used to provide support for carers and provides reablement services which help people regain their independence after a hospital stay.

The iBCF funding was allocated to meet a range of cost pressures, investments and risks as agreed by the BCF Programme Board. Some of the iBCF grant has been carried forward to support ongoing commitments primarily to reduce delayed transfers of care.

The continued withholding of the performance payment for the Carers and Employment contract has led to a saving of £0.456m, a slight reduction on the quarter 4 position.

Lower operational activities on the Aiming High contract resulted in a saving of £0.239m. This was previously reported at quarter 4 as saving of £0.185m.

Learning Disabilities placements and Mental Health placements were reported at break-even as a result of utilising £2.3m and £1.4m respectively from the iBCF at quarter 4. The final outturn is a saving across the two services of £0.644m. This is mostly related to a claw back of direct payment balances resulting in a one off cash improvement of £0.700m on Learning Disability Services.

Prisoners related care activities have saved £0.356m. This is due to a combination of lower care costs and fewer assessments throughout the year. There was a performance related saving on the Reablement contract with the Staffordshire and Stoke-on-Trent Partnership Trust (SSOTP) of £0.188m. This

was due to slightly fewer reablement episodes being delivered than specified in the section 75 partnership agreement.

The Equipment budget has saved £0.314m. Telecare has overspent by £0.184m due to delays in implementation of the new contract. The Community Equipment contract has saved £0.192m due to initiatives to control spend including maximising equipment return. Additional grant funding has been received for adaptations (fixed equipment). This grant funding has been used for the majority of costs resulting in a saving of £0.226m. There are further general equipment savings of £80,000.

Older People placement costs have overspent by £3.719m, however this has been fully funded within the iBCF grant. This overspend is due to residential and nursing care prices, which are continuing to rise for new admissions. The overall number of people in residential and nursing care remains largely unchanged.

Client income for Older People and People with Physical Disabilities has overachieved by £2.358m. Income receivable has increased as a result of additional contributions in line with an increase in expenditure for long term care.

The 2017/18 MTFS made provision for contractual inflation. Of this provision £1.167m is no longer required. There is a £0.2m saving for the re-provision of additional homecare maintenance hours. These are now being managed within the reablement contract. These savings have been factored into the 2018/19 MTFS.

There have also been a range of smaller variances across the service resulting in a £0.149m overspend.

Families & Communities **Overspend £5.870m (4.6%)**

Children's Services *Overspend £7.695m (7.7%)*

During the course of the year LAC numbers rose significantly. At the end of March 2018, there were 1,094 looked after children in Staffordshire. The increase in looked after children is primarily due to pressures in the under 4 years and 9-11 years age ranges, created by an increase in numbers entering care and a slowing of their exit.

As mentioned in previous reports to Cabinet, the service is seeking to mitigate some of this pressure through further development of "Edge of Care" services. These are intended to help children to remain in, and return to, the care of their families.

There has also been an increase in spending in relation to Children with Disability (CWD) placements. This mainly relates to a further increase in the number of children with disabilities requiring placement in residential provision during the course of the year.

As well as pressures placed on spending on independent sector residential placements, increased LAC numbers have also resulted in additional expenditure on in-house Fostering and Special Guardianship Orders (SGO) payments. These together with a reduction in income received from Inter Agency Adoption, have also contributed towards the overspend against the Looked After Children budget.

A significant proportion of the overspend in Children's Services relates to the non-achievement of the Children's System MTFS savings of £3.693m, which has been re-profiled into future years. In addition to this the Looked After Children (LAC) budget, which includes independent sector placements, has overspent by £3.413m.

A net underspend of £0.104m was achieved across other Children's Service areas. This includes savings on Case Management, Support Services and Partnership and Development, largely due to maintaining staff vacancies and higher than anticipated income, including the Education Psychology service and disability respite provision.

The SEN Home to School Transport budget was overspent by £0.693m. A review has been undertaken to mitigate and manage the rising costs relating to transport and proposed measures arising from this review are being implemented. The final overspend was lower than forecast earlier in the year due to efficiencies identified in travel arrangements during the course of the year, and it is anticipated that further progress will be made on this during 2018/19.

Education Services *Saving £1.923m (19.6%)*

There has been a cost reduction of £0.596m following the renegotiation of a contract with a major provider. An overspend of £0.184m previously forecast on the behaviour support service, as a consequence of academy conversions, has now been resolved and the service is now breakeven. Refunds from Entrust have been received for non-Dedicated Schools Grant related expenditure of £0.392m.

Schools Pension charges have saved £0.487m, an increase of £67,000 on the previously reported figure. This follows a previous change in policy, which means the Council no longer incurs new pension costs relating to schools. The budget relating to non-schools residual pension liabilities has also saved £44,000 at the year end.

The final saving on the cost management of the physical education centres is £63,000.

The school planning service has saved £59,000 as a result of an increase in the number of Primary Academy conversions.

There are a range of other small variances across the whole of the Education services that equate to a further saving of £0.279m.

Culture & Communities *Breakeven*

Culture & Communities remains a break even position which includes a number of overspends which have been offset by managed savings.

The Culture & Leisure Support budget has saved £43,000 due to managed vacancy savings and a planned saving against the Culture & Communities central contingency budget.

The Archives Service overspent by £24,000 which was expected due to the service needing to spend £60,000 for the relocation of the Lichfield Records Office archive and to enable the Lichfield Library to vacate existing premises. This additional cost is however partially offset by £36,000 of managed vacancies and additional income received.

The Libraries service has saved £42,000 which has been achieved through both vacancy management, as the service continues to restructure, and a managed underspend on the county's current book stock budget.

The Arts & Museums Service has overspent by £0.144m. This overspend is primarily due to the non delivery of an ongoing MTFS saving of £0.129m as a result of delays in vacating the Shire Hall Gallery and in £15,000 redundancy payments.

The Shugborough budget has saved £83,000 as decommissioning costs have been lower than previously forecast. This residual budget is due to be removed as an MTFS saving in 2018/19.

Rural County *Breakeven*

The break even position previously reported remains unchanged and is made up of a number of overspends which have been offset by managed savings.

Rural County and Rural Development budgets have collectively overspent by £67,000 due to the partial delivery an MTFS saving which relates to the ongoing Countryside Estate Review. Offsetting savings have been made through managed vacancies and reduced vehicle hire set against both the

Countryside Estate budget of £49,000 and the Environmental Advice budget of £18,000.

Community Safety *Overspend £0.098m (1.2%)*

The final outturn position for the service is an overspend of £0.098m.

Within Regulatory Services there is an overspend £90,000 relating to the Coroners Service. This is as a result of North Staffordshire Coroners prior year charges being higher than expected. Trading Standards has an overspend of £65,000 which is due to delays in restructuring, as a result of the redesign work being behind schedule, so full savings will be delivered later than planned.

Within other Community Services, including Children's Centres CAMHS and Commissioning teams, there is a saving of £0.100m. This arises from savings across a number of commissioning teams, largely due to maintaining vacancies in commissioning posts, and savings on contract costs, which are being used to manage the overspends above and in Scientific Services.

Economy, Infrastructure & Skills **Saving £1.104m (1.6%)**

The final saving for EI&S is £1.104m, an increase of £0.171m from quarter 4, where a saving of £0.933m was forecast.

Business & Enterprise *Saving £0.069m (5.1%)*

The outturn for the service is a £69,000 saving. This is due to higher than anticipated car park income at the Newcastle Ryecroft site as well as higher than anticipated income levels for Enterprise Centres.

Infrastructure & Highways *Overspend £1.191m (4.5%)*

The outturn position is an overspend of £1.191m. This is largely due to overspends on winter maintenance as well as a small overspend in the highways regulation and governance area due to increased enforcement costs for on-street parking, and the purchase of additional equipment in the highway data team. These overspends are slightly offset by reductions in street lighting (energy) and vacancies in the school crossing patrol teams.

Transport, Connectivity & Waste *Saving £2.004m (5.2%)*

Transport, Sustainability & Waste has saved £2.004m, an improved position from the quarter 4 forecast of £1.395m.

The final saving on Transport is £1.501m. This as a result of early delivery of MTFS savings on concessionary fares and Your Staffordshire card as a result of commercial operators changing services and a drop in patronage, reduced

spend on HS2 due to delays in the parliamentary process, and savings on home-to-school transport due to the impact of new routes.

The Sustainability and Waste service area has saved £0.503m. This primarily due to lower tonnages during the year than were forecast when the budget was set, additional 'one off' landfill site income following the final settlement for the Poplars site along with a reduction on landfill costs. It also includes a reduction in green waste recycling credit payments due to seasonal variations in the tonnage amounts.

EI&S Business Support *Saving £0.222m (20.9%)*

The final position for the service area is a saving of £0.222m. This is due to reduced spending across a number of budget headings, including training.

Finance & Resources **Overspend £1.445m (7.8%)**

The overspend relates to the non delivery of the MTFS saving - HR terms and conditions and purchase of annual leave.

Strategy, Governance & Change **Saving £0.350m (1.9%)**

Non delivery of an MTFS saving of £0.3m relating to support in Districts and management restructure has been offset by savings from vacant posts and contract costs.

Trading Services

Scientific Services

The position for Scientific Services is a £11,000 deficit. The service closed in February 2018 so there should be a significantly reduced pressure next year in this area.

Centrally Controlled Items **Saving £4.587m (8.7%)**

Capital Financing *Overspend £0.033m (0.1%)*

The Bank of England's base rate has remained low during the whole of 2017/18 and this low rate impacts on the ability of the council to generate significant income from interest earned on cash balances. The interest on our debt remains fairly constant due to the long term nature of our borrowing with the average rate for interest on debt being just above 4%. As in previous years a specific reserve will continue to be used to mitigate the impact of fluctuations in interest rates over the MTFS period.

Pooled Buildings and Insurances *Saving £0.874m (6.3%)*

The final position for insurances, landlord's repairs and maintenance and pooled buildings is a saving of £0.874m.

This saving has arisen from delays in undertaking planned maintenance works, for example to fit in with service needs, and delays in receiving up to date non-schools conditions surveys. There has been early delivery of an MTFS savings relating to the Stafford accommodation moves, in addition to other rationalisation of property, totalling £0.5m.

Contingency *Saving £3.746m (100%)*

This remaining amount has not been requested by services and therefore can be put into balances. General balances are £26.2m at the end of 2017/18 and this level will be reviewed as part of the MTFS process for 2019 – 2024. The MTFS report approved by Cabinet in February 2018 listed the risks known at that time and given the current financial situation it is possible that the level of balances required by the assessment will increase.

Capital Outturn

Appendix 3 compares the final outturn for capital expenditure (£142.2m) to the forecast position at quarter 4 (£140.5m). In addition, the appendix also details how the Capital Programme has been financed. This includes the use of £17.9m of borrowing for 2017/18.

To enable us to provide future flexibility to finance the Capital Programme, £2.764m of repairs and maintenance spend has been capitalised.

The other key reasons for the change in the Capital Programme are set out in the following paragraphs:

Health and Care **Spend £1.317m**

The spend has reduced by £1.284m since quarter 4 due to Scotch Orchard project of £0.250m no longer happening, slippage of £0.225m on Brookside project and slippage on Care Direct of £0.650m.

Families and Communities **Spend £45.233m**

Maintained Schools *Spend £36.873m*

The investment in schools and increasing the number of places available has continued with £20.4m spent on construction of a new secondary school in Burton. In addition, a new primary school has been built in Burton whilst a primary school in Rugeley has been extended. Other extensions, new classrooms and refurbishments have also taken place to ensure Staffordshire schools are fit for purpose.

Economy, Infrastructure & Skills **Spend £64.930m**

The spend on Economy, Infrastructure and Skills capital projects in 2017/18 is £64.930m which is £6.265m lower than the 2017/18 quarter 4 estimate of £71.195m. The main variances to note are detailed below.

Highways Schemes *Spend £44.578m*

The spend is £44.578m, a decrease of £5.360m compared to the quarter 4 estimate. This reflects a significant investment in highways projects, including the Stafford Western Access scheme. Unfortunately the bad winter weather towards the end of the financial year has meant expenditure across projects has slipped slightly from the Fourth Quarter forecast.

Economic Planning & Future Prosperity *Spend £20.318m*

The overall spend on Economic Development projects in year is £20.319m which is a reduction of £0.716m compared to the quarter 4 forecast. The major reason for this variance is the March contractor application on the A50 Growth Corridor Project A is £0.550m lower due to the further cold weather. This spend has slipped into 2018/19 but the project continues to be delivered on time and on budget.

The County Farms final capital spend is £0.170m, a minimal decrease of £8,000 from the forecast at quarter 4.

Waste & Sustainability Projects *Spend £34,000*

The outturn position for Waste Management is £24,000, which is no change from the quarter 4 forecast. The final position reflects the re phasing of the planned capital spend for the upgrade of the Newcastle HWRC site and the new data management system into 2018/19.

The outturn position for the Biomass Project is £10,000. Its remaining capital allocation is forecast to be fully spent in 2018/19.

Property **Spend £10.842m**

The programme of rationalising office accommodation is in progress with the aim of reducing running costs of buildings. The programme has saved £2m of capital funding across the Newcastle Hub and Wedgewood projects. These savings plus other small reductions in spend on Property projects amount to a saving of £2.828m since the Fourth Quarter forecast.

Financial Health and Prudential Indicators

Appendix 4 sets out the final position against each of the approved Financial Health Indicators whilst **Appendix 5** sets out the final statutory Prudential Indicators.

Appendix 4 provides a forecast outturn performance against the key Financial Health Indicators approved as part of the 2017/18 budget setting process.

The level of outstanding sundry debt over 6 months old at the 31st March 2018 was £10.5m, this exceeds the target of £2.250m by £8.25m. This is an increase of £0.9m since quarter 4. 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.

There are 10 organisations which each owe in excess of £0.1m that is over six months old totalling £4.6m. There are six CCG's (£3.036m), three Local Authorities (£1.446m) and a commercial organisation (£0.122m). In addition to these bodies there are a further 11 who have outstanding balances over 6 months old between £50,000 - £99,999 totalling £0.717m.

Staffordshire County Council's 10 largest debtors are as follows -

NHS Stoke on Trent CCG	£1.403m
NHS North Staffordshire CCG	£1.074m
Wolverhampton City Council	£0.598m
Derby City Council	£0.467m
Stoke on Trent City Council	£0.401m
NHS Stafford & Surrounds CCG	£0.168m
SE Staffs & Seisdon Peninsula CCG	£0.166m
Network Rail	£0.122m
NHS East Staffordshire CCG	£0.120m
Birmingham Cross City CCG	£0.105m

In February 2018 as part of the MTFS, an updated target for debt was approved. In 2018/19, the level of outstanding debt more than six months old should not exceed £5m. Progress towards this target will be monitored during 2018/19 and the target will be reviewed annually.

List of Appendices

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Appendix 2 – Revenue Final Outturn 2017/18
Appendix 3 – Capital Final Outturn 2017/18
Appendix 4 – Financial Health Indicators 2017/18
Appendix 5 – Prudential Indicators 2017/18

Appendix 1 – 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.

Report authors:

Author's Names: Rob Salmon, Rachel Spain, Nicola Lycett
Telephone No: (01785) 85 4454
Location: Staffordshire Place No.2

Appendix 2

2017/18 Final Outturn

	Final Estimate	Final Outturn	Final Variation
	£m	£m	£m
Health and Care			
Public Health & Prevention	(6.444)	(6.444)	0.000
Adult Social Care & Safeguarding	42.951	42.647	(0.304)
Care Commissioning	183.502	177.729	(5.773)
Sub-total	*220.009*	*213.932*	*(6.077)*
Families and Communities			
Children's Services	100.366	108.061	7.695
Children's Public Health	(3.222)	(3.222)	0.000
Education Services	9.792	7.869	(1.923)
Culture and Communities	7.078	7.078	0.000
Rural	2.160	2.160	0.000
Community Safety	8.113	8.211	0.098
Sub-total	*124.287*	*130.157*	*5.870*
Economy, Infrastructure and Skills			
Business & Enterprise	1.346	1.277	(0.069)
Infrastructure & Highways	26.502	27.693	1.191
Transport, Connectivity & Waste	38.225	36.221	(2.004)
Skills	3.634	3.634	0.000
EI&S Business Support	1.063	0.841	(0.222)
Sub-total	*70.770*	*69.666*	*(1.104)*
Finance and Resources	18.558	20.003	1.445
Strategy, Governance and Change	18.209	17.859	(0.350)
Trading Services	*(0.692)*	*(0.681)*	*0.011*
Total Portfolio Budgets	**451.141**	**450.936**	**(0.205)**
Centrally Controlled Items			
Interest on Balances & Debt Charges	34.969	35.002	0.033
Pooled Buildings and Insurances	13.923	13.049	(0.874)
Contingency Position	3.746	0.000	(3.746)
Total Centrally Controlled	**52.638**	**48.051**	**(4.587)**
Grand Total	**503.779**	**498.987**	**(4.792)**

Appendix 3

Final Capital Programme 2017/18

	Quarter 4 Forecast	Enhancements to Programme	Final Outturn
	£m	£m	£m
Health & Care			
Care and Independence	2.601	(1.284)	1.317
Sub Total	*2.601*	*(1.284)*	*1.317*
Families & Communities			
Maintained Schools	42.355	(5.481)	36.874
Rural County (Countryside)	0.159	(0.024)	0.135
Vulnerable Children's Projects	0.045	0.000	0.045
Tourism and Culture	8.396	(0.217)	8.179
Sub Total	*50.955*	*(5.722)*	*45.233*
Economy, Infrastructure & Skills			
Economic Planning & Future Prosperity	21.213	(0.895)	20.318
Highways Schemes	49.938	(5.360)	44.578
Waste & Sustainability Projects	0.044	(0.010)	0.034
Sub Total	*71.195*	*(6.265)*	*64.930*
Trading Services - County Fleet Care	*0.425*	*(0.090)*	*0.335*
Property	*13.670*	*(2.828)*	*10.842*
Corporate Leased Equipment	*0.200*	*(0.117)*	*0.083*
Finance, Resources & ICT	*1.484*	*(0.646)*	*0.838*
Total Capital Programme	**140.530**	**(16.952)**	**123.578**
Capitalised Repairs and Maintenance			2.764
Transformational Spend			15.847
Amount to be Financed after Capitalisation			**142.189**
Financed by:			
Borrowing			17.881
Government Grants			90.422
Capital Receipts			23.351
Reserves			0.020
S.106/ Voluntary contributions			10.515
			142.189

Appendix 4

Financial Health Indicators

	Current Performance
Level of General Reserves (annual indicator) Well managed organisations operate with an adequate level of general reserves taking into account the risks they face. We determine the actual level of reserves we require annually through a risk based approach. However, it is prudent to aim to hold a minimum level of general reserves.	
General reserves are maintained at a level of at least 2% of the council's current net revenue budget (Outturn – 4.1%, within target).	G
Aged Debt (quarterly indicator) Organisations need to ensure that money owed to them is collected in a timely manner. This indicator shows how well we are managing to collect money owed to us.	
Level of outstanding general debtors more than 6 months old does not exceed £2.250m (Outturn – £10.5m, significantly above target).	R
Working Capital (annual indicator) It is essential that working capital is well managed. This indicator shows how well our debtors and creditors are being managed.	
Current debtors divided by current creditors should be in the acceptable range of 1 – 3 (Outturn – 1.06, on target).	G
Payments to suppliers (quarterly indicator) By paying suppliers quickly we are supporting the Staffordshire economy. It also means businesses are more likely to want to do business with us and offer us competitive rates which will improve our financial health in the medium term.	
At least 90% of invoices have been paid within 10 days of us receiving them during the last quarter (Outturn – 90%, on target).	G
Financial Monitoring (quarterly indicator) Effective financial monitoring is essential in any organisation. Monitoring provides organisations with early information of potential issues enabling them to take corrective action to avoid future financial difficulties.	
Quarterly financial monitoring reports have been issued to Cabinet during the last 12 months	G
The council's most recent revenue outturn forecast did not vary by more than +/-2% when compared to the overall revenue budget	G
Monthly monitoring reports of progress against MTFS savings have been produced for the Senior Leadership Team during the last 12 months	G
Financial Reporting (annual indicator) Preparing timely and accurate accounts is vital to demonstrate to interested parties that we have sound financial controls. They also provide detailed information which shows our overall financial health.	
The council's most recent Statement of Accounts were produced on time and were issued with an unqualified opinion by our external auditors	G

R Indicator not met	A Indicator not met by small margin	G Indicator met

Appendix 5

Prudential Indicators 2017/18

Indicator	Target 2017/18	Outturn 2017/18	Comments
A. Indicators for Affordability, Prudence and Capital Expenditure			
1.Ratio of Financing Costs to Net Revenue Stream *This shows the capital financing costs (interest charges/receipts and repayment of loans) as a proportion of government grant (revenue) and Council Tax.* *This allows the authority to track how much of its annual income is needed to pay for its capital investment plans proportionate to its day to day running costs.*	8.54%	7.14%	The reduction from the target is due to the increased interest received from investments.
2.Estimates of the incremental Impact of Capital Investment Decisions on the Council Tax (Band D) *This indicator aims to show the impact of varying capital programmes expressed as a cost to the Band D Council Taxpayer. Specifically it identifies the impact on Council Tax levels of new capital investment decisions when compared to programmes approved previously.*	£1.47	(£1.04)	The decrease in this indicator reflects the decrease in borrowing used to fund the total Capital Programme in 2017/18.
3. Estimates of Capital Expenditure *Expressed in absolute terms rather than as a ratio, this shows the overall* *level of capital investment irrespective of how it is being funded.*	£117.609m	£123.578m	Movements in Capital Expenditure have been reported through the year, large changes due to slippage on the A50 project and some school projects.
4. Capital Financing Requirement *This indicator effectively shows the level of the County Council's underlying need to borrow for capital purposes.*	£592.722m	£551.662m	The outturn reflects the decision to reduce borrowing to fund the capital programme in the 2017/18 financial year.