

COUNTY COUNCIL – 14th FEBRUARY 2019

Medium Term Financial Strategy 2019/24 and 2019/20 Budget and Council Tax

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

(a) We recommend that:

(b) The County Council approve the following:

- i) a net revenue budget of £508.634m for 2019/20 as set out in **Appendix 11**;
- ii) planning forecasts for 2020/21 to 2023/24 as set out in **Appendix 11**;
- iii) a contingency provision of £4.000m for 2019/20;
- iv) a net contribution to reserves and general balances of £2.284m for 2018/19;
- v) a budget requirement of £510.918m for 2019/20;
- vi) a council tax requirement of £351.132m for 2019/20;
- vii) a council tax at Band D of £1,246.23 for 2018/19 which is an increase of 2.95% when compared with 2018/19. This results in council tax for each category of dwelling as set out in the table below:

Category of dwelling	Council Tax rate £
Band A	830.82
Band B	969.29
Band C	1,107.76
Band D	1,246.23
Band E	1,523.17
Band F	1,800.11
Band G	2,077.05
Band H	2,492.46

- viii) that the Deputy Director of Finance be authorised to sign precept notices on the billing authorities respectively liable for the total precept payable and that each notice state the total precept

payable and the council tax in relation to each category of dwelling as calculated in accordance with statutory requirements;

- ix) the Capital and Minimum Revenue Provision Strategy 2019/20, the Treasury Management Strategy 2019/20 and the (Non-Treasury) Commercial Investment Strategy 2019/20, including all recommendations within these reports;
 - x) the Prudential Indicators included in the Capital and Minimum Revenue Provision Strategy 2019/20;
 - xi) the Financial Health Indicators set out in **Appendix 14**;
- (c) The Deputy Director of Finance's comments in respect of the adequacy of reserves and the robustness of the budget set out in the attached report be noted and the County Council be asked to take note of these comments when considering the budget and council tax recommendations.
- (d) That the Cabinet Member for Finance and the Deputy Director of Finance be authorised to challenge Cabinet, the Senior Leadership Team and services to manage and deliver the current five year plans and to identify further cost reductions and income generation opportunities, as appropriate.

COUNTY COUNCIL – 14th FEBRUARY 2019

Report of the Deputy Director of Finance (Section 151 Officer) and Director of Corporate Services

Medium Term Financial Strategy 2019/24 and 2019/20 Budget and Council Tax

Introduction

1. I am pleased to be able to introduce the Medium Term Financial Strategy (MTFS) 2019/24 and the detailed 2019/20 budget and council tax proposals. The MTFS has been prepared in conjunction with the Strategic Plan and sets out the framework for the preparation of detailed revenue and capital budgets, decisions on council tax and savings and investment plans.
2. Section 25 of the Local Government Act 2003 places a requirement on the Chief Finance Officer to report to the Council on the adequacy of reserves and robustness of the budget. The Council must have regard to this report when making its budget decisions. I have set out my comments in paragraphs 126 to 129 of this report. Given the degree of review and scrutiny of the budget that has taken place, the level of the contingency provision and the risk-based assessment of the level of general balances, this does, in my opinion, provide the reassurance required under Section 25 of the Local Government Act 2003.
3. I would like to thank Cabinet, Select Committee Members, the Senior and Wider Leadership Teams and colleagues throughout the council for their help and support in developing the MTFS and 2019/20 budget.
4. The council has reaffirmed its priorities to reflect both county-wide and national issues. The three priority outcomes, which are clearly connected to ensure that the people of Staffordshire will:
 - Be able to access more good jobs and feel the benefits of economic growth;
 - Be healthier and more independent;
 - Feel safer, happier and more supported in and by their community.
5. In addition to the above, the County Council is committed to ensuring that as a well run council, management and support services are provided in the most effective and efficient manner.
6. The Strategic Plan is the primary document that shapes the financial plans and the Corporate Delivery Plan. Developed and delivered in tandem, they

are supported by a range of directorate, service and team plans across the council. At an individual level, all members of the Wider Leadership Team (WLT) sign an annual Accountability Letter and a 'My Performance Conversation' process supports performance and development conversations for staff at all levels. The Plan has been refreshed and Cabinet have noted it at their meeting on 30th January.

7. Our strategy is ambitious for our county, but also realistic that serious challenges remain for Staffordshire, its people and the local public sector. Most people are in work, but not enough people are earning the salaries and wages they need to lead the lives they want. There is continuing uncertainty for local employers and their staff around the impact of Brexit. Health and care challenges are great, with a growing ageing population contributing to enormous financial pressures on the health and care system. The numbers of children coming in to and remaining in the care system is increasing, in line with national trends.
8. In order to deliver our priorities against a backdrop of reduced Government funding and growing demand for much of the support we provide, the way the County Council operates must continue to evolve. We have identified four themes, or enablers, that will underpin delivery of the Strategic Plan. They are: Workforce; Digital; People Helping People; and Networks and are explained in the following diagram:



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



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



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



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

MTFS Underlying Principles

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

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

- To be focused on achieving outcomes in the delivery plan;
 - To be evidence-based using a data-driven approach;
 - Part of an ongoing, continuous process led by service leadership teams;
 - About shaping options around a focus on the people of Staffordshire as citizens rather than customers;
 - To assess delivery plan options against the following tests to determine whether they are:
 - managerially deliverable with an accurate assessment of the risks involved in delivery
 - politically manageable
 - deliver outcomes, and
 - 'ensure we live within our means'
18. Underpinning the planning framework is the council's aim of setting a Good and Balanced Budget.
19. Setting a **balanced** budget is a statutory requirement and means that:
- Income equals expenditure;
 - Cost reduction targets and investment proposals are credible and achievable;
 - Key assumptions are "stress tested".
20. The hallmarks of a **good** budget represent best practice. They are designed to ensure financial sustainability and mean that:
- It has a medium-term focus, supporting the Strategic Plan;
 - Resources are focused on our vision for a Connected Staffordshire and our priority outcomes;
 - It is not driven by short term fixes;
 - It demonstrates how the county council has listened to consultation with local people, staff and our partners;
 - It is transparent and well scrutinised;
 - It is integrated with the capital programme; and
 - It maintains financial stability.
21. The financial position the County Council currently faces mean that, for the first time, these hallmarks of best practice will not be achievable without either a significant increase in resources available or a significant reduction in the services offered to citizens of Staffordshire.
22. The statutory requirement to set a balanced budget has been achieved but, as outlined elsewhere in this report (see the section called Summary of Medium Term Financial Strategy Position in paragraph 133 below), there is a necessary short-term focus in delivering the savings identified in 2019/20

which risks compromising the medium-term focus on our priority outcomes. Nevertheless, the shortfall in funding available to the Council means that such proposals have had to be included to ensure that the Council lives within its means.

23. We had therefore already published our draft budget three months earlier than usual. We want to be open and honest with Government, our citizens, our partners, our staff and local businesses about the scale of the challenge and the consequences if additional funding is not secured.
24. Our proposals mean we will still do more for Staffordshire people than those things we only have a legal duty to provide. The decisions we must make though, will have a significant and lasting impact on our communities, and reduce the size and capacity of the council, thereby reducing our flexibility and resilience. This will inevitably raise the risk of undermining some of the good work we have done.
25. We will continue to lobby Government on the critical need for more money for social care. We are continuing to take an active part in consultations on the Fair Funding Review and revised Business Rates Retention scheme. We hope that Government is listening to our views. We urge Government to progress with the long awaited green paper on Adults Social Care as it is critical that a sustainable funding arrangement for care services is introduced to avoid long term and irreversible damage to the services that people need.
26. We keep innovating and remodelling how we work by making more use of technology and data in this digital age. With less funding, we are looking at communities to take on even more responsibility and supporting people to make the best choices for themselves and their families so that fewer people need our help.
27. But the pace of change must be swift if, in the long-term, we can afford to protect the most vulnerable adults and children in our communities.
28. The six strands of our Medium Term Financial Strategy framework, when and if implemented, will enable a return to a good budget in the medium term but it remains that there is a need to take some short term measures in 2019/20 and 2020/21 in order to live within our means.
29. The MTFs has been informed by rigorous feedback from the Corporate Review Committee. Their comments together with Cabinet's response are set out in **Appendix 2**.

Financial Planning Approach – The ‘6 Strands’

30. As identified in February 2018 there was a significant estimated gap from 2019/20 which required a different approach. There was no single answer to addressing this gap and therefore the developing Strategic Plan proposes six strands of activity which together set out the approach to balancing the financial plans over the medium term.



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



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



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



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



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



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

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

Grow Business Rates

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

Grow Council Tax

33. As the County Council becomes self-financing due to the loss of government grant, initiatives to increase income become more important.

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

Lobby Government

34. The County Council plays an active role in consultations with Government and ensures that the situation in Staffordshire is made clear to Whitehall. In addition, we work with the Local Government Association (LGA), County Councils Network (CCN) and others to influence Government policy and secure additional funding and responsibilities for the benefit of Staffordshire and its people. There is a green paper on social care due to be published later in the year and the expectation is that this will set out plans for a longer-term solution to stabilise social care and support the NHS. The Government is also undertaking a fair funding review of local government and Staffordshire has already made a contribution to consultation in this area. Changes in funding would be reflected through a new, 75% retention system for business rates. The costs of children in care also continues to be of concern with the number of children looked after increasing, together with higher care package costs, all placing more pressure on already stretched budgets.

Using Council Assets

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

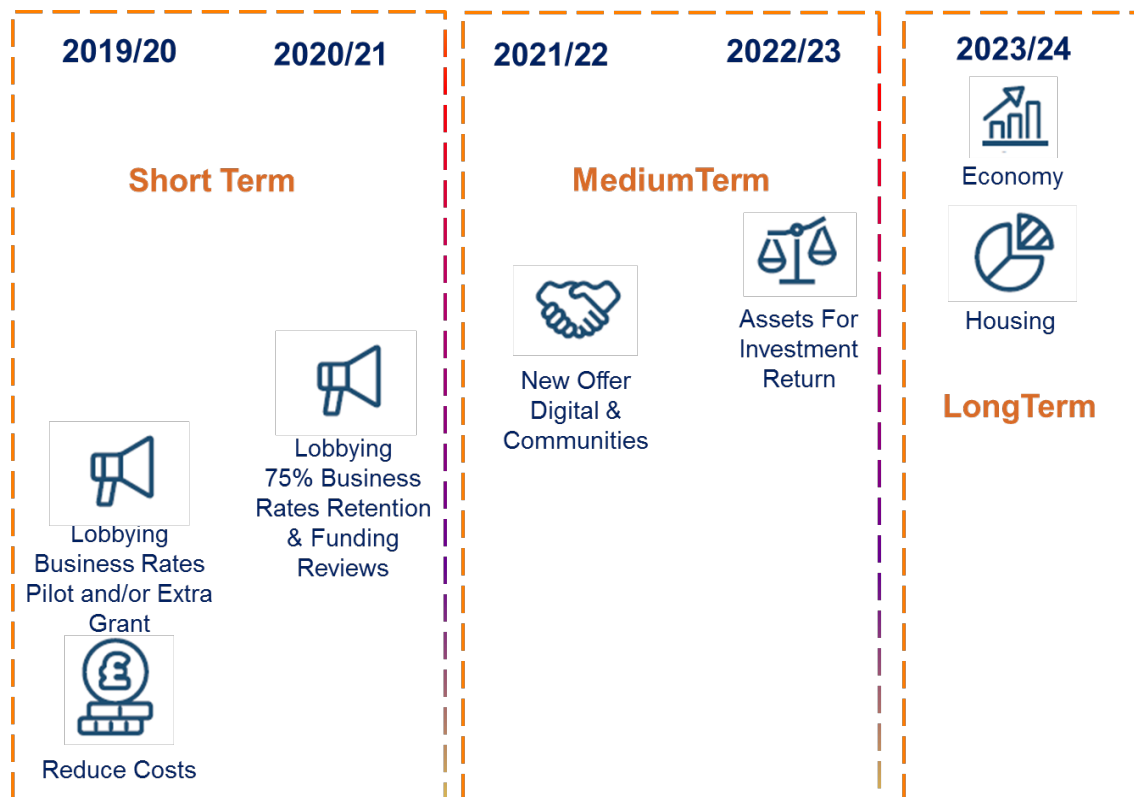
Community and Digital First

36. There are three new and interconnected initiatives that are being developed, to re-define and shape a new offer to the citizens of Staffordshire. Firstly, the County Council is developing its own digital programme, exploring how to better use technology and data to help people and business access the support they need. This is linked to a wider Smart Staffordshire project which brings together the County Council, universities, businesses and other public partners to create a single digital transformation programme with shared objectives across the entire county. The second element of this new approach is the County Council's work with communities, called People Helping People, which aims to give citizens more control and the ability to act on the issues that matter most to them. The County Council will continue to provide care and support for people where it has a legal duty to do so. In doing this we will

have to take our overall funding into account. This may mean that not everyone gets exactly the support that they want.

Reduce Costs

37. In the last nine years the County Council has reduced its costs by £240 million, finding new, more efficient ways of working that deliver outcomes for residents; this plan removes another £35m in the financial year 2019/20. As a well-run council, we will continue this approach across the whole organisation, identifying opportunities to reduce overheads for instance through greater use of technology, joint working with partners, and closer working with the community.
38. The Strategic Plan sets out how these strands impact in the long term, medium term, and short/immediate term as shown in the following diagram:



39. What is clear from the previous diagram is that the aims of growing the economy and building more homes will take several years to realise any financial benefit to the council. Indeed, shaping the council's new offer will take time and the council will not see immediate returns. Therefore, the council has a plan to reduce its cost base to balance the budget for the immediate term while the longer-term initiatives are developed. In addition, the short-term plan around lobbying government to ensure care pressures are met and grant reductions are slowed has had some success. However

it is imperative that longer term lobbying, for example through the consultation arrangements for the Fair Funding Review, Business Rates Retention and the Social Care Green Paper continues. This is essential to put local authority funding on a sustainable basis and to give the council the time needed to transform in the medium term; it would be counter-productive to be forced to reduce spending in the short terms on those activities which are essential to the long-term future of Staffordshire e.g. economic development services.

Medium Term Financial Strategy – Update

40. The financial plans set out the financial implications of the council's Strategic and Delivery Plans. The development and refinement of the Strategic Plan is undertaken in conjunction with the financial planning process to ensure that budgets reflect the council's aims and objectives.
41. The planning period is five years, which provides a framework that promotes longer term planning. It is most important that government also recognises the need for longer term financial planning and doesn't return to a system of annual allocations when it considers the funding mechanisms for local government.
42. The Local Government Finance Settlement for 2016/17 was a four-year settlement with allocations up to 2019/20. These amounts have then been confirmed in each annual settlement announcement. The Provisional Settlement for 2019/20 was announced on 13th December 2018 and it confirmed the amount of Revenue Support Grant for 2019/20.
43. Identifying efficiency through innovation and new ways of working has featured heavily in previous years' financial strategies and, in the light of the current economic climate will continue to be a fundamental part of the council's plans going forward. The council has a proven track record of delivering cost reductions with £240m being identified and delivered in the past nine years (up to and including 2017/18).
44. The council still has significant challenges ahead and the way residents' needs are met must continue to evolve. The delivery of challenging cost reduction targets and the management of current and future pressures is crucial to the delivery of the financial plans and the aspirations set out in the Strategic Plan.
45. In February the council recognised the need to commence with financial planning for 2019/20 as soon as the 2018/19 budget was approved. It recognised that radical proposals needed to be developed before the summer of 2018 so that plans can be put in place to deliver financial balance for 2019/20 and beyond.

Current Economic Climate / Forecast

46. The Bank of England raised the official interest rate (the Bank Rate) in August to 0.75%. If the economy continues to perform as expected, and the latest forecasts suggest it will probably be growing about as fast as it can without overheating, then the Bank of England may raise interest rates further.
47. Inflation is above the HM Treasury target of 2%; currently the Consumer Price Index is at 2.3%. The main reason for this is fluctuations in the value of the pound. The lower pound has meant that things businesses get from abroad cost more. Businesses have been passing those rising costs on to their customers. So that has meant higher prices in the shops. However, inflation is expected to fall further in future periods.
48. Following the EU referendum in 2016 and the decision to end Britain's membership of the European Union, there has been economic uncertainty. This uncertainty surrounding Brexit is also likely to influence the government's stance towards public finances as it endeavours to put money aside to fund the costs associated with leaving the EU. This means less money being available for public services.
49. Growth dipped earlier this year and the forecast of the country's current account deficit shows it is likely to remain at a similar level for the next few years. Again, this is likely to mean very limited ability for the government to find additional funding for the public sector. It has however made announcements recently regarding funding for the NHS with an additional £20.5 billion announced to coincide with the NHS's 70th birthday. These announcements revealed little support for linked social care issues. Also, recent government focus on education and defence probably signals further significant challenges in terms of funding settlements for the remaining parts of the public sector.
50. People are finding things tough financially at the moment due to lower pay levels and rising prices. This combination also tends to place a greater demand on the council for essential services which in turn increases our costs.
51. Finally, as a consequence of near full employment and rising prices in the shops, we may also see an upward pressure on pay levels resulting in demands for higher pay rises during the planning period.

Peer Review

52. From 17th to 20th September 2018, a Peer Review team from the Local Government Association visited the County Council, spoke with many officers, members and partners, examined documents and minutes in

order to reach conclusions and provide recommendations on how the County Council can improve.

53. Membership of the team consisted of a Chief Executive, a Member and Directors of other local authorities. The make-up of the team reflected the focus of the review on the five key questions and in addition the County Council asked that the Review team look at the robustness of the MTFs.
54. The report of the Review team recognised the challenges faced by the County Council in producing a balanced budget and also agreed that senior managers have a good understanding of the issues and the scale of the challenge. The more detailed feedback has been considered in the production of this report.

Autumn Budget

55. On 29th October 2018, the Chancellor announced his Autumn Budget. This was much earlier than previous years and it is also the last Budget before the UK leaves the European Union.
56. The Budget contained some good news for the County Council, there was additional funding announced for both potholes and social care, albeit the funding was one-off in nature and effectively buys a little more time with regard to the pressures facing local government.
57. There is £420m nationally in the current year for repairing potholes, roads and keeping bridges open and safe. The County Council's share of this is £8.9m in 2018/19.
58. At the beginning of October it was announced that £240m would be made available to local authorities in the current year, to enable them to ease winter pressures on the NHS and to reduce delayed transfers of care. The allocation for Staffordshire is £3.5m. The Budget announced that this allocation will be repeated in 2019/20.
59. In addition there is further money (£410m) being made available for adults' and children's social care. Staffordshire's allocation is £6.1m and this is for 2019/20 only.
60. Children's social care was also mentioned specifically with £84m being allocated to around twenty local authorities over five years. It is understood that Staffordshire will be one of the authorities to receive this funding and it is to be spent on preventative work to enable more children to remain with their families.
61. Whilst the Autumn Budget included additional funding for social care, this is for 2019/20 only a longer term, sustainable funding level is needed to

ensure the County Council can continue to provide these services to residents.

Provisional Local Government Finance Settlement

62. The Provisional Local Government Finance Settlement was announced on 13th December, delayed by a week due to the Brexit debate in Parliament. This is the final year of the Four Year Multi Settlement and the amount of Revenue Support Grant allocated to Staffordshire was confirmed as £10.7m; a further reduction of £15m compared to the current year.
63. Last year, the County Council along with all eight District and Borough Councils, the City Council and the Fire and Rescue Service all submitted a bid to become a business rates pilot and keep all the business rate collected in the area. However this bid was unsuccessful, but when the government invited bids for pilots in 2019/20, another submission was made. The 2019/20 pilots are slightly different, they will only retain 75% of all business rates income and will have to forego their Revenue Support Grant in return. The other difference is the bid this time included the Office of the Police, Fire and Crime Commissioner in order to involve all local authorities in the area, despite the fact the OPFCC does not receive any funding from business rates.
64. The Settlement announced that the Staffordshire bid has been successful. The details of how this pilot will work are still being analysed but initial estimates suggest this equates to an additional amount of approximately £4.7m for the County Council. Further details regarding the successful bid are contained in paragraph 120.
65. The Settlement included a Levy Surplus Account allocation of £1.5m for Staffordshire. This account is made up of business rates collected by the government but then not required to fund top-ups and safety nets across the country, it is for 2019/20 only.
66. Following consultations on the potential reform of the New Homes Bonus scheme, the Settlement confirmed an additional £0.8m for four years of the MTFs period.
67. The referendum principles for Council Tax were confirmed and the threshold for 2019/20 is 3%, any increase above that level would require a referendum. The County Council's planning assumption is an increase of 2.95%.

Projected pressures and cost reduction options

68. Services have identified spending pressures and a range of savings options as part of the rolling programme of financial planning. The current list of pressures, investments and savings options are attached as

Appendices 3a – 3d and the key impacts are discussed in the paragraphs that follow.

69. To ensure we protect frontline and universal services as far as we can, significant savings proposals are being put forward across support services. This will involve a review of services and staffing structures in Corporate Services focusing on statutory responsibilities, strategic risks and key priorities and risks in the Corporate Business Plan (with service directorates leading on delivery plans and operational risks).
70. Pressures in the Health and Care Directorate continue to rise because of increasing demands for and cost of services across all client groups. These cost pressures, together with reducing funding levels, are one of the main reasons for the budget gap facing the council.
71. There are a range of issues facing this directorate the most significant of which is the rising cost of existing and new packages of care, due to previous and ongoing increases in the National Living Wage.
72. It is not possible for the council to stop providing care for existing clients or to discontinue new admissions into care. However, to live within our current means we are looking at options aimed at managing the cost of care for existing clients and managing demand for new admissions into care in the face of an ageing population through prevention initiatives that support people to stay in good health for longer, as well as by placing greater constraints on the choice of care.
73. The current plans and new savings proposals for Health and Care include the following. Further details are included in the appendices:
 - a. Further managing the cost of social care assessment & case management and reablement
 - b. Further reducing the number and cost of current care packages and placements
 - c. Managing down pressures from demography and inflation
 - d. Improved working with Clinical Commissioning Groups and other NHS Partners to reduce cost and increase income
 - e. Living within a reducing Public Health ring fenced grant
 - f. Reducing some discretionary services as well as some commissioning costs.
74. Further reductions in the cost of social care assessment and case management will require renegotiation of the Section 75 with Midlands Partnership Foundation Trust (MPFT) - formerly Staffordshire and Stoke on Trent NHS Partnership Trust.
75. Further reducing the number and cost of current care packages and placements and managing down pressures from demography and inflation will require ongoing controls to promote independence and ensure

appropriate interpretation of Care Act eligibility criteria, as well as managing people's choice of care in line with our powers under the Care Act.

76. In future years, the Public Health ring-fenced grant will reduce further requiring further savings to be made to live within reduced budget levels. These savings will be made, mindful of the terms of the grant and our duty to provide mandated public health services.
77. The Families and Communities current plans and new options continue to be dominated by the requirement to transform the Children and Families system specifically, against a backdrop of rising costs and constraints on funding, workforce transformation, including a shift to community supported locality models and greater use of volunteers and further management of costs on Special Educational Needs (SEN) transport.
78. As a result of increasing demand and increased placement costs for Looked After Children the latest forecast overspend is currently in the region of £1.8m. We believe that this is a continuing trend. Preventative work to reduce the numbers of children needing to be taken into care has evidenced clear cost avoidance in diverting children from entering the care system, but, as yet, cash savings have not been achieved. It is anticipated that this will provide benefits in future years but the immediate cost pressures facing the service are unprecedented. In addition, increased placement numbers continue to put pressure on service budgets, particularly in the 9-11 year-old and under 4 age ranges. Combined with a slowing of numbers exiting the care system, this is placing additional demands on the service.
79. A recent Ofsted inspection highlighted capacity concerns regarding social worker caseloads, something we were already aware of and were taking steps to address. Cabinet has approved additional investment to tackle the problem, to be delivered in two stages. Stage one is to address the immediate and most pressing areas of concern by recruiting more social workers at an additional cost of £1.1m. Stage two will be a more considered look at structures, processes and potential service redesign. This will also link into the Children's transformation programme. There is no additional investment for Stage 2 currently assumed in the financial plans, once the outcomes of the review are known a further update will be provided.
80. A review of Local Strategic Partnerships is underway to consider the ability to make additional savings. This also links to the wider Children's transformation programme.
81. Children's System savings have been re-profiled in light of the extended timeline for the project, which now incorporates whole system changes, resulting in a cost pressure in 2019/20 of £3.3m. At this stage it is not yet

known whether future years will also require re-profiling and therefore the MTF5 continues to include a £3.3m saving per annum from 2020/21. There are also further existing savings in relation to demand reduction. While results from recent pilot exercises looks positive and some of the saving can be met from planned workforce transformation, a remaining £1.2m saving is being delivered through alternative options as detailed in the appendices.

82. In addition to the main care services within Families and Communities, there are also pressures in the Special Educational Needs (SEN) Home to School Transport service and Dedicated Schools Grant High Needs Block.
83. Outside the issue of social care, there are pressures in other service portfolios with the main one being around the level of waste tonnages arising from economic growth. Demand for highway maintenance also continues to outstrip available funds resulting in significant challenges in maintaining the condition of our roads.
84. Economy, Infrastructure and Skills savings proposals are predominantly in universal services and they are likely to impact on all residents and visitors of Staffordshire, and the staff who deliver them. We are also considering increasing the amount of on-street parking charges across the county.
85. We will also consider invest-to-save options such as upgrading of parts of our street lighting infrastructure to be more energy efficient and therefore reduce our annual energy.
86. A further proposal is to remove the non-statutory transport offer for Concessionary Travel, meaning pass holders will no longer be able to use their passes to travel free of charge before 9.30am but will be able to continue to use them after 9.30am.
87. After listening to local community groups about the potential impact of the proposed timescale for reducing funding, the county council has decided to launch a £1 million Community Investment Fund. The one-off, time-limited fund will give the voluntary sector greater time and scope to empower local communities to make a real difference for the benefit of their local area. Following public consultation on a proposed saving in the school crossing patrol service, the decision has been taken not to progress with this option, although this will result in the continuing cost of £1.4m a year. Further analysis of the community impact is shown in **Appendix 4**.
88. The total pressures and cost reductions, including the increasing pressures and savings from previous years, are shown in the table below. A summary by Directorate is attached at **Appendix 5**.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Pressures	14.906	16.560	27.634	37.872	46.618
Inflation	12.714	22.709	33.633	44.932	56.192
Savings	(40.336)	(48.807)	(55.880)	(59.858)	(62.678)
Investments	0.291	0.438	0.618	0.618	0.618
Net movement	(12.425)	(9.100)	6.005	23.564	40.750

Robustness of Budget and Risk Implications

89. Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer to report on the robustness of the budget. This involves an assessment of risk. The proposed budget outlined in this report has been subject to considerable and detailed examination by officers across the organisation as well as relevant finance staff. The MTFs and the implications for services have been considered and refined by the Senior Leadership Team and Cabinet as the Strategic Plan has been refreshed.
90. The MTFs has also been subject to detailed scrutiny by the Corporate Review Committee. Reassurance is also provided by the confirmation, in the Capital and Minimum Revenue Provision Strategy 2019/20 that the County Council's borrowings are within the boundaries of prudential guidelines.
91. The robustness of the budget when considered in light of the finite resources available to the county council and how politically it is allocated across the services is essentially a judgement about the assessment of risk. The key risks identified at this stage that need to be managed effectively are set out below.
92. There are a range of significant risks which need to be carefully monitored and managed. In some cases, the risks may not materialise or may be managed to mitigate their impact on the budget.
93. The biggest risks are around social care. This includes controlling demand when the population is ageing, with people living longer with more complex needs. Additionally, managing escalating prices in the provider market and developing cost effective alternatives quickly will be extremely difficult and the associated savings have a high-level of risk.
94. The cost of residential and nursing placements for older people is rising and the market in this area is volatile. Whilst mitigating actions are planned, it is by no means certain that these will have an impact in stabilising prices and there is a significant risk that additional pressures will materialise in future years.

95. The 17-19 Staffordshire Better Care Fund (BCF) Plan has been fully approved thereby securing funding for the current round. A further BCF in 2019/20 has been announced with guidance expected in the winter. Early indications suggest that the current National Conditions will remain for 2019/20. The Delayed Transfer of Care (DTOC) 'target' has been replaced with an 'aspiration.' However it should be noted that the escalation process remains in the guidance and has been strengthened through the creation of a local BCF 'fund' which provides a mechanism for the national team to transfer the minimum contribution away from CCGs and place in a nationally held fund to be redirected. Whilst this mechanism has been put in place, the National Team remain of the view that support is the best way forward for struggling health economies (the guidance now includes a mechanism for claw back of the previous year as well as redirection future money). There is no clarity yet beyond 2019/20 in terms of BCF allocations or what programme will replace the BCF.
96. Risks are inherent in the whole system change around Children's and Families' including community capacity and new ways of working not being fully embedded to support delivery of children's system transformation. The numbers and costs associated with Looked After Children have increased markedly over the last couple of years. Whilst this is a national trend and there is risk to the financial plans that this trend continues, the MTFs includes no pressure for the 2018/19 forecast overspend on Children's Services, currently in the region of £2.2m. Instead it assumes this will be mitigated by the service through cost reduction intervention.
97. The Autumn Budget allocated £6.1m to Staffordshire to fund Adults' and Children's social care. The money is not specific and the County Council can decide how much each service area should receive. The Council's budget therefore includes this money as a fund for Social Care issues and therefore both Adults' and Children's Services can request funding from it. This funding is for 2019/20 only and it is hoped that the forthcoming Green Paper on social care will address the funding shortfall in this area over the longer term.
98. In relation to the council's capacity to deliver, there is an increasing risk that restructures are not completed in time to realise savings. The reduction in resources, particularly corporate support resources, would also impact on the capacity to support and deliver key strategic aims such as people helping people, digital, and economic growth to deliver additional council tax and business rate receipts etc. Prioritisation of scarce resources is key to managing the impact of this risk.
99. Given the levels of savings expected from property rationalisation, a very active and focussed approach will be required to avoid the risk that this does not proceed as fast as required.
100. Loss of specific grants and hence income to the authority is a risk.

101. The High Needs Block is currently forecast to overspend by c.£6m as a result of continued year on year growth in Educational Health and Care Plans (EHCP's). As a consequence, the Dedicated Schools Grant (DSG) reserve is expected to be in deficit at the end of the financial year. There are a range of mitigating actions being proposed to deal with some of this overspend and these will be recommended to the next Schools Forum. An additional allocation of £1.8m was announced for 2018/19 (which is included in the £6m overspend above) and 2019/20 into the High Needs Block on Monday 17th December. Even with this additional funding, due to the extent of the overspend, a disapplication request has been submitted to the Secretary of State for Education to approve a 0.5% switch in 2019/20 from the Schools Block to the High Needs Block to mitigate the problem. This would provide circa £2.4m of funding into the High Needs Block.
102. Schools receive lower than average funding in Staffordshire and consequently are struggling with increasing budgetary pressures. The number of licensed deficits being approved is increasing, as well as the value of such licensed deficits. Any school which has a deficit on sponsored conversion will create a liability for the County Council. This has been the case most recently with a High School where the liability could be up to £0.8m. These costs will only add to the deficit on the DSG reserve.
103. The impact of the MTFS proposals on the wider Staffordshire economy may hamper the council's economic growth ambitions.
104. There is a high risk of increasing liabilities (including insurance claims) and growing maintenance costs if we reduce highways revenue spend further.
105. There is an increased risk of spending exceeding budgets and/or income falling short of budgets. The council has a proven track record of delivering significant cost reductions. However, the scale, complexity and pace of the changes still required enhances the risk that not all the cost reductions identified will be delivered within the required timescales. There is a heightened risk associated with plans not being delivered and outcomes not achieved. In previous years and for a variety of reasons, some transformation programmes have not fully achieved the targets set and therefore appropriate contingency arrangements need to be in place.
106. Delivery Plans now need to be revised in the light of the financial situation facing the council. Services need to continue to closely monitor the council's transformation programme including, where appropriate, options to severely restrict or even stop providing some services. The governance arrangements for this significant programme include regular reports to Informal Cabinet, Select Committees, Senior Leadership Team, Delivery Board, Service and Project Boards, which need to include robust risk management reporting arrangements.

107. With regard to the risk of overspending against budget, thorough budget preparation and detailed monitoring during the year, coupled with personal financial accountability, minimises this risk. Furthermore, Finance Business Partners can identify any concerns at an early stage, advise management teams and recommend measures to mitigate the impact. Budget monitoring reports are regularly considered by management teams and by Select Committees, Portfolio Holders, SLT and Cabinet on a quarterly basis. Finance staff have a wide range of experience and are professionally qualified and ensure their skills and development are updated in order to support the County Council appropriately.
108. As the county council continues to transform, we recognise this also presents a potential significant impact for some of our communities, individuals and staff. Community Impact Assessments (CIAs) are therefore a critical component of the council's decision making processes. Each of the options outlined in this paper is likely to have a very different impact and affect different groups of people, therefore where appropriate these will require a specific CIA tailored for that service.
109. As such, services will undertake full and detailed CIAs where there is a change to service, commissioning or policy, in line with its CIA framework. This includes identifying those potential negative impacts where changes could affect different groups of people and seek to identify those key actions we will take to reduce any negative impact, protecting Staffordshire's most vulnerable where possible.
110. There will be corporate support and guidance offered in assisting services in the development of their CIAs, ensuring they are developed at the earliest stage, inform thinking and are continually reviewed as part of implementing changes.

Sensitivity Analysis

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

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

112. Details regarding the assumptions used in the financial planning exercise for the major cost elements and funding streams are attached as **Appendix 6**.

Council Tax and Business Rates

Council Tax

113. In 2018/19, Staffordshire County Council has the third lowest council tax level amongst counties in England. This position demonstrates the careful consideration that the council has taken regarding the level of tax demand placed on residents. However, this does restrict the level of funding required to pay for essential services. Clearly a careful balance needs to be struck between these two factors.
114. The current assumptions in the financial plans contained in this report are that the general council tax increase (aligned with the referendum limits published by government) is 2.95% for 2019/20 and 1.95% thereafter. In addition government permitted social care authorities to raise council tax by a further amount (a total of 6% over three years) to help with funding

pressures in social care. This additional increase was included in the 2017/18 and 2018/19 financial years with zero therefore assumed for 2019/20. In future years it is assumed the Adult Social Care precept will increase at 2%.

115. The council has not exceeded the referendum limit. However, it is legally permissible to set a council tax increase in excess of the limit, subject to taking the increase to a public referendum. This is not a decision that would be taken lightly, while it remains an option, significant sums of money would be required to hold a referendum and, by its very nature, the outcome of the referendum is uncertain. To date no referendum in the UK has ever supported an increase in Council Tax.
116. The District and Borough Councils have provided their tax bases to allow the council tax to be calculated. The council tax for the County Council is calculated by dividing the council tax requirement by the notified council tax base. The council tax base is the number of households in the county area expressed as a Band D equivalent.
117. An increase in the tax base of 1.1% had been assumed, in accordance with the 2018/19 MTFS. However, the notifications show an increase for 2019/20 of 1.3%. Details of the council tax base by District and Borough council are attached as **Appendix 7**. Following discussions with District and Borough Councils, the MTFS assumes an average increase of around 1% in the tax base for the remaining years of the period. This assumption includes data on house building where available.
118. District and Borough councils are required to declare the surplus or deficit on their council tax collection funds each year. The surplus or deficit is then reflected in the council tax bills for the following year. The estimated position set out in **Appendix 7** shows a surplus for the council of £4.069m. The final figures are subject to audit and any adjustments required are made in the following year.
119. The County Council must notify District and Borough Councils of its council tax rate for each property band before 1st March each year. The council's proposed council tax at Band D is £1,246.23 which is an increase of less than 70 pence per week for the average taxpayer. As there are no special expenses for the council, the same rate applies across all District and Borough Councils. The table below sets out the council tax proposals for each category of dwelling. The Band D rate produces a Council Tax Requirement of £351.132m for 2019/20. Details of the precepts due from each District and Borough Council are shown in **Appendix 7**.

Category of dwelling	Council Tax rate £
Band A	830.82
Band B	969.29
Band C	1,107.76
Band D	1,246.23
Band E	1,523.17
Band F	1,800.11
Band G	2,077.05
Band H	2,492.46

Business Rates

120. An invitation to pilot 75% Business Rates retention in 2019/20 was published on the 24 July 2018. The invitation applied to new pilot applications together with the ten pilots that were formed as part of the 2018/19 Local Government Finance Settlement.
121. The Staffordshire and Stoke on Trent bid has been successful and the pilot will exist for 2019/20, the details are set out in the following paragraphs.
122. The principles and governance arrangements as agreed for the 2018/19 application have been replicated in determining and evaluating the 2019/20 prospectus. Two major changes arise in the prospectus notably that the government will retain 25% of business rates growth resulting in a 75% pilot scheme, rather than 100% as at present, and a 'No Detriment Clause' will not be in place for 2019/20.
123. In addition, to strengthen our application for 2019/20, The Office of the Police, Crime and Fire Commissioner was included in the bid. The bid shows our application to be a total 'place-based' solution including a focus on the policing and crime prevention implications of the Economic Growth Strategy.
124. District /Borough tier splits remain as in the previous bid with the additional allocation being passported to upper tier authorities. Each authority, including the OPFCC, is guaranteed a minimum of £200,000 additional retention from the scheme whereas risks will be managed on a 'no loss' basis, as compared to existing arrangements at individual authority level. 'No loss' is determined to be that a member of the scheme will be no worse off:
- by being a member of the Pool than they would have been if they had not been a member of the Pool. Each member will retain the

income they would have received if they were not a member of the Pool.

- No member will be worse off as compared with previous pool arrangements for Staffordshire and Stoke on Trent Business Rates Pool (2012) or Greater Birmingham and Solihull Business Rates Pool.
- No member will be worse off as a result of the increased retained % arising from the Pilot Scheme.

125. The Pilot governance arrangements will enable authorities to retain effective membership of other LEP's via contributions to virtual Business Rate pools etc. The continuation of 100% Business Rates for Devolved areas will ensure that for 2019/20 at least that membership of more than one pool will remain in place and hence the ability to stay in a pool whether the application is successful or not will remain in place.

Review of Reserves and Balances

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

127. We have reviewed the earmarked reserves and provisions we hold to make sure they are still required and that they are adequate. As part of producing the formal accounts of the council for 2017/18 earmarked reserves were reviewed. Excluding those reserves earmarked for schools, there was a total of £39.3m of earmarked reserves which were deemed to be fit for purpose for matters such as insurance claims and capital investment. Following a further review of reserves as part of the MTFS process, £0.9 million can be released to contribute towards the one-off resources required, the review of reserves is shown in **Appendix 8**.

128. In addition, the new CIPFA Resilience Index is being developed which includes assessment of reserves and an analysis of care funding, it will be published later in the year. This early analysis has been taken into account in the production of this report. It reinforces the need for strong financial management to continue and that the need to bolster reserves should be a priority for the council.

129. At the end of 2017/18, general balances were £26.2m. We have carried out a risk assessment of the level of general balances the council needs to hold. In doing this we have considered the uncertain future economic and funding outlook and the risks surrounding the financial plans which are set out in this report. It is quite clear that in several areas, e.g. adult social care and looked after children, that the level of risk facing the council has increased substantially. The assessment, attached as **Appendix 9**, has concluded that £33m is deemed to be the prudent level required for the

council. A planned contribution of £5m to general balances is included in the MTFs. These levels together with the contingency sums proposed in this report are deemed adequate to cover any immediate risks.

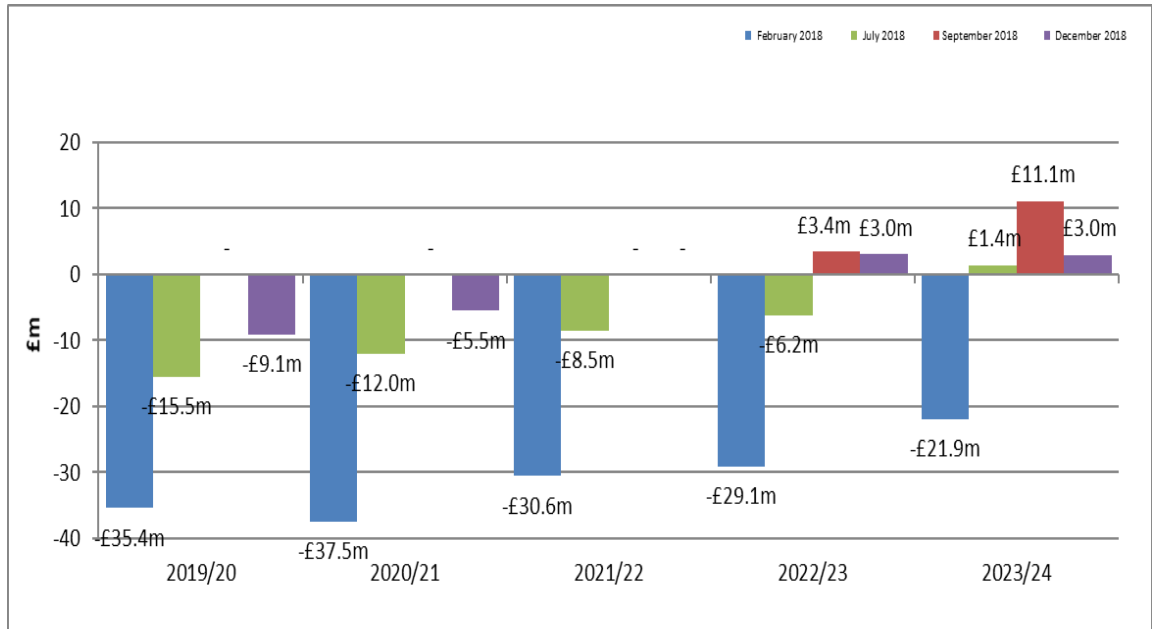
Capital, Treasury Management and Commercial Investment Strategies

130. The government has published guidance which requires local authorities to present three strategic documents to Cabinet for approval. The documents follow this report and they are: the Capital and Minimum Revenue Provision Strategy 2019/20; the Treasury Management Strategy 2019/20 and the (Non-Treasury) Commercial Investment Strategy 2019/20.
131. The County Council is continuing to invest in schools, roads and economic regeneration schemes across the county and there is a planned capital programme amounting to £116m in 2019/20, details can be seen in **Appendix 10**. The detail of how this expenditure will be funded is shown in the Strategy report later on this agenda. If any borrowing is planned then the costs of repaying it are reflected in the capital financing budget. The Prudential Indicators are now included within the Capital and Minimum Revenue Provision Strategy and these show that the planned level of borrowing is affordable. In addition, the County Council produces Financial Health Indicators to assure Members that the Council is on track to deliver its financial strategy.
132. The Treasury Management Strategy 2019/20 determines the County Council's approach to borrowing and investments, this covers the potential risks and rewards involved and the cash position. The (Non-Treasury) Commercial Investment Strategy sets out the difference between investments for Treasury purposes and other investments. The Strategy includes the areas that would need consideration if the County Council wanted to grant another organisation a loan or make an investment through the purchase of shares or another method. Whilst the council does hold some assets for which a financial return is received this is not widespread. It is proposed that during the year (and in future years), any investment opportunities be explored which meet outcomes, meet service delivery needs and optimise the financial returns.

Summary of MTFs Position

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

134. Assuming the spending pressures and savings options identified in **Appendices 3a – 3d** are approved, the current position, compared to the position in February, is shown in the graph below:



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

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

137. In addition to the £15m identified above it will be necessary to provide for any redundancy and other transition costs arising from the proposals. In previous years the policy adopted has been for services to meet these costs from the overall savings generated. However, given the scale of challenge facing services this time and the focus on securing on-going savings in the medium term, it would be appropriate to set aside some one-off funding for exit and implementation / transition costs. It is suggested that up to £13m be set aside for this purpose.

138. As a first step to providing this short-term funding Cabinet have therefore already agreed to undertake a spending controls exercise, similar to that

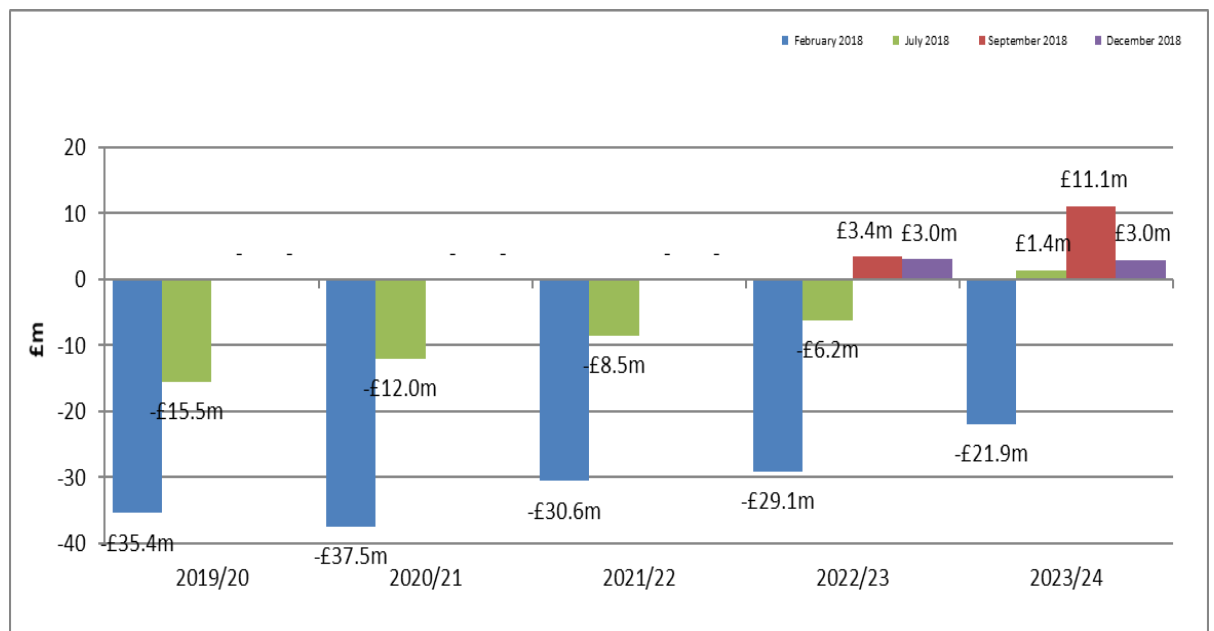
adopted in 2016/17 to identify savings in the current financial year which can be carried forward to 2019/20. Also other additional funding, e.g. the collection fund surplus or business rates collection arrangements due to be received in 2019/20, can be added to this fund of one-off resources.

139. A spending control process and the business rates / collection fund surplus will not generate sufficient one-off funding required for 2019/20 and 2020/21. Therefore other sources of funding must be utilised.
140. The County Council has always run an efficient County Farms service which covers its own running costs. A key element of this well run service has involved constantly adapting the size and scale of the estate to be as efficient as possible. This approach will continue in the life of this MTFS contributing to the one-off funding required. Due to this approach the previously agreed income targets for the later years of the MTFS will need to be revisited.
141. It would be feasible to sell some farms assets, in addition to those currently planned, and it is suggested that a target of £10m be set and the service asked to produce plans to achieve this in the next financial year.

Other One-off Resources to Support the MTFS

142. Over the next two years £28m of one-off funding will therefore be required. The flexibility given by the extension of the flexible use of capital receipts strategy means that there are a number of sources that these funds can be found from.
143. The sources of one-off funding include:
 - Underspending arising from the spending controls exercise in 2018/19
 - Capital receipts arising from the property rationalisation programme
 - Capital receipts arising from County Farms
 - Additional funding received from government as a result of lobbying e.g. business rates pilot, additional general grant etc or surpluses from council tax or business rates collection arrangements
 - Use of general reserves/balances
144. It is imperative that work commences immediately on all the above sources of one-off funding to ensure the MTFS is supported as planned.

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



146. The 2019/20 draft revenue budget for each service area together with planning forecasts for future years is attached as **Appendix 11**. An analysis of the year on year changes to the budget is summarised in **Appendix 12**, while **Appendices 13a-13d** provide details of the budget allocations within each portfolio.

Financial Health Indicators

147. Members need appropriate information to allow them to assess the ongoing financial health of the council and to provide reassurance that it is on course to deliver its financial strategy. **Appendix 14** sets out targets for a range of Financial Health Indicators. Performance against these indicators will be monitored and reported during the year.

Consultation

148. Attached at **Appendix 4** is the Community Impact Assessment which sets out the approach to assessing the impact of the savings options on communities and provides an analysis of the potential cumulative impact of the options. This assessment will be revisited throughout 2019/20 as the savings options are implemented to ensure mitigations are developed to minimise any potential negative impacts.

149. There was meeting of business ratepayers and whilst they understand the pressures facing the County Council, particularly regarding social care, the

ratepayers would like to see more done for local businesses. The ratepayers explained the impact the business rate multiplier has on them and also the valuation of businesses and whilst neither of these factors is in the control of the County Council, it was felt that a joint effort in lobbying could be beneficial.

150. The Trade Unions are in the process of being consulted on any proposals which will impact on individual services, as and when required.

Corporate Review Committee Comments

151. A good budget is transparent and well scrutinised. As part of the overall budget setting process the Corporate Review Committee have a remit to scrutinise the MTFS plans and as such it has been scrutinising the MTFS throughout the year. In addition it conducted a series of interviews with portfolio holders and Senior Officers to assess the issues facing services.
152. The Committee have also scrutinised the detailed spending pressures and cost reduction proposals. The report of the Committee, which concluded that the MTFS and 2019/20 budget met the principles of being a good and balanced budget, was considered by Cabinet at its 30th January meeting. The Committee's comments and recommendations along with Cabinet's response are attached as **Appendix 2**.

Conclusions

153. Members have committed to delivering value for money for residents and businesses and living within the means available to the council. It is evident from the analysis contained in this report that this is becoming increasingly difficult to do. Balanced budgets for future years will not be possible without tough decisions being made on services that affect the lives of many. To deliver on its pledge this does mean that if nothing else changes, in terms of increased funding from government, then what is set out in this report is what this council will need to do.
154. That means thinking differently about what more we can all do for ourselves and what we expect to be paid for from the public purse.
155. The council remains ambitious for Staffordshire, exploring new options and areas to make our county better. Take housing for example. We believe we have a key role to play in creating the right conditions for housing development. This will help deliver much-needed homes for Staffordshire families and bring in more council tax to pay for public services.
156. The longer-term vision for the council is set out clearly in the Strategic Plan. Members of Cabinet are not prepared to do things which undermine the medium/long term view which is essential to ensure sustainability as an authority. The financial gap facing the council is caused by circumstances

beyond its control; including significant reductions in funding, increased demands for services and complying with government policy without the appropriate resources to be able to deliver those policies.

157. In the next year our priorities remain to:

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

158. We await the Government's response to the financial challenge facing good and well-run councils across the country, and the consequences if extra additional funding is not forthcoming. We still need to respond to consultation arrangements on the reform of the business rates system and the Fair Funding Review in order to ensure our voice is heard and that local government funding, particularly regarding social care, is put on a sustainable footing.

159. However, we are continuing to be open with everyone now about our finances, the action we are taking and the reality we all may potentially face. We will continue to listen, consult, and act on feedback when we are able to, as demonstrated by the Community Investment Fund. The six strands of the MTFS will continue into the longer term as we deliver on our plans and live within our means.

Rob Salmon
Deputy Director of Finance

John Tradewell
Director of Corporate Services

List of Appendices

1. Equalities, legal, resource, risk, climate change implications and health impact assessment
2. Recommendations of the Corporate Review Committee and Cabinet's response
3. Detailed Pressures, Savings and Investments
 - a Health and Care
 - b Families and Communities
 - c Economy, Infrastructure and Skills
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4. Community Impact Assessment
5. Summary of Pressures, Inflation, Savings and Investments
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7. Information from Districts
 - a Council Tax Base, Collection Fund and Precepts
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8. Review of Earmarked Reserves/Provisions
9. Risk Based Review of General Balances
10. Capital Programme 2019/20 to 2023/24
11. Proposed Net Budget 2019/20 and Planning Forecasts 2020/21 to 2023/24
12. Summary of Budget Changes
13. Portfolio Budget Summaries
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14. Financial Health Indicators

Equalities implications:

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

Legal implications:

There are no specific legal implications presented by this report.

Resource and Value for money implications:

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

Risk implications:

Risk implications are outlined in paragraphs 89 - 112 of the report.

Climate Change implications:

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

Health Impact Assessment

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

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**Recommendations of the Corporate Review Committee and Cabinet's
response**

Comments and Recommendations of the Corporate Review Committee	Cabinet's Response
MTFS	
The County Council must step up the pace of transformation and must keep up the lobbying of Government via local MPs of financial pressures challenging local authorities, particularly around Children's Transformation.	The approach to the MTFS includes Six Strands and two of these are lobbying government and reducing costs. These strands acknowledge that lobbying must continue and that the County Council must continue to reduce costs by transforming services.
We recommend that Corporate Review Committee (via the MTFS Working Group) should oversee monitoring of the Savings Plan whilst appropriate Select Committees should continue to use their discretion to scrutinise any impact on services. Further, we recommend a programme of scrutiny and challenge throughout the year to support the Council to meet financial challenges and deliver on its MTFS.	Agreed and it is proposed that this be included in the Working Group's programme for next year.
Savings from 'Digital' will not be realised until the analogue is switched off and we want to know when this will happen. The digital switch needs to happen quickly and this will represent a real culture change.	The Community and Digital First initiative is one of the Six Strands of the MTFS, as mentioned above. This will be progressed as quickly as possible and will be reported on again in the next refresh of the plan.
The Council must be careful not to use one-off monies to create long term expectation. The Council must also ensure their levels of reserves are appropriate.	The use of one-off resources is for 2019/20 and 2020/21 only as clearly stated in the MTFS report. The S151 Officer has a statutory requirement to report to Members on the adequacy of reserves (Section 25 of the Local Government Act 2003) and this is included in the MTFS report.
The Council must offer leadership, vision and insight to District, Borough and Parish Councils to support the very best use of public assets.	The Community and Digital First initiative involves other organisations across the county. This brings interested parties together to create one digital transformation programme to encompass the whole of Staffordshire.
We welcome the implementation of a high level overarching Community Impact Assessment (CIA) on the MTFS which	Agreed and monitoring the CIA will be included in the Working Group's programme for next year.

**Recommendations of the Corporate Review Committee and Cabinet's
response**

Comments and Recommendations of the Corporate Review Committee	Cabinet's Response
identifies key issues and plans for mitigation. We believe there is an ongoing role for Corporate Review Committee (via the MTFS Working Group) to monitor this CIA.	
People Helping People	
With a greater reliance on communities helping each other, Social Planning must be encouraged in parishes and communities and the necessary energy, innovation and commitment must be shown in clear unequivocal messages from Cabinet	The Community Investment Fund, mentioned above, will assist with encouraging this message, as will the Community and Digital First initiative.
Given that the health and care elements of the Savings Plan are contingent upon supportive and resilient communities, and the value to the Council of informal care, carers must continue to be appropriately supported.	Agreed, providing the means exist to fund any such support.
The Cabinet Member for Health and Care must closely monitor the Savings Plan for any negative impact – he must be vigilant, keep ahead of any impact and be ready to manage and modify the Plan as it progresses	All Cabinet Members will monitor the savings plans in their portfolios stringently, as always.
We are concerned about the impact of cutting grants to the Voluntary and Community Sector when so much of the Savings Plan is predicated on communities helping each other and we urge Cabinet to reassess the level of intended cuts.	The Community Investment Fund is an amount of £1m, whilst this is a one-off Fund, it can be used in various ways to support the voluntary and community sector.
Children's Services	
Children's residential care is significantly expensive, the service must reduce the time children are in care and we hope that Children's Transformation will be implemented without further delay	This transformation programme is a priority for the service area and for the County Council as a whole, it is in progress.
We believe it would be counterproductive to reduce spend on early intervention/prevention.	Acknowledged.
So that children with special needs can be placed closer to their homes, schools must be better supported to help children with mild or moderate needs to achieve in mainstream	Cabinet Members are aware of the overspend on the High Needs Block and there is a SEND transformation programme in place.
We recommend a thorough review of	Cabinet has listened to feedback from

**Recommendations of the Corporate Review Committee and Cabinet's
response**

Comments and Recommendations of the Corporate Review Committee	Cabinet's Response
individual School Crossing Patrols which will identify those which are essential and others which may be substituted for alternative road safety measures.	people and has decided not to progress with this savings option.
Highways	
The highways maintenance service must get smarter digitally to report faults and improve communication so that the county's highway network can be adequately maintained	Acknowledged and Community and Digital First is one of the Six Strands used to formulate the MTFS, as mentioned above.

HEALTH AND CARE

Appendix 3a

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Care Commissioning					
Community Impact Assessment Rating - Medium					
Original Service Spending Pressures					
Demographic change is recognised widely as a key risk facing national and local government. The efficiency savings are intended to manage this pressure and prepare for an anticipated escalation over the next 25 years.	1.585	3.135	4.467	6.201	6.201
Redundancy Loans within Care.	(0.250)	(0.250)	(0.250)	(0.250)	(0.250)
Demographic change is recognised widely as a key risk facing national and local government. The efficiency cost reductions are intended to manage this pressure and prepare for an anticipated escalation over the next 25 years. (Learning Disability).	0.500	1.000	1.500	1.500	1.500
The council will on 1 April 2017 take back responsibility for the management of the Long Term Care placement budget for Older People and People with Physical Disabilities from the Staffordshire and Stoke-on-Trent Partnership Trust (SSOTP). There are considerable budget pressures arising from growing demand for care and increases in the price of care which need to be reflected in the MTFS.	(2.500)	(2.500)	(2.500)	(2.500)	(2.500)
Inflationary pressures, including an amount for National Living Wage.	4.504	8.373	11.809	15.323	15.323
Demographic change is recognised widely as a key risk facing national and local government. The efficiency cost reductions are intended to manage this pressure and prepare for an anticipated escalation over the next 25 years. (Learning Disability).	0.000	0.000	0.000	0.500	0.500
Equipment Maintenance.	(0.076)	(0.076)	(0.076)	(0.076)	(0.076)
Transition from Children with Disabilities to Adults.	0.750	1.500	2.250	3.000	3.000
Supported Living and Sleep in rates. In light of a government ruling to pay minimum wage to sleep in staff.	0.000	0.000	0.000	0.000	0.000
There has been a rise in the number of mental health referrals due to demographic growth which has lead to a pressure on the mental health placements budget. This looks set to continue for the foreseeable future and so it is necessary to increase the budget throughout the MTFS period to cover these additional costs.	0.000	0.000	0.000	0.000	0.000
Increase in cost of Mental Health S75 agreement with SSSFT.	0.055	0.055	0.055	0.055	0.055
Mental Health placements - previously funded by CCGs.	(0.190)	(0.190)	(0.190)	(0.190)	(0.190)
Additional resources for Brokerage.	0.000	0.000	0.000	0.000	0.000
Loss of S256 funding from NHS.	0.000	(0.224)	(0.224)	(0.224)	(0.224)
Total Service Spending Pressures Approved in February 2018	4.378	10.823	16.841	23.339	23.339
Projected Changes to Original Service Spending Pressures					
Revised net estimate of minimum funding necessary for providers to meet the costs of inflation, including to cover the rise in the National Living Wage.	(2.259)	(2.441)	(0.293)	0.122	3.514

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

HEALTH AND CARE

Appendix 3a

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Revised estimate of funding required to cover costs of a rise in the number of people needing social care as the population ages.	(2.731)	(2.830)	(2.803)	(2.933)	(1.329)
Demographic change is recognised widely as a key risk facing national and local government. The efficiency cost reductions are intended to manage this pressure and prepare for an anticipated escalation over the next 25 years. (Learning Disability).	0.000	0.000	0.000	0.000	0.500
Transition from Children with Disabilities to Adults.	0.000	0.000	0.000	0.000	0.750
Total Projected Changes to Service Spending Pressures Approved in February 2018	(4.990)	(5.271)	(3.096)	(2.811)	3.435

New Service Projected Pressures					
Additional capital charges for care director	0.020	0.020	0.020	0.020	0.020
Impact of 2018/19 rising cost of new older people residential and nursing placements already embedded into placement costs	2.200	2.200	2.200	2.200	2.200
Impact of 2018/19 rising cost of new older people residential and nursing placements	1.800	1.800	1.800	1.800	1.800
2019/20 onwards impact of rising cost of new older people residential and nursing placements	2.234	4.590	7.021	9.500	12.000
Spend of winter pressures funding	3.542	0.000	0.000	0.000	0.000
New Service Projected Pressures Total	9.796	8.610	11.041	13.520	16.020

Original Service Savings					
A review of In-House services provided by SCC to ensure they effectively meet need, including stimulating the market to ensure services are provided in the most cost effective manor to meet eligible need	(0.850)	(1.150)	(3.150)	(3.150)	(3.150)
Improving how we communicate with eligible adult social care users about the amount available within their indicative personal budget. Offering a range of mechanisms for people to exercise their choice and control including increasing the numbers taking direct payment.	(0.250)	(0.750)	(0.750)	(0.750)	(0.750)
Completing all contract changes by April 1st 2017 and driving improved value for money and negotiation improved rates / efficiencies from existing providers / contracts. Impact on service users will be minimal. Impact on the local social care provider market will be regularly reviewed to ensure that the market is strengthening and where possible provider capacity and reliance is improved.	0.000	(0.200)	(0.200)	(0.200)	(0.200)
The effectiveness of current accommodation contracts will be reviewed in line with the priorities to focus on those people who are eligible for adult social care. This is part of reshaping the Extra Care offer.	(0.100)	(0.200)	(0.200)	(0.200)	(0.200)
Enables individuals to have greater access to services and communities through an assets based approach.	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)
Enable Staffordshire people with a disability who live out of county due to a lack of local provision to live in county at a reduced cost and with better outcomes	(0.050)	(0.100)	(0.100)	(0.100)	(0.100)
Increased local capacity for people with a learning disability and mental health service users will enable more people to live near their communities and friends and families at a lower cost. Ensuring that the cost of care is based on need and reflects local market variations will support the council in making sure it can support people with the available resources.	(0.400)	(0.900)	(0.900)	(0.900)	(0.900)

HEALTH AND CARE

Appendix 3a

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Additional income from the NHS for Mental Health clients is expected to be negotiated with health partners.	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)
The council has effectively managed the implementation of the 2014 Care Act during the last two years. Following a review of the financial impact, it is now in a position to offer up a budget reduction.	0.000	0.000	0.000	0.000	0.000
A more effective means of procuring Residential and Nursing placements using a modern Dynamic Purchasing System (DPS) is expected to reduce the average costs of new placements and lead to a budget reduction for the council.	(0.400)	(0.900)	(1.300)	(1.300)	(1.300)
The Care Commissioning function will be reviewed to ensure that the capacity and capability in place is efficient and appropriate to deliver a quality improvement approach, maximising efficiencies across teams and partners.	(0.150)	(0.150)	(0.200)	(0.200)	(0.200)
There are a range of Extra Care facilities across the county which provide the full range of care people who choose these facilities. A review of the care contracts at these facilities is expected to realise a cost reduction. Extra Care can be more cost effective than alternative forms of care. By ensuring that the County's available Extra Care placements are fully utilised it is possible to achieve cost reductions and meet people's outcomes.	(0.140)	(0.140)	(0.140)	(0.140)	(0.140)
The Council will continue to deliver its modernisation programme of its in-house day care establishments.	0.000	0.000	0.000	0.000	0.000
Promotion of user participation. Cessation of SCC funding for the North Staffordshire User Group who support people with mental distress or illness. CCGs provide 90% of the funding for the Group and removal of SCC funding should not affect the continuity of the Group.	0.000	0.000	0.000	0.000	0.000
Community Well Being Service. Cessation of funding for this services as the contract ends. With removal of SCC funding we expect that the service will become self-funding with help from Support Staffordshire.	0.000	0.000	0.000	0.000	0.000
Alzheimer's Cafes. Cessation of funding for this service as the contract ends. With removal of SCC funding it is likely that the service will not continue unless it can raise alternative sources of revenue.	0.000	0.000	0.000	0.000	0.000
Home Improvement Agency: ensure appropriately funded from DFG.	0.000	0.000	0.000	0.000	0.000
The council will generate additional income from the Living Independently Staffordshire Service (LIS).	0.000	0.000	0.000	0.000	0.000
Increased income for Carers service.	0.800	0.800	0.800	0.800	0.800
There are currently younger adults with a physical and/or sensory disability who are in SCC funded placements in out of county settings. It is proposed that all placements are reviewed to ensure they effectively meet need, including stimulating the market to ensure services are provided in the most cost effective manor to meet eligible needs.	(0.044)	(0.044)	(0.044)	(0.044)	(0.044)
Use of adult placement services for people with physical disabilities as well as people with learning disabilities rather than residential care, if in their interest.	(0.047)	(0.066)	(0.084)	(0.103)	(0.103)
Increased income for social work and safeguarding.	0.942	0.942	0.942	0.942	0.942
Mental Health reduction in care costs as a result of risk share agreement with SSSFT.	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)

HEALTH AND CARE

Appendix 3a

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Reduction in care costs and increase in income based on appropriate application of CHC and joint funding rules across all client groups.	(0.500)	(1.020)	(1.020)	(1.020)	(1.020)
Savings to mental health recovery services.	0.000	(0.100)	(0.250)	(0.250)	(0.250)
Increase in client income in line with increase in expenditure.	0.000	0.000	0.000	0.000	0.000
Greater use of modern technologies for night support.	(0.048)	(0.072)	(0.096)	(0.096)	(0.096)
Increased income for Advocacy Services.	0.235	0.235	0.235	0.235	0.235
Contract efficiencies.	0.000	0.000	0.000	0.000	0.000
Total Service Cost Reductions Approved in February 2018	(1.067)	(3.880)	(6.522)	(6.541)	(6.541)

HEALTH AND CARE

Appendix 3a

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Projected Changes to Original Service Cost Reductions					
Any savings through Dynamic Purchasing System are being offset by rising cost of older people residential and nursing placements	0.900	1.400	1.800	1.800	1.800
Acceleration of existing savings: Improving how we communicate with eligible adult social care users about how they make best use of their personal budget. Offering a range of mechanisms for people to exercise their choice and control including increasing the numbers taking direct payment.	(0.350)	(0.750)	(0.750)	(0.750)	(0.750)
To bring forward these savings and to start conversations with clients/families and unions/staff as necessary: A review of In-House services provided by SCC to ensure they effectively meet need, including stimulating the market to ensure services are provided in the most cost effective manor to meet eligible need.	(0.500)	(1.500)	0.000	0.000	0.000
Community offer - residual contract budget (saving brought forward)	(0.086)	0.000	0.000	0.000	0.000
Total Projected Changes to Service Cost Reductions Approved in February 2018	(0.036)	(0.850)	1.050	1.050	1.050
New Service Cost Reduction Options					
Stricter Implementation of guidance related to choice of accommodation and cost effective care, ensuring that additional nursing capacity is securing.	(4.034)	(6.390)	(8.821)	(11.300)	(13.800)
Review small and non-regulated home care calls and eliminate or find alternatives: use of community assets and Assistive Technology (AT). We will find non-regulated services to meet non-regulated needs	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Recommission reablement with Clinical Commissioning Groups (CCGs) with a view to securing a single new contract for reablement services from Midlands Partnership Foundation Trust (MPFT) at a reduced cost for both parties or to retender services.	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
Ensure appropriate access to respite services in line with eligibility and practice guidance.	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Efficiencies in purchasing equipment and SCC will no longer fund adaptations to peoples homes (as this is the responsibility of District Council's).	(0.200)	(0.400)	(0.400)	(0.400)	(0.400)
Alternative funding available to cover loss of Section 256 monies from CCGs	(0.240)	0.000	0.000	0.000	0.000
Savings already delivered by the ending of South Staffs Connect service	(0.190)	(0.190)	(0.190)	(0.190)	(0.190)
Activity to reduce delayed transfers of care (DTOC) from hospitals to social care community settings was previously expected to result in an additional cost of £1m. This is included in the pressure from the rising cost of new older people residential and nursing placements.	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
Redundancy budget reduction due to lower costs for Staffordshire and Stoke-on-Trent Partnership (SSOTP) restructure and loans being paid off/coming to term	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
SCC will no longer fund Home Care Health Tasks where this is an NHS responsibility.	(0.800)	(0.800)	(0.800)	(0.800)	(0.800)

HEALTH AND CARE

Appendix 3a

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Review of highest cost placements.	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
Learning Disability Employment Framework changes	(0.075)	(0.075)	(0.075)	(0.075)	(0.075)
Commissioner staffing & care Market Staffing	(0.155)	(0.155)	(0.155)	(0.155)	(0.155)
Advice & Information contract efficiencies	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Winter pressure funding - 2019/20 allocation	(3.542)	0.000	0.000	0.000	0.000
New Service Cost Reduction Options Total	(12.736)	(11.510)	(13.941)	(16.420)	(18.920)

Service Total	(4.655)	(2.078)	5.373	12.137	18.383
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Adult Social Care and Safeguarding	Community Impact Assessment Rating - Medium
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Original Service Spending Pressures					
The council has entered into a new Section 75 agreement with the Staffordshire and Stoke-on-Trent Partnership Trust (SSOTP) for the provision of a Assessment and Case Management (ACM) service for Older people and people with Physical Disabilities. The new agreement requires SSOTP and the council to jointly redesign and transform the service to improve its efficiency and quality. The contract price for the service will therefore reduce following this work in 2018/19 onwards.	0.000	0.000	0.000	0.000	0.000
The council commissions district and borough councils to provide a Welfare Benefits service on its behalf. The current contract has an inflationary element which is not budgeted for in the MTFS.	0.000	0.000	0.000	0.000	0.000
The council has agreed to commission the Staffordshire and Stoke-on-Trent Partnership (SSOTP) Trust to provide visual and hearing impairment support to service users as part of its Section 75 agreement. SSOTP have agreed to mitigate this additional cost in future years.	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
Investment to facilitate switch to digital and telephone contacts.	0.000	(0.336)	(0.336)	(0.336)	(0.336)
Strategic Reviewing Post to identify opportunities to promote independence, reduce costs and increase income.	0.000	(0.060)	(0.060)	(0.060)	(0.060)
Total Service Spending Pressures Approved in February 2018	(0.400)	(0.796)	(0.796)	(0.796)	(0.796)

New Service Projected Pressures					
Mental Health Assessments (MHA) medical assessments	0.150	0.150	0.150	0.150	0.150
New Service Projected Pressures Total	0.150	0.150	0.150	0.150	0.150

Original Service Cost Reductions					
Realignment and re-shaping of the workforce to deliver a more efficient and effective workforce at a reduced cost includes new ways of working, and shared resources with partners. Also includes new models of user led support planning, brokerage and self assessment / skill mixing.	0.000	(0.100)	(0.300)	(0.300)	(0.300)
The council will work with its health providers to achieve improved value for money within the Mental Health Section 75 agreements.	0.000	0.000	0.000	0.000	0.000
Redesign of the approach to assessments of people's care needs, making use of modern technology to allow people to self-assess and access simple solutions, improving the customer experience and efficiency.	0.000	(2.125)	(2.125)	(2.125)	(2.125)

HEALTH AND CARE

Appendix 3a

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Variation of the Charging and Welfare Benefits contract with the District and Borough Councils who carry out the function on behalf of the council. Investment in a self assessment tool will deliver additional savings in 2019/20 onwards.	(0.446)	(0.446)	(0.446)	(0.446)	(0.446)
Total Service Cost Reductions Approved in February 2018	(0.446)	(2.671)	(2.871)	(2.871)	(2.871)
Projected Changes to Original Service Cost Reductions					
Refocusing of activity within Adult Learning Disability Team (ALDT) to remove preventative services	(0.206)	(0.206)	(0.206)	(0.206)	(0.206)
Total Projected Changes to Service Cost Reductions Approved in February 2018	(0.206)	(0.206)	(0.206)	(0.206)	(0.206)
New Service Cost Reduction Options					
Renegotiate Section 75 contract for assessment and case management for older people / physical disabilities or consider other options.	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
Renegotiate Section 75 contract for assessment and case management for people with mental health conditions in south of county or consider other options.	(0.250)	(0.250)	(0.250)	(0.250)	(0.250)
Adult Social Work & Safeguarding: commissioner staffing	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)
Appointeeships - a review of non-statutory activities surrounding the service which will change the offer.	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Care Systems Development	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)
New Service Cost Reduction Options Total	(1.400)	(1.400)	(1.400)	(1.400)	(1.400)
Service Total	(2.302)	(4.923)	(5.123)	(5.123)	(5.123)

HEALTH AND CARE

Appendix 3a

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Public Health and Prevention					
Community Impact Assessment Rating - Medium					
Original Service Spending Pressures					
Public Health ring fenced grant reduction.	1.000	1.000	1.000	1.000	1.000
Drugs and Alcohol service.	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
Total Service Spending Pressures Approved in February 2018	0.500	0.500	0.500	0.500	0.500
Projected Changes to Original Service Spending Pressures					
Public Health - Drugs & Alcohol pressure.	0.600	0.600	0.600	0.600	0.600
Manage within existing Public Health Ring Fenced Grant following a further 2.6% reduction. Officers to return with options and recommendations for a decision in Sept 2018.	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
Total Projected Changes to Service Spending Pressures Approved in February 2018	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
New Service Projected Pressures					
Public Health - Unexpected additional charges in the North Sexual Health contract.	0.100	0.100	0.100	0.100	0.100
New Service Projected Pressures Total	0.100	0.100	0.100	0.100	0.100
New Service Cost Reduction Options					
Following a reduction in funds outside of the Public Health Ring Fenced Grant the Drugs and Alcohol service needs to manage within it's remaining funds	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Retendering Sexual health contract in the North of the County	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
New Service Cost Reduction Options Total	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Service Total	0.000	0.000	0.000	0.000	0.000
Total Health & Care Pressures and Cost Reductions	(6.957)	(7.001)	0.250	7.014	13.260
Inflation	1.482	2.913	4.966	7.065	9.213
Health & Care Grand Total	(5.475)	(4.088)	5.216	14.079	22.473

FAMILIES AND COMMUNITIES
Projected Pressures, Cost Reduction Options and Investments

Appendix 3b

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
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Children's Services	Community Impact Assessment Rating - Medium
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Total Service Spending Pressures Approved in February 2018	0.818	0.906	0.902	1.258	1.258
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New Service Projected Pressures					
There is a need to recruit more social workers in order to address the pressures and risks in the children's social care system primarily associated with high caseloads. In July Cabinet agreed an extra £1.1m and a recruitment campaign is due to be launched.	1.100	1.100	1.100	1.100	1.100
An increase in Looked After Children (LAC) numbers was considered could be managed across F&C. A LAC pressure of £3m was put into the MTFS and a corresponding saving was set against the Children's system transformation (although not expected to exclusively be found from there in F&C). However, the Children's system is taking longer to deliver savings even against the original MTFS demand reduction requirements. Savings from other areas are being diverted in the first instance to manage those original savings (£1.2m in 2019/20). Therefore, the potential to deliver £3m savings in 2019/20 is not possible	3.300	TBC	TBC	TBC	TBC
New Service Projected Pressures Total	4.400	1.100	1.100	1.100	1.100

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

FAMILIES AND COMMUNITIES
Projected Pressures, Cost Reduction Options and Investments

Appendix 3b

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

FAMILIES AND COMMUNITIES
Projected Pressures, Cost Reduction Options and Investments

Appendix 3b

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
New Service Cost Reduction Options					
Support corporate review of Administration and Business Support. There will be a cost of change but this is not included in the numbers	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
Review of Families First contribution to partnership teams. There will be a cost of change but this is not included in the numbers.	(0.250)	(0.250)	(0.250)	(0.250)	(0.250)
Review of efficiency of Gypsy Romany Traveller Service. There will be a cost of change but this is not included in the numbers	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Review Local Safeguarding Board in light of national policy changes	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)
Review the Local Safeguarding Childrens Board and Local Authority Work Force Development activity	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)
Review alternative funding for Autism services.	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Review the Family Group Conferencing process	0.000	0.000	0.000	0.000	0.000
Review of non-compulsory school age transport provision	0.000	(0.550)	(1.500)	(1.500)	(1.500)
Look at source of funding for Specialist Support Service- hearing & visual impairment / autism support	(0.038)	(0.038)	(0.038)	(0.038)	(0.038)
SC Partner- Business Improvement Team	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Review of senior management capacity across children's system	(0.150)	(0.150)	(0.550)	(0.550)	(0.550)
Aiming High Contract Reduction	(0.110)	(0.110)	(0.110)	(0.110)	(0.110)
New Service Cost Reduction Options Total	(1.628)	(2.178)	(3.528)	(3.528)	(3.528)
Service Total	(1.210)	(5.385)	(7.189)	(7.013)	(7.133)
Education Services	Community Impact Assessment Rating - Low				
Total Service Spending Pressures Approved in February 2018	(0.700)	(0.700)	(0.700)	(0.700)	(0.700)
Total Service Cost Reductions Approved in February 2018	1.700	1.700	1.700	1.700	1.700

FAMILIES AND COMMUNITIES
Projected Pressures, Cost Reduction Options and Investments

Appendix 3b

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
New Service Cost Reduction Options					
Removal of budgets following review of requirements in Education Services and Entrust across a number of services.	(0.631)	(0.631)	(0.631)	(0.631)	(0.631)
Education Service Grant Funding approved by Schools Forum	(2.463)	(2.463)	(2.463)	(2.463)	(2.463)
New Service Cost Reduction Options Total	(3.094)	(3.094)	(3.094)	(3.094)	(3.094)
Service Total	(2.094)	(2.094)	(2.094)	(2.094)	(2.094)
Culture and Communities					
Community Impact Assessment Rating - Medium					
Total Service Cost Reductions Approved in February 2018	(0.597)	(0.902)	(0.902)	(0.902)	(0.902)
New Service Cost Reduction Options					
Archives and Heritage -Review of Victoria Centre of History (VCH) grant	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Archives and Heritage - Completion of programme - delete WW1 support officer role	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Archives and Heritage - Review archive and heritage proposed structure	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)
Archives and Heritage - review supplies and services budgets	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Libraries and Arts - consider further changes to the delivery model from 2020/21.	0.000	0.000	0.000	0.000	0.000
Libraries and Arts - Review and recommission Sportshire activity. There remains budget for the continuation of the contract for the Iron Man event and recommissioning Sport Across Staffordshire and Stoke on Trent	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)
Libraries- Budget for Community Based Libraries & County Retained Libraries	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
New Service Cost Reduction Options Total	(0.119)	(0.119)	(0.119)	(0.119)	(0.119)
Service Total	(0.716)	(1.021)	(1.021)	(1.021)	(1.021)
Rural					
Community Impact Assessment Rating - Medium					
New Service Projected Pressures					
Rights of Way - To fund and train additional resources to undertake Definitive Map Modification Order (DMMO) work.	0.050	0.050	0.050	0.050	0.050
New Service Projected Pressures Total	0.050	0.050	0.050	0.050	0.050
Total Service Cost Reductions Approved in February 2018	(0.130)	(0.280)	(0.280)	(0.280)	(0.280)

FAMILIES AND COMMUNITIES
Projected Pressures, Cost Reduction Options and Investments

Appendix 3b

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
New Service Cost Reduction Options					
Review and extend the planned reorganisation	(0.073)	(0.073)	(0.073)	(0.073)	(0.073)
Car parking income	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
New Service Cost Reduction Options Total	(0.088)	(0.088)	(0.088)	(0.088)	(0.088)
Service Total	(0.168)	(0.318)	(0.318)	(0.318)	(0.318)
Community Safety Community Impact Assessment Rating - Medium					
Total Service Spending Pressures Approved in February 2018	0.000	0.000	0.000	0.000	0.000
Projected Changes to Original Service Spending Pressures					
Coroners Service – North Staffs recharges and increase in payment to Cannock Chase District Council for usage of Mortuary Building.	0.050	0.050	0.050	0.050	0.050
Total Projected Changes to Service Spending Pressures Approved in February 2018	0.050	0.050	0.050	0.050	0.050
New Service Projected Pressures					
Coroners Salary Pressure	0.027	0.027	0.027	0.027	0.027
New Service Projected Pressures Total	0.027	0.027	0.027	0.027	0.027
Total Service Cost Reductions Approved in February 2018	(0.050)	(0.167)	(0.167)	(0.167)	(0.167)
Projected Changes to Original Service Cost Reductions					
Sexual Assault Referral Centre (SARC) – review whether to continue with 3 year contract currently in place until 21/22 (this saving is to be utilised to support existing childrens system MTFS saving)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)
Remove vacant commissioning posts (this saving is to be utilised to support existing children's system MTFS saving)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)
Review of Partnership Development and Commissioning (this saving is to be utilised to support existing children's system MTFS saving) . There will be a cost of change but this is not included in the numbers	(0.059)	(0.059)	(0.059)	(0.059)	(0.059)
Review the short breaks budget (this saving is to be utilised to support existing children's system MTFS saving)	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)
Review of Aiming High budget (this saving is to be utilised to support existing children's system MTFS saving)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Total Projected Changes to Service Cost Reductions Approved in February 2018	(0.325)	(0.325)	(0.325)	(0.325)	(0.325)
New Service Cost Reduction Options					

FAMILIES AND COMMUNITIES
 Projected Pressures, Cost Reduction Options and Investments

Appendix 3b

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Review remaining financial support for Hate Crime	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Review the contribution Heantun Housing offender housing	(0.069)	(0.069)	(0.069)	(0.069)	(0.069)
Staffordshire Young People's Service	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)
Commissioning Team (Development)- Expect 1.5 FTE to be funded from grant monies for 2 years	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Further review of regulatory services (does not include cost of change)	(0.168)	(0.168)	(0.168)	(0.168)	(0.168)
New Service Cost Reduction Options Total	(0.312)	(0.312)	(0.312)	(0.312)	(0.312)
Service Total	(0.610)	(0.727)	(0.727)	(0.727)	(0.727)
Total Families & Communities Pressures and Cost Reductions	(4.798)	(9.545)	(11.349)	(11.173)	(11.293)
Inflation	4.082	7.929	11.868	15.903	20.035
Families & Communities Grand Total	(0.716)	(1.616)	0.519	4.730	8.742

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

Appendix 3c

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
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Economic Development & Strategic Planning	Community Impact Assessment Rating - Low				
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Original Service Spending Pressures					
Waste Local Plan Preparation.	0.050	0.000	0.000	0.000	0.000
Total Service Spending Pressures Approved in February 2018	0.050	0.000	0.000	0.000	0.000

Original Service Savings					
A strategic review of the County Council's portfolio of Enterprise Centres has been undertaken through the Penda Property Partnership. This is a wide-ranging review looking at all aspects of the portfolio.	(0.075)	(0.150)	(0.150)	(0.150)	(0.150)
County Farms review.	0.000	0.000	(0.520)	(0.520)	(0.520)
A review of spend across Tourism.	(0.090)	(0.090)	(0.090)	(0.090)	(0.090)
Total Service Cost Reductions Approved in February 2018	(0.165)	(0.240)	(0.760)	(0.760)	(0.760)

Projected Changes to Original Service Cost Reductions					
County Farms review	0.000	0.000	0.520	0.520	0.520
Total Projected Changes to Service Cost Reductions Approved in February 2018	0.000	0.000	0.520	0.520	0.520

New Service Cost Reduction Options					
County Farms - Remove revenue contribution to capital	(0.150)	(0.150)	(0.150)	(0.150)	(0.150)
Reduce Economic Development Activities which support growth e.g. Tourism activities	0.000	(0.190)	(0.190)	(0.190)	(0.190)
Service area review of Business and Enterprise and Economic Development Activities	(0.150)	(0.150)	(0.150)	(0.150)	(0.150)
New Service Cost Reduction Options Total	(0.300)	(0.490)	(0.490)	(0.490)	(0.490)

Service Total	(0.415)	(0.730)	(0.730)	(0.730)	(0.730)
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Infrastructure & Highways	Community Impact Assessment Rating - High				
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Original Service Spending Pressures					
Reflection of the continued ongoing growth in size of the road network.	0.150	0.300	0.450	0.450	0.450
Street Lighting / Energy Contract - Likely increase on energy costs assumed to be 10% per annum. Non-energy costs linked to RPI. Includes Carbon Reduction Commitment.	0.170	0.170	0.170	0.170	0.170
Total Service Spending Pressures Approved in February 2018	0.320	0.470	0.620	0.620	0.620

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

Appendix 3c

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Original Service Savings					
Devolved environmental maintenance / community operations	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
Provision of additional 'on-street' charged-for parking spaces in busy Town Centre areas.	(0.075)	(0.150)	(0.225)	(0.225)	(0.225)
Generate Income from advertising on Street Lighting.	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Total Service Cost Reductions Approved in February 2018	(0.625)	(0.700)	(0.775)	(0.775)	(0.775)
Projected Changes to Original Service Cost Reductions					
Local delays in introducing on street parking charges	0.025	0.100	0.175	0.175	0.175
Total Projected Changes to Service Cost Reductions Approved in February 2018	0.025	0.100	0.175	0.175	0.175
New Service Cost Reduction Options					
Review policy on community grit bins from winter 2019	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Increased Parking & bus lane enforcement	(0.200)	(0.400)	(0.400)	(0.400)	(0.400)
Street Lighting - Energy reduction following a programme of LED Investment	(0.040)	(0.300)	(0.600)	(0.900)	(1.000)
Additional savings on highway lighting and signals	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
One off use of unallocated highways S38 balances	(1.350)	(0.350)	(0.350)	0.000	0.000
Review of Community Engagement activities from 2022 when digital is more embedded.	0.000	0.000	0.000	(0.350)	(0.350)
Reduction in Urban Grass Cutting	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
Reduction in Weed control activities	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
New Service Cost Reduction Options Total	(2.290)	(1.750)	(2.050)	(2.350)	(2.450)
New Invest to Save					
Financing costs of investment in LED street lighting programme in order to deliver on-going energy saving.	0.231	0.408	0.588	0.588	0.588
Bus Lanes Investment to deliver savings	0.060	0.030	0.030	0.030	0.030
New Invest to Save Total	0.291	0.438	0.618	0.618	0.618
Service Total	(2.279)	(1.442)	(1.412)	(1.712)	(1.812)
Transport, Connectivity & Waste	Community Impact Assessment Rating - High				
Original Service Spending Pressures					
Change in costs of home to school mainstream transport relating to number of school days in a financial year.	0.030	(0.030)	(0.140)	(0.030)	(0.030)
Continue funding of dedicated post and costs associated with petitioning the hybrid bill	(0.090)	(0.090)	(0.090)	(0.090)	(0.090)
Waste inflation - Recycling credits have to be increased by 3% in accordance with Government guidance. This represents the 1% element over and above the corporately funded 2% element.	0.080	0.080	0.080	0.080	0.080
An increase in forecast waste tonnages.	0.247	0.491	0.905	1.415	1.415

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

Appendix 3c

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Waste Balancing transport costs.	(0.290)	(0.290)	(0.290)	(0.290)	(0.290)
W2R contract rebase implications.	0.220	0.220	0.220	0.220	0.220
Total Service Spending Pressures Approved in February 2018	0.197	0.381	0.685	1.305	1.305
Projected Changes to Original Service Spending Pressures					
Reduce existing Waste pressures due to lower than projected growth in tonnages	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Further estimated reduction in tonnages	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Total Projected Changes to Service Spending Pressures Approved in February 2018	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
New Service Projected Pressures					
Increased cost of Waste disposal following Hanford Contract extension	0.100	0.100	0.100	0.100	0.100
New Service Projected Pressures Total	0.100	0.100	0.100	0.100	0.100
Original Service Savings					
Savings reflect the impact of energy income generation at the W2R plant.	(0.250)	(0.250)	(0.250)	(0.250)	(0.250)
Rationalisation of household waste site provision.	0.000	(0.450)	(0.450)	(0.450)	(0.450)
Review of resources.	(0.060)	(0.060)	(0.060)	(0.060)	(0.060)
Total Service Cost Reductions Approved in February 2018	(0.310)	(0.760)	(0.760)	(0.760)	(0.760)
New Service Cost Reduction Options					
Reduction in Green Waste recycling credit payments	(0.450)	(0.900)	(1.400)	(2.000)	(2.000)
English National Travel Concessionary Scheme (ENTCS) - Post 9:30 concession only	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
ENTCS - reduction in concessionary fare payments due to reduced supported bus network	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
Phasing out of Your Staffordshire Card due to other commercial offers	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Increase in Household Waste Recycling Centre (HWRC) savings (through efficiencies and income)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Saving already delivered from supported bus network	(0.140)	(0.140)	(0.140)	(0.140)	(0.140)
Savings as a result of the re-negotiation of the Hanford Contract	0.000	(0.860)	(0.860)	(0.860)	(0.860)
Reduction in non-statutory transport activities	(0.085)	(0.085)	(0.085)	(0.085)	(0.085)
Home to school transport	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)
Removal of non-statutory Community Transport	(0.180)	(0.180)	(0.180)	(0.180)	(0.180)
New Service Cost Reduction Options Total	(1.295)	(2.605)	(3.105)	(3.705)	(3.705)
Service Total	(1.658)	(3.234)	(3.430)	(3.410)	(3.410)
Skills					
Community Impact Assessment Rating - Low					
New Service Cost Reduction Options					

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

Appendix 3c

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Reduction in non-statutory Information Advice and Guidance activity	(0.370)	(0.370)	(0.370)	(0.370)	(0.370)
New Service Cost Reduction Options Total	(0.370)	(0.370)	(0.370)	(0.370)	(0.370)
Service Total	(0.370)	(0.370)	(0.370)	(0.370)	(0.370)
EI&S Business Support					
Community Impact Assessment Rating - Low					
New Service Cost Reduction Options					
Reduction in support budgets	(0.080)	(0.080)	(0.080)	(0.080)	(0.080)
New Service Cost Reduction Options Total	(0.080)	(0.080)	(0.080)	(0.080)	(0.080)
Service Total	(0.080)	(0.080)	(0.080)	(0.080)	(0.080)
Total Economy, Infrastructure & Skills Pressures, Cost Reductions and Investments	(4.802)	(5.856)	(6.022)	(6.302)	(6.402)
Inflation	3.090	6.446	9.983	13.179	17.239
Economy, Infrastructure & Skills Grand Total	(1.712)	0.590	3.961	6.877	10.837

CORPORATE SERVICES

Appendix 3d

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/14 £m
Finance Community Impact Assessment Rating - Low					
New Service Projected Pressures					
Increase in insurance costs	0.200	0.200	0.200	0.200	0.200
Bank Charges	0.060	0.060	0.060	0.060	0.060
New Service Projected Pressures Total	0.260	0.260	0.260	0.260	0.260
Service Total	0.260	0.260	0.260	0.260	0.260
Strategic Property Community Impact Assessment Rating - Medium					
New Service Cost Reduction Options					
Relocate remaining SCC staff in SP2 into SP1 and let to external organisations as part of the move towards smart working. This will involve reducing the staff to workstation ratio.	(0.687)	(0.687)	(0.687)	(0.687)	(0.687)
Property Rationalisation across the County and Services as part of the move to smart working	(1.000)	(2.100)	(3.200)	(3.600)	(3.700)
Capitalisation of elements of Landlords Repairs & Maintenance	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
New Service Cost Reduction Options Total	(2.687)	(3.787)	(4.887)	(5.287)	(5.387)
Service Total	(2.687)	(3.787)	(4.887)	(5.287)	(5.387)
Information Communications & Technology Community Impact Assessment Rating - Low					
Total Service Spending Pressures Approved in February 2018	0.660	0.660	0.660	0.660	0.660
Total Cost Reductions Approved in February 2018 (reduction to previous saving)	0.100	0.100	0.100	0.100	0.100

CORPORATE SERVICES

Appendix 3d

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/14 £m
New Service Cost Reduction Options					
Reduction in overhead costs following Service transfer	(0.092)	(0.092)	(0.092)	(0.092)	(0.092)
New Service Cost Reduction Options Total	(0.092)	(0.092)	(0.092)	(0.092)	(0.092)

Service Total	0.668	0.668	0.668	0.668	0.668
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Transformation Support Unit and Fleet Care	Community Impact Assessment Rating - Low
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Total Service Cost Reductions Approved in February 2018	(0.150)	(0.300)	(0.300)	(0.300)	(0.300)
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New Service Cost Reduction Options					
Fleetcare - use of accumulated reserves	(0.500)	0.000	0.000	0.000	0.000
New Service Cost Reduction Options Total	(0.500)	0.000	0.000	0.000	0.000

Service Total	(0.650)	(0.300)	(0.300)	(0.300)	(0.300)
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Strategic Policy and Partnership & Insight, Planning and Performance	Community Impact Assessment Rating - Medium
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New Service Cost Reduction Options					
Reduction in Grants to Voluntary Community Social Enterprise (VCSE)	(0.250)	(0.250)	(0.250)	(0.250)	(0.250)
Further reductions in Grants to Voluntary Community Social Enterprise (VCSE)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
New Service Cost Reduction Options Total	(0.600)	(0.600)	(0.600)	(0.600)	(0.600)

Service Total	(0.600)	(0.600)	(0.600)	(0.600)	(0.600)
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CORPORATE SERVICES

Appendix 3d

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/14 £m
Strategic HR and Organisational Development Community Impact Assessment Rating - Low					
Total Service Cost Reductions Approved in February 2018	(0.100)	(0.175)	(0.175)	(0.175)	(0.175)
Service Total	(0.100)	(0.175)	(0.175)	(0.175)	(0.175)
Communications and Marketing Community Impact Assessment Rating - Low					
New Service Cost Reduction Options					
Cross cutting support services review - Delete vacant post	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
New Service Cost Reduction Options Total	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
Service Total	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
Law and Democracy Community Impact Assessment Rating - Medium					
New Service Projected Pressures					
Increased Legal Childcare Court Fees due to increased numbers of Looked After Children	0.150	0.150	0.150	0.150	0.150
New Service Projected Pressures Total	0.150	0.150	0.150	0.150	0.150
New Service Cost Reduction Options					
Removal of Members Community Grants allocation	(0.465)	(0.465)	(0.465)	(0.465)	(0.465)
Actuarial strain/redundancy savings due to early repayment of loans	(0.160)	(0.160)	(0.160)	(0.160)	(0.160)
New Service Cost Reduction Options Total	(0.625)	(0.625)	(0.625)	(0.625)	(0.625)
Service Total	(0.475)	(0.475)	(0.475)	(0.475)	(0.475)

CORPORATE SERVICES

Appendix 3d

Projected Pressures, Cost Reduction Options and Investments

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/14 £m
Executive Support and Information Governance	Community Impact Assessment Rating - Low				
New Service Cost Reduction Options					
Cross cutting support services review - delete vacant posts	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)
New Service Cost Reduction Options Total	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)
Service Total	(0.033)	(0.033)	(0.033)	(0.033)	(0.033)
Corporate	Community Impact Assessment Rating - Low				
New Service Cost Reduction Options					
To ensure we protect frontline and universal services as far as we can, significant savings proposals are being put forward across support services. This will involve a review of services and staffing structures in Corporate Services focusing on statutory responsibilities, strategic risks and key priorities and risks in the Corporate Business Plan (with service directorates leading on delivery plans and operational risks).	(4.688)	(4.688)	(4.688)	(4.688)	(4.688)
New Service Cost Reduction Options Total	(4.688)	(4.688)	(4.688)	(4.688)	(4.688)
Service Total	(4.688)	(4.688)	(4.688)	(4.688)	(4.688)
Total Corporate Services Pressures and Cost Reductions	(8.322)	(9.147)	(10.247)	(10.647)	(10.747)
Inflation	1.560	2.921	4.316	5.745	7.205
Corporate Services Grand Total	(6.762)	(6.226)	(5.931)	(4.902)	(3.542)

Community Impact Assessment (CIA) on MTFS proposals - January 2019

1. Introduction

- 1.1. This document sets out Staffordshire County Council's approach to assessing the impact of its Medium-Term Financial Strategy (MTFS) savings options on communities, and also provides an initial analysis of the potential cumulative impact of the options submitted to Cabinet for approval in January 2019.
- 1.2. Its purpose is to provide **an initial, high level, strategic assessment of the MTFS as a whole**, considering the cumulative impacts of the MTFS proposals and what these may mean for Staffordshire's communities, places and most vulnerable residents. **This assessment will be revisited throughout 2019/20** as the MTFS savings options are being planned and implemented, ensuring mitigations are developed that minimise any potential negative impacts where possible.
- 1.3. This year, the MTFS is proposing a range of potential saving options amounting to approximately £40m. We are aware that this will reduce our capacity, and affect our ability to deliver support to communities at the same level as we have done previously.

2. Community Impact Assessments – Our Approach

- 2.1. Staffordshire County Council's CIA policy forms a critical component of our decision making processes. It sets out a clear and consistent organisational approach to how we assess the impact of service changes, commissioning and strategy for communities. CIAs identify and propose mitigations for any potential equalities, health and community impacts on our residents, in particular groups of people with the following protected characteristics as defined by the Equalities Act 2010¹.

- Age
- Disability
- Gender reassignment
- Marriage and Civil Partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

¹ HM Government, 2010. *Equality Act 2010*.

https://www.legislation.gov.uk/ukpga/2010/15/pdfs/ukpga_20100015_en.pdf

- 2.2. The governance and accountability for our CIAs is led by Members with support from Officers, through our Cabinet and Scrutiny processes. This ensures that CIAs are open and transparent, regularly updated, and used to continually inform what we do.
- 2.3. We recognise the saving options outlined in this Cabinet paper is likely to have a very different impact and affect different groups of people, therefore in line with our CIA policy **where there is a change to service; an individual CIA tailored for that area will be required**. These will be proportionate to the scale of change, with significant change to service and potential for high impact requiring a full and detailed CIA.
- 2.4. Individual CIAs will detail potential impacts and where changes could affect different groups of people or places. The CIA will seek to identify the key actions we will take to reduce any negative impact for our communities, if and where possible. CIAs will continue to be scrutinised as part of the Council's internal decision making processes, and will be subject to ongoing service monitoring and review throughout the implementation phase.
- 2.5. At a strategic level, an overarching initial assessment of the Council's MTFS savings options and its cumulative impact are set out in this paper. In recognition that many of these options are still in development or yet to implemented, this early assessment will be part of an ongoing process for monitoring and review during 2019/20. We will ensure the assessment is updated with progress reflecting potential cumulative impacts as they emerge, alongside ensuring individual CIAs are taking place for those high to medium impact changes.

3. Process and Governance

- 3.1. The Council is committed to ensuring that the proposed service cost reduction options set out in the MTFS are implemented in a way that reduces the impact on our communities as much as possible.
- 3.2. To ensure this happens effectively, a clear process has been established for the ongoing review and monitoring of this overarching MTFS impact assessment, and individual CIAs. The process below will enable an ongoing dialogue and analysis with CIA leads and partners, whilst ensuring there is oversight, scrutiny and accountability for its findings:

- **MTFS CIA Task and Finish Group** – An officer-level MTFS CIA Task and Finish Group has been established, both to ensure reporting of progress against individual CIAs, and to act as a mechanism for the monitoring and scrutiny of this assessment at a corporate level. This will run alongside the regular MTFS planning and approval processes. This Group will include Corporate and Commissioner CIA leads, Chief Finance Officer and Strategic Delivery Managers (SDMs). SDMs will have a key role in helping to ensure that community impacts are understood and reflected in the ongoing assessment and review of cumulative impact.
 - **MTFS Member Working Group** – The CIA Task and Finish Group will report into the member-led MTFS Working Group, providing systematic challenge on the cumulative impacts set out in the MTFS impact assessment, and reporting progress updates.
 - **Staffordshire Leaders and Chief Executives Group** – Regular reporting into these Groups will take place to ensure that there is an ongoing dialogue with our partners in each district, individually and countywide, regarding the implementation of the proposals set out in the MTFS, and the priorities and issues for each locality.
 - **Corporate Review Scrutiny** – Provide updates on this overarching assessment, offer challenge and hold other Select Committees to account for individual CIAs.
 - **Cabinet and Scrutiny Decision Making Processes** – Individuals CIAs will continue to be scrutinised and made publicly available through our Scrutiny and Cabinet approval processes.
- 3.3. Corporate leads will maintain an overview for all individual CIAs on the identified high impact areas of work. In addition, Corporate Leads will also provide advice and a quality assurance role. Any concerns will be escalated through to the MTFS Task and Finish group, as well using any informal networks required to resolve any concerns. Where changes affect staffing and structures, Trade Union and staff engagement will be used to shape implementation and minimise potential impact for our workforce and communities.
- 3.4. In addition to the above, the Council continues to work alongside our partners and communities to transform the way we support our residents and the places they live. This includes empowering our communities in partnership with the local VCSE sector through our People Helping People programme, and redesigning our approach to Children and Families (Place Based Approach), Public Health, libraries, highways maintenance, country parks and more.

4. Key Findings:

- 4.1. A table at section 5 of this document sets out the assessment of service cost reduction options for each Council business area, as proposed in the MTFS report.
- 4.2. This assessment found that of the proposed transformation savings options put forward by the MTFS, the following have the highest potential impact on our communities and the places they live: **For these proposed options we will ensure full and detailed individual service CIAs are undertaken.**
1. Withdrawal of ENTCS pre 9.30am Concessionary Travel Scheme.
 2. Further review of provision of School Crossing Patrols.
 3. Removal of non-statutory Community Transport.
 4. Review of non-statutory activities regarding appointeeships.
 5. Phasing out of Your Staffordshire Card.
 6. Home to School transport changes.
 7. Review policy on winter grit bins from winter 2019.
 8. Reduction in Urban Grass cutting and reduction in weed control.
 9. Rural review and reorganisation.
- 4.3. Where a CIA has already been undertaken on the above, regular updates and monitoring will be completed and recorded in the assessment as changes progress to ensure they remain up to date and relevant.
- 4.4. The following section sets out our assessment of the key groups/areas potentially most impacted **by the MTFS proposals in their entirety:**
- **Staff** – Although not a protected characteristic in the 2010 Equalities Act, many of the biggest proposed service cost reduction options will involve structural changes to Council staffing structures. This will have an impact on a significant number of staff. Due consideration will need to be given to how staff involved are engaged and supported from both a service and HR policy perspective, and ensure trade unions are consulted throughout this process.
 - **Age (Older people)** – Potential changes in care commissioning and adult social care, (including the review of the appointeeships service and how we implement our current policies relating to choice of care) could impact on older people, the support they receive, and where they receive it. The impact of these changes could be further increased by changes to Community Transport funding and support, reduction to the English National Travel Concessionary Scheme (ENTCS) and winter gritting. These changes across different service areas of

the Council could combine to potentially isolate older people from services and community support, especially in rural areas of the county.

- **Disabilities** – Similar to the above, people with disabilities will also potentially be affected by the changes to care commissioning, and this again will be further impacted by the proposed savings options to reduce the ENTCS Concessionary Scheme and changes to Community Transport funding and winter gritting. In addition, the MTFS also features a number of savings options that relate to younger people with disabilities and their families, including refocusing of activity within the Adult Learning Disability Team, Learning Disability Employment Framework changes, and a review of funding for autism services.
- **Children and Young People** - In addition to the ongoing children's system transformation, there are a number of additional changes that will potentially affect young people and their families in particular. These include changes to home to school transport, removal of the Your Staffordshire Card and review of school crossing patrols. Young people in rural areas could also be particularly affected by changes to transport which, coupled with changes to the Your Staffordshire Card, could reduce access to social and education opportunities as well as health support services for young adults.
- **Localities** - Many of the proposed savings options identified in this report will have a direct impact on the communities and places our residents live. Changes to urban grass cutting, community transport, and winter grit bins will have the most immediate impact on both our urban and rural communities, as well as our District and Parish partners. These impacts will differ depending on the geographic landscape and demographic make-up of each district, however the specific detail is not yet known and will evolve as part of the implementation phase.

4.5. Individual CIAs on these saving options will therefore consider in further detail what the specific impacts for our communities and places will be. This will include an understanding of what the differences are in impact across key groups and for our localities, and how we can work with local partners, members and communities to mitigate.

5. MTFS Community Impact Assessment:

The table below is an assessment of **potential medium and high community impact** for each key Council business area with a summary of those key service options associated with the impact rating, as proposed in the MTFS report. As many of these are in still in development and subject to consultation or engagement, the outcome and potential impact for communities may not yet be known. **We will therefore use the process set out in section 3 to continue to record and monitor the cumulative impact of these**, and where there is significant change proposed also ensure individual full service CIAs are conducted and updated as appropriate.

Area	Programme	Group/Protected characteristics potentially most affected	Overall potential impact rating	Commentary / rationale
Health and Care	Care Commissioning	Age (older people) Disability Carers Sex (female)	Medium	<p>Stricter implementation of our current policies relating to choice of accommodation and cost effective care could result in potential changes to services for those who currently receive support in order to ensure care is cost effective. However, individual circumstances will always be taken account of and individual needs will be assessed by a social worker in line with our current policy.</p> <p>Work to ensure appropriate access to respite services is currently looking at how we more efficiently make arrangements for booking beds in the county. As such there is currently minimal community impact expected, however if any further changes to access or eligibility for respite services take place, then a Community Impact Assessment may be required.</p> <p>Home Care Health Tasks involves potential changes to the way we work with the NHS to support people in their homes. An individual CIA may be required depending on the outcome of this work and the new arrangements.</p> <p>Efficiencies in purchasing equipment / changes to funding adaptations will involve a change of working arrangements to ensure better value for money. This will require close working with District and Borough partners to ensure a smooth transition.</p> <p>Learning Disability Employment framework changes is a contract that has already ended and changes continue to be implemented. A CIA has been conducted as part of this process.</p>

	Adult social care and safeguarding	Age (older people) Disability Staff	Medium	<p>Potential changes to appointeeships will only affect a small number of people; however these are amongst some of our most vulnerable service users.</p> <p>The renegotiation of the Section 75 contract with the Trust regarding assessment and case management for older people, disabilities and mental health (in the South of the County) will likely focus on back office efficiencies and encourage new service users to use digital as a first point of contact, by default. Existing services will remain the same for current service users and those with assessed needs.</p> <p>Refocusing of activity within Adult Learning Disability Team (ALDT) is already underway and conversations are taking place with staff and unions. A small number of people with learning disabilities will potentially be affected by the changes. A CIA has been completed and this will need to be updated as required.</p>
	Public Health and Prevention	All Age Sex (Male 45-60)	Medium	Changes to Drugs and Alcohol support will likely affect the detox support element of the current service. Conversations with commissioners and provider are ongoing to minimise any impact on front line services.
Families and Communities	Children's services	Age (young people and parents) Pregnancy Disability Race Staff	Medium	<p>The Children's and Families System Transformation CIA has assessed many of the changes in this area in September 2018. This CIA will need to be updated as required subject to any changes that may have an impact on communities.</p> <p>Depending on the outcome of the review of funding for autism services, there may be an impact which will need to be assessed if not already assessed as part of existing Children's System transformation.</p> <p>Review of the efficiency of the Gypsy Romany Traveller Service could potentially impact this group and would fall under the Race protected characteristic.</p>
	Culture and Communities	All	Medium	<p>The Libraries and Arts transformation work is ongoing and a CIA has already been conducted, and will be updated as required.</p> <p>The Archives and Heritage Reviews will have minimal community impact at this point.</p>
	Rural	All Community	Medium	Review and extension of planned reorganisation of our Rural support could potentially have an impact on the way we work with community sites and spaces.

	Community Safety	Age (young people) Sex (women) Disabilities / Carers Race Sexual Orientation Gender reassignment Staff	Medium	<p>The Review of remaining support for Hate Crime may impact on a number of protected characteristics that are more likely to experience hate crime, including race, sexual orientation and gender reassignment. A CIA for this work has been conducted, and will be updated as required.</p> <p>Staffordshire Young People's service saving option is a result of an underspend on room rental as a result of VCSE provision of youth opportunities.</p>
Economy, Infrastructure and Skills	Transport, Connectivity & Waste	Age (young people & older people) Disabilities Rural communities	High	<p>The changes to the ENTCS concession scheme, reduction in non-statutory transport activities, and removal of non-statutory Community Transport could have significant implications for people who use these services to access support, employment or social activities. The potential impact of these changes is likely to be higher for older people, people with disabilities and those in rural communities. These changes could also interact with those in Health and Care and Children and Families to increase the potential impact on these same groups.</p> <p>Proposed changes to the Your Staffordshire Card and Home to School Transport could potentially impact on young people and their ability to access services, education and social opportunities. The impact of this is again likely to be greater in rural areas.</p>
	Infrastructure and Highways	Age (young people & older people) Rural communities Staff	High	<p>The changes to School Crossing Patrols will potentially impact on a significant number of young people and their families. It will also impact on staff currently employed by the Council.</p> <p>Potential changes to our policy on urban grass cutting, weed control and community grit bins, could have a potential impact on communities and places, and will require joint working and dialogue with partners to minimise.</p>
Finance and Resources	Strategic Property	Staff	Medium	<p>The relocation of SCC staff from SP2 to SP1 will impact staff. Engagement with staff regarding the move is currently underway.</p> <p>Property Rationalisation could impact on communities and the local VCSE depending on which properties are considered and what they are currently being used for. Engagement with community recommended if properties are currently being used to deliver public facing services.</p>
Strategy, Governance and Change	Strategic Policy and Partnerships & Insight, Planning and Performance	VCSE	Medium	<p>Reduction in grants to Voluntary, Community and Social Enterprise sector (VCSE) could potentially impact on a range of community groups that currently receive support from the VCSE, including our VCSE Strategic Capacity Building Partnership contract. This contract is also working to building community capacity to support work in Children and Families, Health and Care and Place based services.</p>

	Law and Democracy	Place	Medium	Removal of Members Community Grants allocation could potentially impact on community groups who currently receive support from the grants to provide community based services.
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Summary of Pressures, Inflation, Savings and Investments

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Health and Care					
Pressures	9.134	13.716	24.340	33.602	42.348
Inflation	3.982	5.413	7.466	9.565	11.713
Savings	(16.091)	(20.717)	(24.090)	(26.588)	(29.088)
Investments	-	-	-	-	-
Health and Care Total	(2.975)	(1.588)	7.716	16.579	24.973
Families and Communities					
Pressures	4.645	1.433	1.429	1.785	1.785
Inflation	4.082	7.929	11.868	15.903	20.035
Savings	(9.443)	(10.978)	(12.778)	(12.958)	(13.078)
Investments	-	-	-	-	-
Families and Communities Total	(0.716)	(1.616)	0.519	4.730	8.742
Economy, Infrastructure and Skills					
Pressures	0.317	0.601	1.055	1.675	1.675
Inflation	3.090	6.446	9.983	13.719	17.239
Savings	(5.410)	(6.895)	(7.695)	(8.595)	(8.695)
Investments	0.291	0.438	0.618	0.618	0.618
Economy, Infrastructure and Skills Total	(1.712)	0.590	3.961	7.417	10.837
Corporate Services					
Pressures	0.810	0.810	0.810	0.810	0.810
Inflation	1.560	2.921	4.316	5.745	7.205
Savings	(9.392)	(10.217)	(11.317)	(11.717)	(11.817)
Investments	-	-	-	-	-
Corporate Services Total	(7.022)	(6.486)	(6.191)	(5.162)	(3.802)
Grand Total	(12.425)	(9.100)	6.005	23.564	40.750

All figures presented in each year represent a cumulative change from the current 2018/19 budget.

Appendix 6

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

	2019/20	2020/21	2021/22	2022/23	2023/24
Staffing costs					
Pay	2.0%	2.0%	2.0%	2.0%	2.0%
Local Government Pension Scheme increases	1.0%	1.0%	1.0%	1.0%	1.0%
General running costs					
Prices (including internal recharges from trading services)	2.0%	2.0%	2.0%	2.0%	2.0%
Contractual inflation	Variable	Variable	Variable	Variable	Variable
Income (standard allocation)	2.0%	2.0%	2.0%	2.0%	2.0%
Utility / Running Expenses					
Electricity	10.0%	10.0%	10.0%	10.0%	10.0%
Gas	10.0%	10.0%	10.0%	10.0%	10.0%
Business Rates bills	3.2%	3.2%	3.2%	3.2%	3.2%
Water ¹	3.0%	3.0%	3.0%	3.0%	3.0%
Petrol	3.2%	3.2%	3.2%	3.2%	3.2%
Diesel	3.2%	3.2%	3.2%	3.2%	3.2%
In-Year Increases					
Interest Rates					
Interest on investments	0.25%	0.25%	0.25%	0.25%	0.25%
Interest on debt	3.94%	3.89%	3.77%	3.83%	3.88%
General Funding					
New Homes Bonus	£2.5m	£1.8m	£0.7m	-	-
Loss of Revenue Support Grant	-£14.8m	-£10.7m	-	-	-
Revenue Support Grant	£10.7m	-	-	-	-
Council Tax	2.95%	1.95%	1.95%	1.95%	1.95%
Social Care Precept	0.00%	2.00%	2.00%	2.00%	2.00%

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

Council Taxbase, Business Rates, Collection funds and Precepts

Tax Base (Band D equivalents)

	2018/19	2019/20
Cannock Chase	28,396.76	28,874.46
East Staffordshire	36,736.39	37,278.20
Lichfield	37,359.50	38,010.80
Newcastle	36,812.00	37,117.00
South Staffordshire	37,785.11	38,090.13
Stafford	46,593.31	47,491.54
Staffordshire Moorlands	32,887.00	33,089.00
Tamworth	21,438.00	21,761.00
Totals	278,008.07	281,712.13

Estimated Council Tax Collection Fund Position

	2018/19 £	2019/20 £
Cannock Chase	487,821	330,614
East Staffordshire	1,199,816	555,480
Lichfield	231,760	164,620
Newcastle	28,407	1,452,172
South Staffordshire	0	678,617
Stafford	380,903	0
Staffordshire Moorlands	166,980	447,250
Tamworth	548,591	440,627
Totals	3,044,278	4,069,380

Key: Surplus / (Deficit)

Precepts

	2018/19 £	2019/20 £
Cannock Chase	34,374,846	35,984,218
East Staffordshire	44,470,135	46,457,211
Lichfield	45,224,422	47,370,199
Newcastle	44,561,662	46,256,319
South Staffordshire	45,739,631	47,469,063
Stafford	56,402,134	59,185,382
Staffordshire Moorlands	39,810,371	41,236,504
Tamworth	25,951,128	27,119,211
Totals	336,534,329	351,078,108

Review of Earmarked Reserves / Provisions

Appendix 8

Reserve Name	Reason for Reserve	Forecast Balance 31st March 2019 £m	Transfer into General Balances £m	Forecast Balance after Transfer £m
Information Technology	To provide finance to cover advance expenditure for information technology projects this will be repaid over future years. The reserve is currently committed for a range of future IT projects including education projects and the broadband network. The reserve is considered appropriate for its purpose.	0.388	0.000	0.388
PFI Reserves	These reserves are required to ensure sufficient resources are available to meet the county council's obligations over the whole life of PFI contracts and to even out the charge to revenue over the period. The balance on the street lighting PFI contract is reviewed at the end of each financial year and at other strategic points. At this stage in the contract it is considered appropriate to maintain the balance of the reserve at its current level.	0.044	0.000	0.044
Landfill Liabilities	To meet any third party pollution claims which may arise at closed landfill sites, operational landfill sites or household recycling centres for the cost of remedial works. The level of the reserve is considered appropriate.	0.000	0.000	0.000
Woodlands	To ensure sufficient resources are available to meet expenditure and future expenditure programmes arising from the management of Shugborough Woodlands in accordance with the National Trust Woodland plan.	0.093	0.093	0.000
Archives	The reserve forms part of the Joint Archives agreement with Stoke City Council and is used to finance any overspends or emergency work that may arise. The current level of the reserve is considered to be sufficient.	0.336	0.000	0.336
Forest of Mercia	The reserve is for any profit or loss arising in any one year to fund any net deficit on the revenue account during the life of the partnership. The reserve is intended to meet any budget shortfall in the operation of the project, which relies heavily upon external funding.	0.000	0.000	0.000

Review of Earmarked Reserves / Provisions

Appendix 8

Reserve Name	Reason for Reserve	Forecast Balance 31st March 2019 £m	Transfer into General Balances £m	Forecast Balance after Transfer £m
Redundancy	To smooth the impact of redundancies over a five year period. This reserve is self-funding as all interest charged is posted to revenue. It is not possible to forecast demand for contributions from this reserve therefore the current level is sufficient.	(4.513)	0.000	(4.513)
Equal Pay Provision	This provision was created to cover the cost of payments made under the Single Status project. However, the project is now completed and as it stands there are no Equal Pay Claims, therefore the provision is no longer needed.	0.000	0.000	0.000
Material Damage and Motor Vehicles Reserve and Provision	To ensure that sufficient resources are available to meet outstanding liabilities in respect of the self funding element of material damage claims. An internal review has been undertaken regarding the level of the insurance provision, and has deemed the level of reserves sufficient.	0.915	0.000	0.915
Insurance self-funding Provision (pre LGR)	To ensure that sufficient resources are available to meet outstanding claims not covered by the county council's former insurance arrangements for the period 1st May 1992 to 31st March 1997.	1.116	0.000	1.116
Insurance self-funding Provision (post LGR)	To ensure that sufficient resources are available to meet outstanding claims not covered by the County Council's insurance arrangements from 1st April 1997. This is a long term fund and the gap in funding will be dependant on the level of claims.	5.897	0.000	5.897
Schools' Balance of Risk Provision	To ensure sufficient funds are available to meet schools claims.	0.202	0.000	0.202
Schools' Supply Cover Reserves	To ensure sufficient funds are available to meet schools claims.	0.681	0.000	0.681
Conservation and Archaeology	To meet the county's obligation towards the Extensive Urban Survey scheme, which is being run in partnership with English Heritage.	0.011	0.000	0.011

Review of Earmarked Reserves / Provisions

Reserve Name	Reason for Reserve	Forecast Balance 31st March 2019 £m	Transfer into General Balances £m	Forecast Balance after Transfer £m
Museums	The reserve has been built up from when the Museum sold some firearms. The revenue this sale created can only be used to fund items that can be included within the Museums collection. This funding is therefore not available to support the revenue budget.	0.005	0.000	0.005
Trading Services	The trading services reserves are earmarked sums set aside for trading services activity. The balance mainly represents vehicle replacement programmes managed by County Fleet Care but also includes balances that the trading service will draw down on in years when the service creates a deficit.	3.963	0.700	3.263
Revenue Carry Forward Earmarked Reserves	To hold revenue grants which remain unspent at year end and do not have any conditions attached. As the grants are unconditional (with the exception of the Growing Places fund), these funds could be available to support the MTFs.	20.689	0.150	20.539
Vehicle/Plant Renewals	To ensure sufficient resources are available to purchase replacement vehicles, plant & equipment for specific services. This includes purchasing mowers, trailers and bush cutters. This funds completely different types of vehicles to those funded through the County Fleet Care reserve.	0.000	0.000	0.000
Total Earmarked Reserves		29.827	0.943	28.884

Risk Based Review of General Balances

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

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

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

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

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

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

Level of Balances – Summary

Level of Risk	£m
High and Medium Risks	33.0

Draft Capital Programme 2019/20 to 2023/24

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Health & Care					
Adults Social Care	0.548	0.100	0.000	0.000	0.000
Sub Total	0.548	0.100	0.000	0.000	0.000
Families & Communities					
Maintained Schools	32.501	12.592	0.000	0.000	0.000
Vulnerable Children's Projects	0.456	0.000	0.000	0.000	0.000
Rural County	0.381	0.150	0.150	0.150	0.000
Tourism & Cultural County	0.645	0.034	0.000	0.000	0.000
Sub Total	33.983	12.776	0.150	0.150	0.000
Economy, Infrastructure & Skills					
Economic Development	8.466	0.981	0.670	0.670	0.250
Strategic Infrastructure	63.474	13.935	12.478	0.000	0.000
Sustainability	1.499	0.022	0.000	0.000	0.000
Sub Total	73.439	14.938	13.148	0.670	0.250
Trading Services - County Fleet Care	0.735	0.235	0.235	0.235	0.000
Finance, Resources & ICT	0.685	0.610	0.500	0.000	0.000
Property	6.453	2.755	2.305	2.305	0.000
Corporate Leased Equipment	0.200	0.200	0.200	0.200	0.000
Draft Capital Programme	116.043	31.614	16.538	3.560	0.250

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

	Proposed Net Budget 2019/20	Planning Forecast 2020/21	Planning Forecast 2021/22	Planning Forecast 2022/23	Planning Forecast 2023/24
	£m	£m	£m	£m	£m
Health and Care					
Public Health and Prevention (net of grant)	-	0.00	- 0.00	-	- 0.00
Adult Social Care and Safeguarding	38.275	36.207	37.019	38.056	39.119
Care Commissioning	167.359	170.814	179.306	187.132	194.463
<i>Sub Total</i>	<i>205.634</i>	<i>207.021</i>	<i>216.325</i>	<i>225.188</i>	<i>233.582</i>
Families and Communities					
Children's Services	110.754	109.590	110.869	114.203	117.317
Children's Public Health (net of grant)	-	-	-	-	-
Education Services	5.643	6.075	6.517	6.969	7.432
Culture and Communities	5.417	5.271	5.434	5.602	5.774
Rural	2.062	1.967	2.023	2.081	2.140
Community Safety	6.606	6.679	6.874	7.073	7.277
<i>Sub Total</i>	<i>130.482</i>	<i>129.582</i>	<i>131.717</i>	<i>135.928</i>	<i>139.940</i>
Economy, Infrastructure and Skills					
Business and Enterprise	1.144	0.963	1.102	1.247	1.398
Infrastructure & Highways	25.398	27.574	29.060	30.349	31.500
Transport, Connectivity & Sustainability	39.333	39.567	41.238	43.183	45.222
Skills	6.273	6.346	6.421	6.498	6.577
El&S Business Support	1.054	1.054	1.054	1.054	1.054
<i>Sub Total</i>	<i>73.202</i>	<i>75.504</i>	<i>78.875</i>	<i>82.331</i>	<i>85.751</i>
Corporate Services					
Finance	12.801	12.967	12.649	14.240	18.959
Strategic Property	(2.031)	(3.095)	(4.158)	(4.521)	(4.583)
Customer Services	0.575	0.631	0.689	0.749	0.810
Information Communications & Technology	7.372	7.625	7.884	8.149	8.420
Procurement & Contract Management	2.183	2.246	2.311	2.377	2.445
Transformation Support Unit & Fleetcare	0.288	0.680	0.723	0.767	0.812
Strategic Policy, Partnership, Insight Planning & Performance	(0.054)	0.019	0.095	0.173	0.252
Strategic HR & Organisational Development	3.746	3.771	3.873	3.978	4.086
Communications and Marketing	0.708	0.737	0.767	0.798	0.829
Law and Democracy	1.476	1.623	1.774	1.929	2.087
Executive Business Support & Information Governance Unit	3.274	3.392	3.512	3.636	3.763
<i>Sub Total</i>	<i>30.338</i>	<i>30.596</i>	<i>30.119</i>	<i>32.275</i>	<i>37.880</i>
Service Total	439.656	442.703	457.036	475.722	497.153
Capital Financing					
Capital Financing	34.556	34.792	33.895	32.532	30.766
Centrally Controlled	23.371	24.860	26.461	26.896	27.382
Community Investment Fund	1.000				
Social Care Support	6.051				
Contingency	4.000	2.000	2.000	2.000	2.000
Net Revenue Budget	508.634	504.355	519.392	537.150	557.301
Use of Reserves	(2.716)	(6.605)	(0.985)	(0.712)	0.642
Contribution to General Balances	5.000	-	-	-	-
Budget Requirement	510.918	497.750	518.407	536.438	557.943
Revenue Support Grant	-	-	-	-	-
Retained Business Rates	(118.952)	(104.006)	(106.358)	(108.460)	(110.534)
Settlement Funding Assessment	(118.952)	(104.006)	(106.358)	(108.460)	(110.534)
New Homes Bonus	(2.510)	(1.841)	(1.401)	(0.803)	-
Better Care Fund	(28.204)	(23.201)	(23.201)	(23.201)	(23.201)
Social Care Support Grant	(6.051)				
Council Tax Collection Fund Surplus	(4.069)	-	-	-	-
Council Tax	(351.132)	(368.702)	(387.447)	(406.995)	(427.169)
Financing Total	(510.918)	(497.750)	(518.407)	(539.459)	(560.904)
<i>(Headroom) / Shortfall</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(3.021)</i>	<i>(2.961)</i>

Summary of Budget Changes

Proposed Net Budget 2018/19	2018/19 Revised Base Budget	Inflation	Other Service Movements	Total Spending Pressures	Total Pressures	Investments	Service Savings	2019/20 Draft Budget
	£m	£m	£m	£m	£m	£m	£m	£m
Health and Care	208.609	1.482	2.500	9.134	13.116	0.000	(16.091)	205.634
Families and Communities	131.198	4.082	0.000	4.645	8.727	0.000	(9.443)	130.482
Economy, Infrastructure and Skills	74.914	3.090	0.000	0.317	3.407	0.291	(5.410)	73.202
Corporate Services	34.918	1.560	2.442	0.810	4.812	0.000	(9.392)	30.338
Service Total	449.639	10.214	4.942	14.906	30.062	0.291	(40.336)	439.656
Centrally Controlled Items	22.000	0.325	1.046	0.000	1.371	0.000	0.000	23.371
Capital Financing	35.322	0.000	(0.466)	0.000	(0.466)	0.000	(0.300)	34.556
Community Investment Fund	0.000	0.000	1.000	0.000	1.000	0.000	0.000	1.000
Social Care Contingency	0.000	0.000	6.051	0.000	6.051	0.000	0.000	6.051
Contingency	3.500	0.000	0.500	0.000	0.500	0.000	0.000	4.000
Net Revenue Budget	510.461	10.539	13.073	14.906	38.518	0.291	(40.636)	508.634

**Health and Care
BUDGET SUMMARY**

	2018/19 Original Budget £m	2018/19 Revised Budget £m	2019/20 Draft Budget £m
Public Health and Prevention (net of grant)	0.000	(6.565)	0.000
Adult Social Care and Safeguarding	40.545	39.977	38.275
Care Commissioning	169.215	175.197	167.359
TOTAL	209.760	208.609	205.634
Centrally Controlled Items	4.509	4.083	4.097
Total Including Centrally Controlled Items	<u>214.269</u>	<u>212.692</u>	<u>209.731</u>

**Families and Communities
BUDGET SUMMARY**

	2018/19 Original Budget £m	2018/19 Revised Budget £m	2019/20 Draft Budget £m
Children's Services	108.267	113.220	110.754
Children's Public Health (net of grant)	0.000	(4.546)	0.000
Education Services	0.034	7.445	5.643
Culture and Communities	5.894	5.894	5.417
Rural	2.163	2.163	2.062
Community Safety	6.432	7.022	6.606
TOTAL	122.790	131.198	130.482
Centrally Controlled Items	10.299	9.802	5.170
Total Including Centrally Controlled Items	133.089	141.000	135.652











**Economy, Infrastructure and Skills
BUDGET SUMMARY**

	2018/19 Original Budget £m	2018/19 Revised Budget £m	2019/20 Draft Budget £m
Business and Enterprise	1.425	1.423	1.144
Infrastructure & Highways	26.534	26.569	25.398
Transport, Connectivity & Sustainability	39.208	39.217	39.333
Skills	7.616	6.571	6.273
El&S Business Support	1.137	1.134	1.054
TOTAL	75.920	74.914	73.202
Centrally Controlled Items	1.523	1.511	1.349
Total Including Centrally Controlled Items	77.443	76.425	74.551

**Corporate Services
BUDGET SUMMARY**

	2018/19 Original Budget £m	2018/19 Revised Budget £m	2019/20 Draft Budget £m
Finance	7.488	10.621	12.801
Strategic Property	0.119	0.669	(2.031)
Customer Services	0.746	0.733	0.575
Information Communications & Technology	7.192	6.446	7.372
Procurement & Contract Management	2.404	2.404	2.183
Transformation Support Unit & Fleetcare	1.051	1.646	0.288
Strategic Policy, Partnership, Insight Planning &	5.063	1.023	(0.054)
Organisational Development	2.897	0.566	0.590
Strategic HR	(0.173)	4.066	3.156
Communications and Marketing	5.271	0.946	0.708
Law and Democracy	0.670	2.153	1.476
Executive Business Support & Information Governance	0.923	3.645	3.274
TOTAL	33.651	34.918	30.338
Centrally Controlled Items	3.390	3.122	2.437
Total Including Centrally Controlled Items	37.041	38.040	32.775

Financial Health Indicators

		Current Performance
<p>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.</p>		
<i>General reserves are maintained at a level of at least 2% of the council's current net revenue budget</i>		
<p>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.</p>		
<i>Level of outstanding general debtors more than 6 months old does not exceed £5m</i>		
<p>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.</p>		
<i>Current debtors divided by current creditors is in the acceptable range of 1 - 3</i>		
<p>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.</p>		
<i>At least 90% of invoices have been paid within 30 days of us receiving them during the last quarter</i>		
<p>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.</p>		
<i>Quarterly financial monitoring reports have been issued to Cabinet during the last 12 months</i>		
<i>The council's most recent revenue outturn forecast did not vary by more than +/-2% when compared to the overall revenue budget</i>		
<p>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.</p>		
<i>The council's most recent Statement of Accounts were produced on time and were issued with an unqualified opinion by our external auditors</i>		
 Indicator not met	 Indicator not met by small margin	 Indicator met