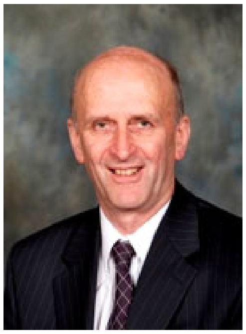

Cabinet meeting on 20th February 2019

Integrated Performance Report
Quarter 3, 2018/19

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

Philip Atkins, Leader of the Council, said:

"Our key priorities are to continue to ensure that we are a more prosperous county with opportunities for our residents and where people can live healthy and independent lives for as long as possible.

We received a welcome boost to our highways budget in December with the announcement of £8.9million Government funding for road repairs for the current financial year. And looking ahead we will receive an additional £6.1million from the Government specifically for social care in 2019/20.

Both adult and social care place huge demands on our budgets, as with councils nationally. Due to record numbers of young people being placed in foster care we launched a campaign to recruit resilience foster carers. This is aimed at those with experience of looking after teenagers with emotional or behavioural needs.

We are continuing to see near full employment – with just over one per cent of residents claiming out-of-work benefits in the county whilst our economic growth programme goes from strength to strength. Completed and current projects within the Economic Growth Programme have created and safeguarded a total of 8,489 jobs and delivered 993 houses up to December 2018.

Meanwhile our community libraries programme gathers pace with five more organisations coming on board, bringing the number to 27 countywide."

Mike Sutherland, Cabinet Member for Finance, said:

"While we continue to manage considerable financial challenges within adult and children's social care, our focus remains on ensuring we have a thriving economy with opportunities for better paid jobs and enabling people to live healthy and independent lives.

The latest revenue forecast outturn shows a forecast underspend of £0.997m compared to the forecast underspend of £1.578m at quarter 2 which is broadly similar.

Our longer-term financial strategy includes proposals to save £35million over the next financial year and efforts continue to identify savings this financial year which can then be carried forward to next. We will also continue to lobby Government for a long-term solution to the funding of adult social care, which is crucial to ensuring the sustainability of local government and the support we provide to our people.

We continue to make efficiency savings across council departments and spending controls remain in place across the county council."

Report Summary

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

2. **Recommendations**

   a) We recommend that Cabinet notes and challenges performance and advises of any further information and/or action required.

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Local Members Interest
N/A

Cabinet – 20th February 2019

Integrated Performance Report
Quarter 3, 2018/19

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

1. **That Cabinet Members:**

   a) Note and challenge performance and advise of any further information and/or action required.

Report of the Director of Corporate Services

Summary

At the end of Quarter 3, the overall assessment on the council's performance and financial position is Amber. Particular areas of risk are in Adult Social Care and Children's and Families, together with organisational challenges in terms of the capacity to deliver both in 2018/19 and future years. Further details are included in this report and its appendices.

The latest revenue forecast outturn shows a forecast underspend of £0.997m (0.2%), compared to the forecast underspend of £1.578m (0.3%) at quarter 2. The forecast outturn assumes the carry forward request from Health and Care (£2m) is approved and that an agreed contribution is made to the Exit & Implementation / Transition Fund (£3m), which has been approved as part of the Medium Term Financial Strategy. The actual sums transferred are subject to the final outturn position.

At Quarter 1, it was agreed that £2.160m of contingency would be used to support Children's Services, reducing their forecast overspend. This reduces the centrally held contingency from £3.5m to £1.340m.

As a first step to providing short term funding to help with the first two years of the Medium Term Financial Strategy (MTFS), Cabinet considered that it would be prudent to start to identify savings in the current financial year which can be carried forward to 2019/20. It was therefore decided that a spending controls exercise, similar to that adopted in 2016/17, commence with immediate effect in 2018/19.

1. Financial Health Summary

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

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

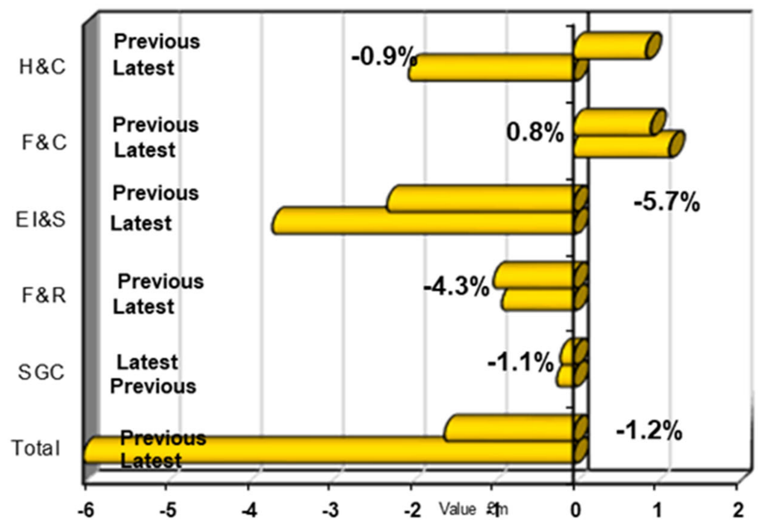
The latest revenue forecast outturn shows a saving of £0.997m (0.2%), compared to the quarter 2 forecast saving position of £1.6m (0.3%). At quarter 1, it was agreed that £2.160m of contingency would be used to support Children's Services, reducing their forecast overspend. Forecast savings include DTOC (£1m), income from Client Contributions (£2.2m), reduction in community service use (£0.9m), reduction in high cost packages in Learning Disabilities and Mental Health (£1.3m), Sustainability and Waste (£2.3m) and Corporate Services (£1.5m). These savings offset some large pressures within LAC (£2.8m) and Adults Care Commissioning (£9.3m).

Progress on Innovation and Efficiency options is monitored monthly. Savings are categorised into confidence of delivery. The latest position shows that the savings are currently on target. Those savings classified as undelivered or low confidence of delivery include – Reduction in variation of residential and nursing placement costs, Modernisation of Older People day services and Human Resources Cost Cutting savings initiatives.

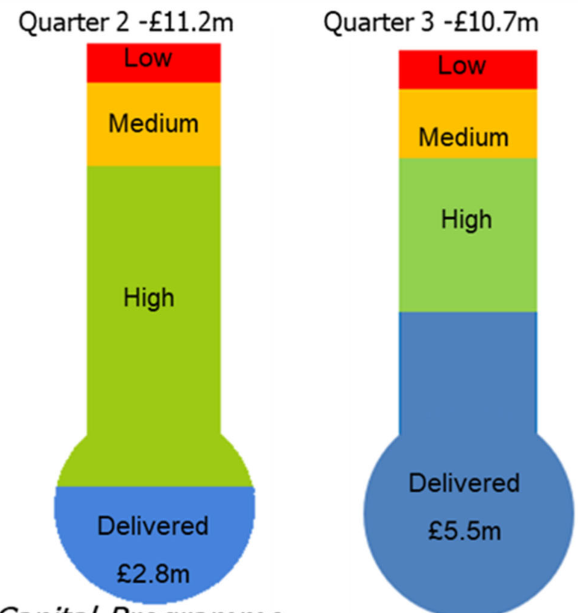
The latest capital outturn projection is £137.8m, compared to the quarter 2 position of £149.2m, a decrease of 7.8%. This projection is a fully funded position. This decrease is mainly due to rephasing on the Maintained Schools unallocated basic needs funding (£14m). There have been other changes to the programme and the detail can be found within the report.

Within the national context, the retail price index is currently 2.7%, and the latest consumer price index is 2%. GDP is estimated to have increased by 0.3% in the three months to November 2018. Current unemployment figures show Staffordshire benefit claimant rate is below that of the West Midlands and Great Britain.

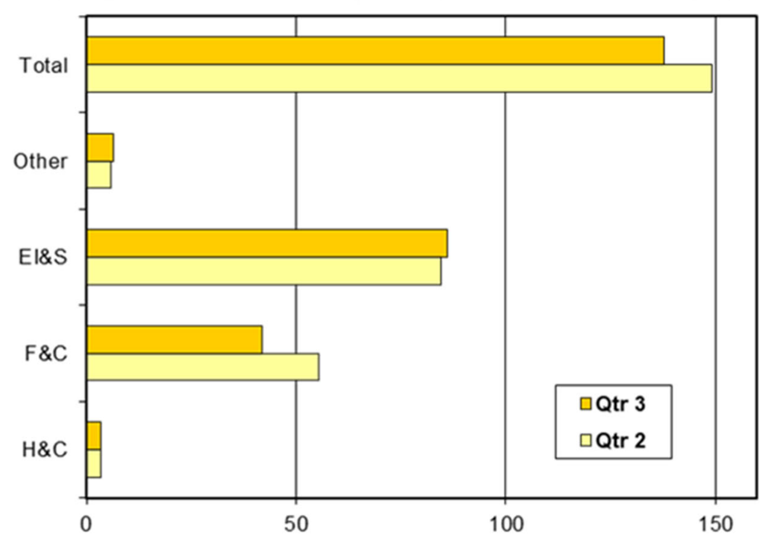
Revenue Budget Variance



Savings Tracker – Target £11.3m



Capital Programme



2. **Health and Care**

3. There is a Health and Care forecast saving of £2.014m, made up of £1.307m from Care Commissioning and £0.707m from Adult Social Care and Safeguarding.

4. In the area of Care Commissioning there has been a receipt of Winter Funding of £3.542m, which is going to support: additional investment to boost capacity in home care and similar services; transferring services from Allied Healthcare to new providers; additional capacity to support processes to find the most appropriate care for people in a timely way; meeting the cost of Care Home placements and additional capacity requirements in the south of the county. Residential care prices are no longer increasing but do remain overspent. There remains a continuing trend for the cost of new placements to be higher than for existing placements for nursing. The additional total cost of price rises is forecast at £9.250m.

5. Actions carried out to partially mitigate the forecast overspend include block booking nursing home beds at a lower cost per bed and reform to the pathway to support the Dynamic Purchasing System (DPS). A more robust application of the council's Cost Effective Care and Support guidance is also in progress. In the medium and longer term, direct intervention in the market is being considered to increase supply. However, managing the escalating prices in the provider market and developing cost effective alternatives quickly will be extremely difficult. The associated cost reduction measures outlined are not without a high level of risk.

6. Delayed Transfers of Care (DToC) attributable to social care reduced again in November 2018 but increases in NHS delays meant that the overall total rose slightly. Despite this there has been a 23% reduction in total monthly delayed days since the start of 2018, and almost a 40% reduction in social care and joint delays. Discharges from hospital into residential and nursing care have contributed to the cost pressure in these services. This has been offset in part by the £1m set aside in the MTFS to fund cost pressures arising from activity to reduce DToC.

7. Staffordshire County Council has successfully made alternative arrangements for care provision following Allied Healthcare's announcement in December 2018 that it would no longer be providing care in Staffordshire. The council has transferred provision in Newcastle to Archangel Care and provision in Stafford and Cannock to Nexxus Care to ensure that home care visits for people across the county continue and there is a smooth transition. Officers are also working to help transfer existing Allied staff to the new service companies.

8. The first patients have now moved into Amber Wood; a brand new, purpose-built specialist dementia Centre of Excellence in Burton on Trent. The centre is a result of a partnership between the county council, Accord Housing Association and Engie.

9. A key outcome performance measure of the health and wellbeing of Staffordshire residents is 'Healthy Life Expectancy'. Healthy life expectancy estimates the amount of lifetime spent in 'very good' or 'good' health based on how individuals perceive their health (based on a self-reported survey). Given that life expectancy has been increasing both locally and nationally this is a good measure of the quality of life years of a population. Latest data released in Quarter 3, 2018/19 shows that Healthy Life Expectancy (HLE) in Staffordshire is 63 years for men and 64 years for women, which is in line with the national average. Overall women live longer than men but spend more years in poor health than men (19 years for women and 16 years for men).

10. Economy, Infrastructure and Skills

11. There is an Economy, Infrastructure and Skills forecast saving of £3.683m (5.7%). The largest saving is in the area of Transport, Connectivity and Waste (£3.048m) with a forecast saving of £2.260m in Waste and Sustainability. The primary reason for the increase in forecast saving is due to the finalisation of the 2018/19 Energy from Waste Four Ashes contract which will see a one-off trade waste payment in favour of the county council.

12. Economic growth underpins all of the county council's outcomes, as well as helping to secure the long-term financial stability of the county council. Completed and current projects within the Economic Growth Programme have created and safeguarded a total of 8,489 jobs and delivered 993 houses up to December 2018. There have been recent increases in employment linked to the Skills Programme which is bringing people into work, and houses, many of which have been enabled by access schemes delivered through the Infrastructure + Design and Build service.

13. Completed sites are generating over £9 million worth of total business rates each year. Over the lifetime of the programme (which is scheduled to 2024), infrastructure and projects are planned to allow for a further 20,000 jobs and for the delivery of 15,600 houses. When the sites are fully developed and let, it is expected that £30million of business rates will be generated, around half of which can be reinvested in public services.

14. The total financial value of the Economic Growth Programme (including projects where initial work or interventions have completed) is approximately £452 million. For every £1 of Staffordshire County Council investment on current "live" projects, approximately £13.70 of external funding is secured (private, Local Enterprise Partnership, EU & Government Grant).

15. Plans have been approved for the i54 Western Extension, which follows on from the highly successful existing i54 South Staffordshire site and is expected to generate up to 1,700 high value added jobs and contribute around £110 million of Gross Value Added economic benefit to the local economy. The plans also include proposed investment in skills provision to ensure local people can access the employment opportunities and enhancements to public transport services. Work on the western extension is scheduled to begin in spring 2019 and it is anticipated to be fully occupied by 2024. Staffordshire County Council and City of Wolverhampton Council will work together on the extension development. More than £1 billion has so far been invested in i54, with 2,700 people employed by multi-national companies JLR, Moog, ISP, Eurofins, ERA and Tentec with more than 4,000 jobs anticipated on the existing site when it has been fully built out over the next few years.

16. Work is also progressing at a major Staffordshire road scheme which will provide access to a new £160 million retail development, McArthurGlen Designer Outlet and improve traffic flow on the surrounding roads. McArthurGlen has committed £15million to the improvement scheme, taking place at Churchbridge and the A460 Eastern Way in Cannock. Once open, it will create 1,000 new retail jobs, supporting around £20 million of employment income for the local economy annually. The centre will also attract more visitors into Cannock, growing local tourism spend by more than £3 million every year. The county council and development partner Amey are carrying out the road infrastructure works.

17. Delivery of the Infrastructure Plus contract continues to progress well. Spend and delivery across routine and capital maintenance programmes is excellent and winter service operations are highly effective, responding at short notice to changing conditions. Approximately 74,200km of carriageway have been treated so far this winter season (up to 21st January 2019).

18. Average wage levels in Staffordshire continued to increase in 2018. The median annual earnings (gross) for full-time workers was £28,407; an increase of £614 (2.2%) compared with 2017. Staffordshire's average wage levels are above the West Midlands (£27,636) but below the national average (£29,869).

19. In Staffordshire there were 7,065 working age claimants in December 2018; this was an increase of 70 since November 2018. The proportion of Staffordshire's working age claimant count population has remained the same compared to the previous month (1.3%). The regional average has increased, whereas nationally it has also remained static. Claimant rates in Staffordshire remain lower than both the regional (3.0%) and national (2.3%) averages. In December 2018, Staffordshire had the lowest claimant count rate of all the West Midlands Strategic Authorities.

20. In 2017/18 there were 6,870 apprenticeship starts in Staffordshire (for learners of all ages), which is a 29% reduction compared with 2016/17. A 24% reduction has been recorded nationally. This is the first full year of statistics since the introduction of the apprenticeship levy in May 2017, which led to an immediate falling-off of starts[1]. Despite the overall reduction in apprenticeship starts in Staffordshire, there has been a 51% increase in the highest level of apprenticeships compared with a 32% increase nationally. This increase can partially be attributed to the role of the Advanced Manufacturing and Engineering (AME) Hub. The AME Hub is a network of colleges, private training providers and sector bodies under the umbrella of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (LEP).

21. Families and Communities

22. There is a forecast Families and Communities overspend of £1.174m (0.8%). This is mainly attributed to the Children's Services forecast overspend of £2.208m, an increase of £0.247m since Quarter 2.

23. In December 2018, there were 1,130 Looked after Children (LAC), a rate of approximately 67 per 10,000. The latest national comparator is from March 2018, at which point Staffordshire had a LAC rate of 65 per 10,000 which was slightly higher than the national rate of 64, but lower than the West Midlands rate of 78. In terms of the financial position, the previously reported overspend on independent sector placements, in external residential homes and with independent fostering agencies has remained broadly the same with a forecast overspend of £2.8m. The service has sought to identify opportunities to mitigate and reduce demand and placement price pressures with a number of initiatives being pursued. However, it is anticipated that additional costs and potential savings arising from these initiatives will impact from 2019/20 and future years.

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[1] FEWEEK - https://feweek.co.uk/2018/12/06/breaking-final-apprenticeship-figures-for-last-year/

24. The number of children subject of a Child Protection Plan increased in December 2018 to 766 (a rate of 45 per 10,000). The latest national comparator is from March 2018, at which point Staffordshire had a CPP rate of 38 per 10,000 which was lower than the national rate of 45.

25. Staffordshire County Council has launched a new campaign to target a particular shortage of foster carers for teenagers. The campaign is looking for 'resilience foster carers'. These are people with experience in dealing with teenagers with emotional and behavioural difficulties and could include residential care workers, ex-police, prison officers or people who work in similar professions. Resilience fostering is a unique opportunity where carers provide long term, family-based placements to these young people aged 8-18 years who are moving out of residential care.

26. There was a review in Quarter 3 of the delivery of Special Education Needs and Disability (SEND) in the county that is commissioned and delivered by the county council and schools with support of the Staffordshire NHS Clinical Commissioning Groups (CCGs). A joint report by Ofsted and the Care Quality Commission identified a number of areas to be improved, including better coordination and delivery across services; sharing good and effective work across the county; more support for children using Pupil Referral Units; improving pupils' academic results; returning pupils with SEND to mainstream education. Parents, schools, MPs and user groups in the county were consulted before Christmas as to how they would like to see Staffordshire's SEND provision develop and their responses are being collated and will form part of the plan to address the issues.

27. A new 'Trailblazer' project is being formed in North Staffordshire and Stoke-on-Trent to help transform mental health for young people. The pioneering scheme will improve mental health in schools by increasing the support that is available by December 2019. One in nine young people aged five to 15 are thought to have a mental health condition and teenagers with a mental health disorder are far more likely to suffer from mental health problems as an adult. Approximately £2 million will provide over 25 new posts to form 4 brand new mental health support teams of children's mental health specialists and trainees to work in schools across Stoke-on-Trent and North Staffordshire. It will also provide extra funding and additional staff to cut children's mental health waiting times to 4 weeks from referral to treatment for all children. As a result of this, North Staffordshire and Stoke-on-Trent are among 29 national trailblazers for the transforming children's and young people's mental health programme.

28. There has been a range of activity in relation to Staffordshire Libraries during Quarter 3. Lichfield Library successfully relocated from The Friary to St Mary's in December 2018, resulting in a significant increase in visits and new members. Following a successful procurement process, five organisations have been awarded the contracts to manage and deliver the statutory library service at Cheslyn Hay, Cheadle, Penkridge, Clayton and Eccleshall; this will increase the number of Community Managed Libraries within Staffordshire to 27 during 2019. Under the agreements community groups deliver the statutory library service and have access to the county's stock and IT network, with support and guidance from officers, while the council remains responsible for agreed utility and maintenance costs.

29. Validated Key Stage 4 results for 2018 show that Staffordshire's educational performance is below the national average for those key attainment measures. Attainment 8 is a measure of a pupil's average score across a set of eight subjects. Staffordshire's Attainment 8 score is 44.6, compared to the national score of 46.5 (for State-Funded schools). There is a new Education

and Skills Strategy in development which is a partnership framework for Staffordshire's education and skills providers, partners and stakeholders. This was consulted on during Quarter 3 with results being used to finalise the strategy, leading to improvements in educational outcomes for children and young people in Staffordshire.

30. Corporate Health

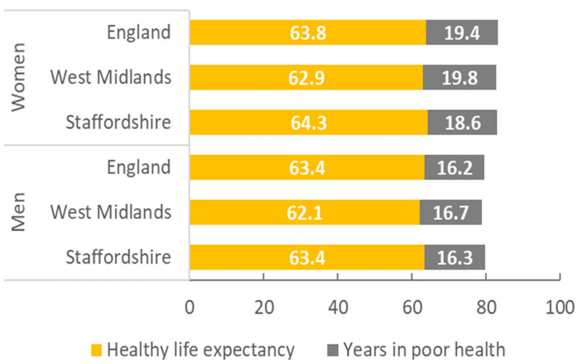
31. There has been a reduction in overall Staffordshire County Council sickness absence during the calendar year 2018 (an average of 10.57 days lost) compared with 2017 (10.85 days) due to a reduction in long term sickness absence. Long term absence has decreased by 4% in 2018 compared to 2017, with significant decreases in the two main causes of absence; musculoskeletal and psychological absence. Musculoskeletal absence has decreased by 10% and Psychological absence by 6.5%. Improved use of the available wellbeing support is assisting employees to remain in and return to work. In October 2018, the MindKind campaign was launched which aims to improve awareness around mental health and the importance of understanding the simple steps that employees can all take to look after their mental and physical wellbeing, as well as the benefits and importance of seeking help early. The MindKind campaign along with the introduction of Mental Health First Aiders, mental health awareness training and videos, line manager training, and breaking down the stigma attached to mental health should help sustain and capitalise on these long-term absence reductions.

32. Staffordshire County Council's enablers, as set out in the Strategic Plan, describe how the county council needs to transform to deliver against its ambitions for Staffordshire, whilst recognising the increasing financial challenges. A Corporate Change Programme (Enablers programme) is in development for the 2019/20 Delivery Plan and will be managed as a portfolio of work incorporating the four enablers; Digital, People Helping People, Networks and People Strategy.

33. Outcomes Performance – Quarter 3 Data Releases

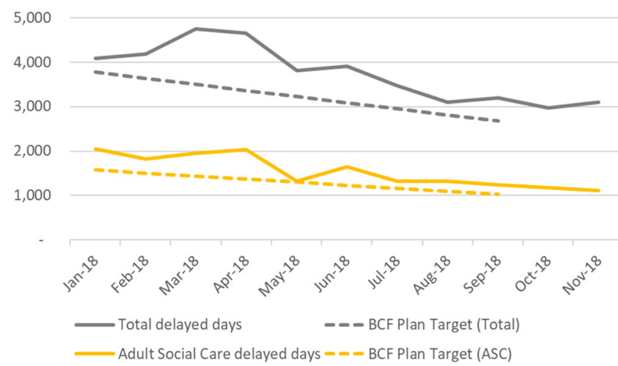
Health and Care

Healthy Life Expectancy, 2015-2017



Source: Office for National Statistics (ONS)

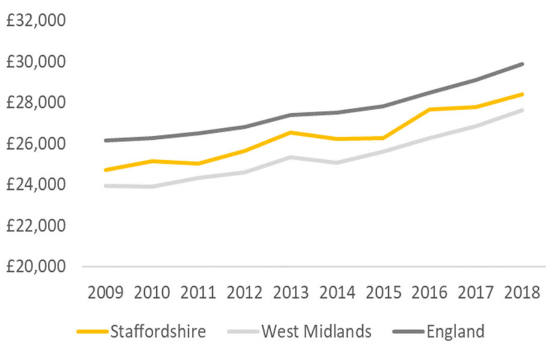
Delayed Transfers of Care, Jan-18 – Nov-18



Source: Delayed Transfers of Care monthly statistics, NHS England

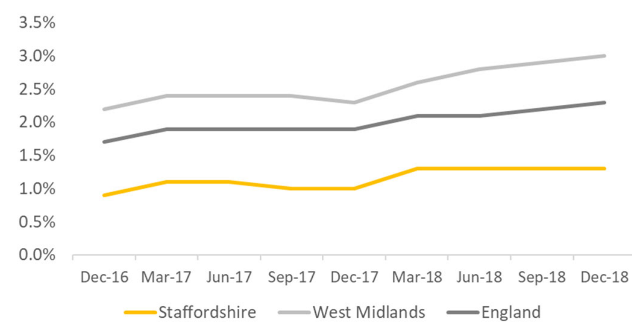
Economy, infrastructure and Skills

Average Wage Levels, 2009 – 2018



Source: Median annual earnings (gross) for full-time workers - Annual Survey of Hours and Earnings

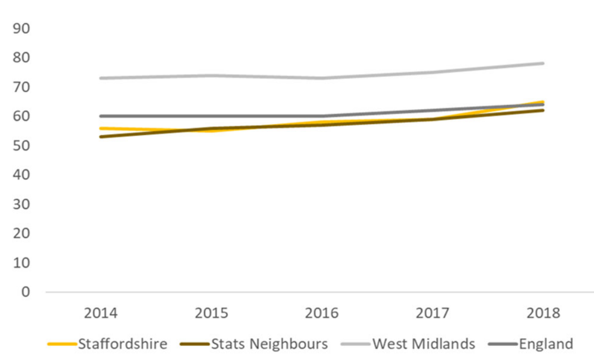
Claimant Count, Dec-16 – Dec-18



Source: Office for National Statistics (ONS)

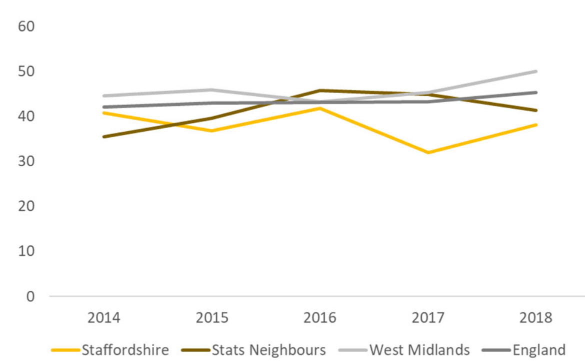
Families and Communities

Looked after Children (rate per 10,000), 2014 – 2018



Source: Local Authority Interactive Tool (LAIT)

Children subject of a Child Protection Plan (rate per 10,000), 2014-2018



Source: Local Authority Interactive Tool (LAIT)

Key Stage 4 – Attainment 8 Score

Please note: Since there has been a slight change in methodology in the calculation of Attainment 8, comparisons to 2016 scores are not possible. England figures are for State-funded schools only.

Source: Department for Education (DfE)

Appendices

Finance Appendices –

1. Finance Quarter 3 Detailed Report
2. Corporate Checklist
3. Revenue Forecast Outturn 2018/19
4. Capital Forecast Outturn 2018/19
5. Financial Health Indicators 2018/19

Introduction

Revenue Forecast

1. The latest revenue forecast outturn (as provided in appendix 3) shows a forecast underspend of £0.997m (0.2%), compared to the forecast underspend of £1.578m (0.3%) at quarter 2. The forecast outturn is shown assuming the carry forward request from Heath & Care is approved and that an agreed contribution to the Exit & Implementation/Transition Fund (£3m) is made which has been approved as part of the Medium Term Financial Strategy. The actual sums transferred are subject to the final outturn position.

2. At quarter 1, it was agreed that £2.160m of contingency would be used to support Children's Services. This reduces the centrally held contingency from £3.5m to £1.340m.

3. As a first step to providing short term funding to help with the first two years of the MTFS, Cabinet considered that it would be prudent to start to identify savings in the current financial year which can be carried forward to 2019/20. It was therefore decided that a spending controls exercise, similar to that adopted in 2016/17, commence with immediate effect in 2018/19.

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

5. Health and Care — Forecast saving £2.014m (0.9%)

6. *Adults Social Care and Safeguarding — Forecast saving £0.707m (1.8%)*

7. The forecast saving of £53,000 at quarter 2 has now increased to a saving of £0.707m.

8. There is a continued forecast overspend of £0.1m for Medical Health assessments which had previously been paid for by Clinical Commissioning Groups (CCG's).

9. Staffing related efficiencies through management of vacant posts and reduced use of agency staff have resulted in additional savings of £0.635m since the quarter 2 report, £0.827m in total.

10. At quarter 2 we reported on the Transforming Care Partnership: Staffordshire County Council continues to work together with CCG's to support the discharges of people from specialist hospital to community-based settings. There is still a funding risk to this because National Health Service England (NHSE) reduced the amount of money that will accompany each individual to fund their community care. As a result, patients may be discharged without sufficient funding to cover the community-based provision. This will place financial pressure on CCG's. Currently SCC would not share any of this liability, however, we continue to monitor the financial risk of any changes to the Transforming Care Partnership.

11. *Care Commissioning* *Forecast saving £1.307m (0.7%)*

12. The forecast overspend of £0.942m reported at quarter 2 has now changed to a forecast saving of £1.307m.

13. Receipt of Winter Funding of £3.542m is going to support: additional investment of £1.150m to boost capacity in home care and similar services; £0.250m to transfer services from Allied Healthcare to new providers; £0.342m for additional capacity to support processes to find the most appropriate care for people in a timely way; and the remainder towards meeting the cost of Care Home placements and additional capacity requirements in the south of the County, alongside agreed iBCF funding of £0.365m. Residential care prices are no longer increasing, but do remain overspent. There remains a continuing trend for the cost of new placements to be higher than for existing placements for nursing. The additional total cost of price rises included in this forecast is £9.250m.

14. Actions carried out to partially mitigate the forecast overspend include block booking beds at a lower cost per bed and reform to the pathway to support the Dynamic Purchasing System (DPS). A more robust application of the councils Cost Effective Care and Support guidance is key action and is progressing. In the medium and longer term, direct intervention in the market is being considered to increase supply. However, managing the escalating prices in the provider market and developing cost effective alternative quickly will be extremely difficult. The associated cost reduction measures outlined above are not without a high level of risk.

15. The implementation of the DPS in 2017/18 was expected to deliver lower Care Home placement costs. The rising trend in prices has offset this saving and therefore MTFS saving of £0.5m for 2018/19 will not be achieved.

16. In terms of Delayed Transfers of Care (DToC), discharges from hospital into residential and nursing care have contributed to the cost pressure in these services. This has been offset in part by the £1m set aside in the MTFS to fund cost pressures arising from activity to reduce DToC. On top of this we have agreed funding from iBCF of £0.650m towards existing and new home care health tasks.

17. The number of older people receiving community services, primarily from SCC directly commissioned home care, has reduced resulting in a forecast saving of £0.865m. This has reduced since quarter 2 due to a recent increase in the number and cost of Home Care packages.

18. Physical Disability services are forecast to save £1.1m as a result of a reduction in a small number of high cost packages. There is a risk that this could be offset by new clients transitioning into the service.

19. The forecast saving for equipment related spend has reduced from £0.183m at quarter 2 to £32,000. Telecare and Equipment Maintenance are forecast to overspend further due to a delay in implementing the new model for service delivery. This is offset by reduced spending on adaptations (as items over £1,000 are now funded by the District Councils) and a forecast saving of £0.1m for the Integrated Community Equipment Service (ICES) section 75 arrangement based on activity to date and reduced spend on assistance technology following the announcement of in year spending controls.

20. Respite is forecast to save £0.304m due to better utilisation of block booking of beds.

21. As reported at quarter 2, the MTFS saving for the closure of Lichfield day centre has been delayed and as a result there is a forecast overspend of £0.2m; the South Staffordshire Connect Contract ceased at the end of the last financial year, resulting in a saving of £0.193m, the loss of section 256 Health income is not as high as expected when setting the budget resulting in an improved position of £0.224m; Advice and Information services are

forecast to save £0.198m because of lower than expected activity levels; and the cost of the Provider Improvement Response Team, amounting to £0.120m is now being bet from BCF monies following agreement with CCG's.

22. Prisoners related care activities are forecast to save £0.292m, £25,000 more than quarter 2, due to a combination of lower care costs and fewer assessments than expected.

23. Learning Disability package reviews are taking place but overall the cost of packages have not significantly changed and as a result MTFS savings are being offset against the demographic budget. This position will continue to be monitored as we enter the final quarter of the year as there is a risk that demographic or acuity pressures begin to materialise.

24. Spending controls and successful management of contracts has led to Learning Disability and Mental Health placements forecasting to save £1.297m. This is an improvement from quarter 2 when a break-even position was reported. The saving is the result of Direct Payment clawbacks of £0.620m as citizens have transitioned to new prepayment cards, contract reductions of £0.427m and reduced costs of £0.250m for Mental Health & Learning Disability service provisions. Further savings may be realised by quarter 4 if there is lower new demand for services than expected.

25. On top of this, the financial position has improved as a result of Client Contributions – now forecasting to be higher than originally planned by £2.245m as a direct impact of increased placement costs. This is an increase of £0.377m since quarter 2. There is a forecast saving of the Care Act budget of £0.2m as a result of a reduced contribution to the Staffordshire Adult Safeguarding Board, lower than expected legal costs across Health & Care and some small contract savings.

26. Other savings of £0.492m are due to vacant posts and a range of other savings following the implementation of spending controls.

27. **Families and Communities** **Forecast overspend £1.174m (0.8%)**

28. *Children's Services* *Forecast overspend £2.208m (1.9%)*

29. The forecast overspend has increased since quarter 2 by £0.247m.

30. The forecast saving on staff budgets is £4.5m. This is partially offset by an increasing use of agency staff to cover the high level of vacancies for social work staff, particularly in Safeguarding and Case Management teams. This has resulted in a forecast spend of £3.6m which is an increase of £0.3m from quarter 2. The increase in agency staff expenditure has been partly offset by an increase in the forecast level of income for unaccompanied asylum seekers and parental fines relating to unauthorised school absences. The service is continuing to look at strategies designed to progress the recruitment of social workers in a permanent capacity, which should help address the current high level of vacancies across the service. Contingency of £0.660m was approved at quarter 1 to support these strategies. Due to high levels of vacancies the contingency is now not expected to be spent with the overall forecast saving on all other employee budgets at £0.24m.

31. Overall, Looked After Children's numbers have remained relatively stable over the past few months with the December total at 1,130 compared to 1,119 in June. The previously reported overspend on independent sector placements, in external residential homes and with independent fostering agencies has therefore remained broadly the same with a forecast overspend of £2.8m. The service has sought to identify opportunities to mitigate and reduce demand and placement price pressures with a number of initiatives being pursued. However, it is anticipated that additional costs and potential savings arising from these initiatives will impact from 2019/20 and future years.

32. *Education Services* *Forecast saving £1.130m (8.8%)*

33. The forecast saving has reduced by £50,000 since the quarter 2 report. This is due to further variances within the Facilities Management Services contract and further savings on education services relating to recent vacancies. There is an undelivered MTFS saving of £0.250m relating to the SEND Assessment Team.

34. The High Needs Block is currently forecast to have a net overspend of £6.6m. Therefore, the DSG reserve is currently expected to be in deficit at the end of the financial year. This will mean County Council earmarked reserves will be required to offset this deficit. The overspend position

includes delivering £0.512m of the £0.8m mitigating options as presented to Schools Forum on 18th October and an additional allocation to the High Needs Block from the Department of Education of £1.8m announced on 17th December. Although options have been identified, the growth in numbers accessing the service continues, so the full impact of any mitigating actions may be lower than anticipated. There are proposals to manage the increase in demand through the SEND Transformation programme.

35. At quarter 2 the reported position for SEND transport was break-even, however any potential contract increases for the new academic year would not be known until after October. This exercise has now been completed and the current forecast remains break-even although there is a risk of additional costs arising from appeals for SEND transport and potential further requests for transport as we go through the end of the financial year.

36. School pensions costs continue to forecast a saving of £0.5m as on-going costs in this service are reducing.

37. Provision for the re-imbursement of payments made on Facilities Management services has result in a one-off benefit in 2018/19 of £0.680m.

38. Licenced deficits for schools are increasing in number and value. 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 Great Wyrley High School where the liability could be up to £0.8m. These costs are being met from the DSG reserve.

39. *Culture & Communities* *Forecast overspend £96,000 (1.6%)*

40. Archives is only able to partially deliver its £0.157m MTFS saving due to the service recently being unsuccessful in its Staffordshire History Centre Lottery Fund funding bid, resulting in additional archiving costs which along with a delay in consultation is preventing the implementation of a new ‘single site’ staffing model. Current vacancy and spending controls have partially offset some of the overspend resulting in a reduced forecast overspend of £63,000.

41. Redundancy payments in the Arts Service of £0.115m are being offset by a corresponding managed saving in the Libraries budget.

42. The Shugborough budget is forecast to overspend by £67,000 as it is currently unable to fully deliver MTFS saving of £45,000 due to an

overspend for historic utility bills, paying lease charges earlier than originally planned and for the relocation of the County Museum collections to new storage facilities. To partially offset these overspends, vacancy and spending controls have delivered savings of £54,000.

43. Economy, Infrastructure and Skills Forecast saving £3.683m (5.7%)

44. *Business and Enterprise Forecast saving £64,000 (4.5%)*

45. The forecast saving has increased by £5,000 since the quarter 2 position. The forecast saving is due to early achievement of the Enterprise Centres MTFS saving. The Burton Centre has now closed. There is also continued freezing of vacant posts and lower than previously forecast maintenance expenditure of County Farms.

46. *Infrastructure and Highways Forecast saving £0.240m (0.9%)*

47. The forecast position is a saving of £0.240m, a change from the previous break-even position. A saving of £0.445m is forecast in the Community Infrastructure area which is largely due to one-off salary savings across the area due to vacant posts. This is being used to offset a forecast overspend of £0.299m in the Developments and Improvements area which reflects the pressure on the team to meet statutory planning requirements with the expansion of housing developments. There are also additional one-off salary savings within the Strategic Asset and Network Management area and an improved position within the lab which are being utilised to fund the cost of additional works on the network.

48. *Transport, Connectivity and Waste Forecast saving £3.048m (7.8%)*

49. The forecast saving for the Transport area is £0.788m, a small decrease from the position at quarter 2. There has been movement within individual budget areas with concessionary fare spend now forecasting a modest £26,000 saving, although the final position will be dependent on a decision to be made later by the Department for Transport. With the September 2018 mainstream school adjustments now complete and continued robust network and contract management on both the home to school mainstream and supported bus contracts, there is an overall forecast saving of £0.495m, which includes the impact of holding vacant posts as part of the spending controls.

50. The forecast saving for the Waste and Sustainability area is £2.260m, an increase of £1.010m since the quarter 2 report.

51. As previously reported, the saving is attributable to a number of one-off in year impacts. The primary reason for the increase in forecast saving is due to the finalisation of the 2018/19 Energy from Waste Four Ashes contract which will see a one-off trade waste payment in favour of the County Council.

52. In additional, there has been further savings achieved through continued robust contract management resulting in increased income generation and reduced costs, plus the introduction of spending and vacancy management controls within the Sustainability & Waste Business Unit.

53. *Skills* *Forecast saving £81,000 (3.1%)*

54. The forecast saving is due to an early achievement of the IAG Entrust MTFS saving for 2019/20

55. There is a forecast overspend of £0.3m in the Post 16 top-ups and Further Education Placement areas. This is funded by the Dedicated Schools Grant.

56. *EI&S Business Support* *Forecast saving £0.250m (22.0%)*

57. The forecast saving is a £75,000 increase from the position at quarter 2. This forecast is due to the ongoing spending freeze which has meant spend is forecast to be lower across a number of budget headings including training.

58. Finance and Resources **Forecast saving £0.873m (4.3%)**

59. The forecast saving has decreased from the £0.977m reported at quarter 2, due to updated costs relating to E payments and other digital initiatives. The overall saving is a result of the impact of spending controls, and vacant posts in the Commercial Unit, Strategic Property, Adults & Children's Financial Services, Audit and ICT. Additional forecast savings have also been identified in ICT on contract payments.

60. Strategy Governance and Change Forecast saving £0.201m (1.1%)

61. The forecast saving is an increase from the £0.158m forecast at quarter 2. The increase is mainly due to the on-going impact of spending controls. Overall the impact of spending controls and vacant posts, particularly in Organisational Development, Executive Support and Transformation Support Unit is the main reason for the forecast saving. An MTFS saving relating to the introduction of the Annual leave purchase scheme of £0.180m will not be delivered due to delays in implementation, however this is offset by savings from early repayment of redundancy loans and actuarial strain.

62. **Centrally Controlled**

63. There is a forecast saving of £0.4m, this is due to savings across numerous areas on central accommodations offset by additional costs on the property rationalisation programme. There are also savings on planned maintenance and day to day maintenance as part of the spending controls.

Capital Forecast

64. Appendix 4 compares the latest capital forecast outturn of £137.8m, a decrease from the quarter 2 position of £149.2m. The key reasons for this decrease of £11.4m are set out in the following paragraphs.

65. Health and Care Forecast spend £3.461m

66. The forecast spend has decreased by £25,000 since quarter 2, this is due to the reprofiling of Care Director spend into 2019/20 of £0.398m, offset by an increase in the cost of land for Dementia Centre of Excellence at Lichfield by £0.373m.

67. Families and Communities Forecast spend £41.942m

68. *Maintained Schools Forecast Spend £32.616m*

69. The forecast spend has decreased by £13.021m since quarter 2. This is mainly due to the rephasing of £14m of unallocated basic needs funding into 2019/20 as a result of delays in development of new build projects and additional increases across a number of schemes.

70. Economy, Infrastructure and Skills — Forecast spend £86.018m

71. *Economic Planning & Future Prosperity — Forecast spend £21.345m*

72. The forecast spend has decreased by £0.205m since quarter 2. This slight decrease is largely due to slippage on the Superfast Broadband scheme, whereby BT have not hit their target number of homes passed. This is not a local issue, and BT are working hard to address this and plan to over achieve their target for future quarters.

73. *Highways Schemes — Forecast spend £62.857m*

74. The forecast spend has increased by £1.633m since quarter 2. This is due to a number of reasons:

75. The forecast for Major schemes has decreased by £1.556m which is due to the re-profiling of the Lichfield Southern Bypass scheme, the spend due to happen in 2019/20.

76. The Maintenance and Integrated Transport schemes forecast has increased by £2.448m, this is largely due to the implementation of new schemes because of the additional Department for Transport allocation. This includes £1m for additional surface dressing preparation and £1.6m for feasibility studies for hot spot patching, additional drainage exploration and bringing forward carriage way scheme spend previously forecast for 2019/20.

77. The Other Highways Schemes and Developer funded schemes have increased by £0.741m, mainly due to an increase forecast spend on a number of smaller developer schemes.

78. Finance and Resources & ICT — Forecast spend £1.285m

79. The forecast spend has increased by £73,000 since quarter 2, this is due to 50 new WIFI points to support Adults agile working, and additional costs relating to Private Sector Network installation and printer refresh projects.

80. Property **Forecast spend £2.765m**

81. The forecast spend has reduced by £0.173m since quarter 2, this is due to reduction in forecast spend on Asset Renewal of £0.585m, offset by the introduction of three new schemes – SP2 to SP1 relocation (£0.1m), Districts Property Rationalisation (£0.250m) and Greenwood House Development (£50,000).

82. County Fleet Care **Forecast spend £2.114m**

83. The forecast spend has increased by £0.8m since quarter 2 due to the purchase of 10 new welfare "Treka Buses" by social care.

84. Capital Receipts

85. In accordance with the county council's flexible use of capital receipts policy, a target to deliver £30m of capital receipts during the two year period ending 31st March 2019 was set in order to support transition revenue spend and deliver on-going efficiency savings. A total of £26.5m has actually been received at the end of December 2018, against the target of £30m. There are a further 7 sites currently in the sales process which we are confident will be received by 31st March 2019 and which will consequentially ensure we deliver the original target. There are also 3 additional sites which may be completed and if these are received by the end of this financial year we will over achieve the target by approximately £2m.

86. Whilst we remain confident that we will meet the target by 31st March 2019, should some of the sales slip into the first few months of 2019/20 we can deal with the temporary shortfall in 2018/19 through the normal year end capital financing arrangements.

87. Financial Health

88. Appendix 5 provides a forecast outturn performance against the key Financial Health Indicators approved as part of the 2018/19 budget setting process.

89. There have been 90.7% of invoices were paid within 30 days at the end of quarter 3, hitting the financial health indicator target.

90. The estimated level of outstanding sundry debt over 6 months old is £12.851m, this exceeds the revised target of £5m by £7.851m. This is an increase of £3.931m since quarter 2. The debt recovery process involves chasing by a range of methods with the eventual escalation to the external collection agent or to Legal for the possibility of a court decision to recover the debt.

91. The debt is analysed into categories as below -

Debtor Type	30/09/2018 £m	31/12/2018 £m	Inc. / (Dec.) £m
Health Bodies & CCGs	1.519	4.170	2.651
Other Govt. and Public Bodies	0.656	0.887	0.231
Other General Debtors (Individuals & Commercial)	6.745	7.794	1.049
TOTAL	8.920	12.851	3.931

Appendix 2 – Corporate Checklist

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

Legal implications:
There are no legal implications arising from this report.

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

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

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

Health Impact Assessment and Community Impact Assessment screening:
Not required for this report.

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Appendix 3

Revenue Forecast Outturn 2018/19

	Revised Budget Qtr 3 £m	Forecast Outturn £m	Carry Forward Request £m	Variation £m
Health and Care				
Public Health & Prevention	0.000	0.000		0.000
Adult Social Care & Safeguarding	39.977	39.270	0.700	(0.007)
Care Commissioning	176.479	175.172	1.300	(0.007)
Specific Grant Allocation	(1.385)	(1.385)		0.000
Health and Care Total	**215.071**	**213.057**	**2.000**	**(0.014)**
Families and Communities				
Children's Services	114.822	117.030		2.208
Children's Public Health	0.000	0.000		0.000
Education Services	12.782	11.652		(1.130)
Culture and Communities	5.894	5.990		0.096
Rural	2.155	2.155		0.000
Community Safety	8.704	8.704		0.000
Specific Grant Allocation	(6.222)	(6.222)		0.000
Families and Communities Total	**138.135**	**139.309**	**0.000**	**1.174**
Economy, Infrastructure and Skills				
Business & Enterprise	1.423	1.359		(0.064)
Infrastructure & Highways	26.577	26.337		(0.240)
Transport, Connectivity & Waste	39.217	36.169		(3.048)
Skills	2.620	2.539		(0.081)
EI&S Business Support	1.134	0.884		(0.250)
Specific Grant Allocation	(6.480)	(6.480)		0.000
Economy, Infrastructure and Skills Total	**64.491**	**60.808**	**0.000**	**(3.683)**
Finance and Resources Total	**20.151**	**19.278**	**0.000**	**(0.873)**
Strategy, Governance and Change Total	**18.412**	**18.211**	**0.000**	**(0.201)**
Traded Services	**(0.436)**	**(0.436)**	**0.000**	**0.000**
TOTAL PORTFOLIO BUDGETS	**455.824**	**450.227**	**2.000**	**(3.597)**
Centrally Controlled Items				
Interest on Balances & Debt Charges	35.323	35.323		0.000
Pooled Buildings and Insurances	12.970	12.570		(0.400)
MTFS Transition Fund	0.000	3.000		3.000
Trading Services Reserves	0.000	0.000		0.000
Contingency Position	1.340	1.340		0.000
TOTAL FORECAST OVERSPEND	**505.457**	**502.460**	**2.000**	**(0.997)**

Appendix 4

CAPITAL PROGRAMME 2018/19

	2nd Quarter Budget £m	Enhancements to Programme £m	3rd Quarter Budget £m
Health and Care			
Care and Independence	3.486	(0.025)	3.461
Health and Care Total	**3.486**	**(0.025)**	**3.461**
Families and Communities			
Maintained Schools	45.637	(13.021)	32.616
Academy Conversion Residual	0.027	0.000	0.027
Rural County (Countryside)	0.230	0.065	0.295
Vulnerable Children's Projects	0.387	(0.323)	0.064
Tourism and Culture	9.202	(0.263)	8.939
Families and Communities Total	**55.483**	**(13.542)**	**41.941**
Economy, Infrastructure and Skills			
Economic Planning & Future Prosperity	21.550	(0.205)	21.345
Skills	1.760	0.000	1.760
Highways Schemes	61.224	1.633	62.857
Waste & Sustainability Projects	0.056	0.000	0.056
Economy, Infrastructure and Skills Total	**84.590**	**1.428**	**86.018**
Trading Services - County Fleet Care	1.314	0.800	2.114
Finance, Resources & ICT	1.212	0.073	1.285
Property	2.938	(0.173)	2.765
Corporate Leased Equipment	0.200	0.000	0.200
Total	**149.223**	**(11.439)**	**137.784**

Appendix 5

Financial Health Indicators 2018/19

Indicator	**Current Performance**
<u>Debtors</u> Level of outstanding general debtors more than 6 months old does not exceed £5m (Current Performance – £12.851m)	R
<u>Payments to suppliers</u> At least 90% of invoices have been paid within 30 days of us receiving them during the last quarter (Current Performance – 90.7%)	G
<u>Monitoring</u> Quarterly financial monitoring reports have been issued to Cabinet during the last 12 months	G
The council's most recent revenue outturn forecast did not vary by more than +/-2% when compared to the overall revenue budget	G
Monthly monitoring reports of progress against MTFS savings have been produced for the Senior Leadership Team during the last 12 months	G

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