

COUNTY COUNCIL – 10 FEBRUARY 2011

Medium Term Financial Strategy 2011/16 and 2011/12 Budget and Council Tax

Recommendations of the Leader of the Council

1. I recommend that:

(a) The County Council approve the following:

- (i) a net revenue budget £492.590m for 2011/12;
- (ii) a 2011/12 revenue budget for services as set out in **Appendix 14** of the attached report;
- (iii) a contingency provision of £2m;
- (iv) a net contribution from reserves and balances of £12.607m for 2011/12;
- (v) a budget requirement of £479.983m for 2011/12;
- (vi) a Council Tax at **Band D of £1,028.81**, a zero per cent increase leading to a Council Tax for each category of dwelling as set out below:

Category of Dwelling	2011/12 £
Band A	685.87
Band B	800.19
Band C	914.50
Band D	1,028.81
Band E	1,257.43
Band F	1,486.06
Band G	1,714.68
Band H	2,057.62

- (vii) that, after allowing for the collection fund surplus, the amount to be raised through Council Tax be £296.169m for 2011/12, and that the Director of Finance and Resources 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;

- (viii) the capital programme set out in **Appendix 6** of the attached report;
 - (ix) the prudential indicators set out in **Appendix 11** of the attached report; and
 - (x) to note that the Authorised Limit for external debt determined for 2011/12 as detailed in **Appendix 11** referred to above will be the statutory limit determined under Section 3(1) of the Local Government Act 2003;
 - (xi) to approve the financial health indicators set out in **Appendix 13** of the attached report;
 - (xii) that we continue to develop the Strategic Plan and the Medium Term Financial Strategy (MTFS) on the basis of a Council Tax increase of 2.0% for the period 2012/13 to 2015/16 and that services continue to develop their medium term plans on the basis of the planning forecasts set out in **Appendix 14** of the attached report.
- (b) that the Director of Finance and Resources 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.

COUNTY COUNCIL – 10 FEBRUARY 2011

Report of the Director of Finance and Resources

Medium Term Financial Strategy 2011/16 and 2011/12 Budget and Council Tax

1. Introduction

- 1.1 I am pleased to be able to introduce the Medium Term Financial Strategy (MTFS) 2011/16 and the detailed 2011/12 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.
- 1.2 The county council has reviewed its outcomes and priorities to reflect both county-wide and national issues. The revised outcomes are as follows:
- Staffordshire's economy prospers and grows, together with the jobs, skills, qualifications and aspirations to support it;
 - Staffordshire is a place where people can live safely - increasingly free from crime, the causes of crime and the fear of crime;
 - In Staffordshire's communities vulnerable people are able to live independent and safe lives, supported where this is required;
 - Staffordshire's children and young people can get the best start in life and receive a good education so that they can make a positive contribution to their communities;
 - Staffordshire is a place where people live longer, healthier and fulfilling lives;
 - Staffordshire is a place where people can easily and safely access everyday facilities and activities through the highways and transport networks;
 - Staffordshire's communities enjoy a range of learning, recreational and cultural activities;
 - Staffordshire's people are involved in shaping the delivery of public services;
 - Staffordshire's communities are places where people and organisations proactively tackle climate change, gaining financial benefit and reducing carbon emissions.
- 1.3 In addition to the above, the county council is committed to ensuring that management and support services are provided in the most effective and efficient manner.

1.4 All planning arrangements are driven by the core values of the county council which are:

- Customer and citizen focus;
- Listening and responding to local needs;
- Encouraging personal responsibility while protecting those who need us;
- Prepared to be bold and to show leadership;
- Provide efficiency and economy through innovation.

1.5 The Strategic Plan requires an appropriate financial plan to make sure funding is available to deliver priority outcomes. For the county council the financial plan is the Medium Term Financial Strategy (MTFS). The aim of the financial planning framework is to identify opportunities to drive out savings whilst protecting vital services as identified in the Strategic Plan.

1.6 The planning framework used to develop the integrated Strategic Plan and MTFS involves a range of principles which are:

- Initiatives aimed at improving economic prosperity;
- Striking the right balance of responsibility between the individual and the county council to achieve a more sustainable future;
- Ensuring preventative measures are implemented to avoid more expensive longer term support;
- Putting families first to ensure closer, more integrated partnerships exist with all key players with an interest in families, which will lead to better targeting of services, better commissioning decisions and improved outcomes at a reduced cost;
- Maintaining current infrastructure whilst focusing on community priorities;
- Working in partnership with others to improve service delivery and reduce or share costs;
- Striving for equity & fairness in service delivery;
- Identifying efficiency through innovation;
- Constantly striving for maximum value for money; and
- Driving down the cost of back office and management functions.

1.7 The MTFS has been developed to ensure that the resource allocation and decision making process supports these priorities. In doing this the aim of the county council must be to set a good and balanced budget.

A **balanced** budget means that:

- Income equals expenditure;
- Savings targets and investment proposals are credible and achievable;
- Key assumptions are “stress tested”

A **good** budget also means that:

- It has a medium term focus, supporting the Strategic Plan;
- Resources are invested in support of priority outcomes;
- It is not driven by short term fixes;
- It demonstrates how the county council has listened to consultation;
- It is transparent and well scrutinised;
- It is integrated with the capital programme; and
- It maintains financial stability

1.8 In developing the MTFS Cabinet have listened carefully to a wide range of interested parties and stakeholders. Details regarding the results of the consultation are set out in section 6 of this report. Residents have repeatedly stated that they don't expect high tax increases and the proposals set out in this report clearly demonstrate that the Cabinet has delivered on its promise to keep Council Tax rises low.

1.9 The MTFS has been informed by rigorous feedback from the Assets and Budget Scrutiny Committee. Their comments together with Cabinet's response are set out in **Appendix 2**.

1.10 Uncertainties regarding future funding levels beyond 2012/13 and pressures arising from the current economic situation mean that the council must continue to deliver significant savings. As it currently stands, the MTFS is balanced over the next five years. However, the current shortfall in 2012/13 remains a concern and Cabinet and senior officers, through the Innovation and Efficiency Board will continue to work towards identifying options to address this funding gap as part of the continuing review of the MTFS.

1.11 It is in the light of all this that the budget and Council Tax recommendations should be judged. I believe that the proposals set out in this report represent a good and balanced budget and puts the council in a sound position to face the significant challenges ahead.

Summary

1.12 The MTFS and budget are simply the Strategic Plan and Outcome Delivery Plans of the council expressed in financial terms. The MTFS provides the financial framework within which the Strategic and Outcome Delivery Plans have been developed and refined over the past six months.

1.13 The headline figures are:-

- the county council's Formula Grant Allocation (FGA) for 2011/12 is £174.808m, a reduction of 12.6% compared to the equivalent figure for 2010/11;

- the county council's provisional Formula Grant Allocation (FGA) for 2012/13 is £160.187m, a further provisional reduction of 7.5%;
- a 2011/12 Budget Requirement of £479.983m;
- the budget includes a contingency provision of £2m;
- the 2011/12 revenue budget is supported by a net contribution of £12.607m from reserves and balances;
- a proposed 2011/12 Council Tax at Band D of £1,028.81, which is a zero per cent increase;
- the Council Tax base has risen by 0.8% to 287,875 (number of equivalent Band D properties);
- the county council's share of the estimated overall net surplus on the District/Borough Councils' Collection Funds is £1.648m, compared to £0.420m last year;
- the government's capital allocations for 2011/12 total £47.8m, which compares to the allocation in 2010/11 of £74.6m;
- after taking account of other resources available to support capital spending, the capital budget for 2011/12 is £119.857m including delegated budgets for schools. The budget includes £2.1m funding from capital receipts and £37.4m from borrowing. The five year capital programme involves over £400m of investment;
- the Strategic Plan and the MTFs will continue to be developed on the basis of a Council Tax increase of 2.0% for the period 2012/13 to 2015/16;
- the uncertain future economic climate makes planning more difficult. Although the MTFs is balanced overall, there is currently a £14.0m funding gap in 2012/13. There are also no published grant figures beyond 2012/13.

1.14 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 sections 11 and 16 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.

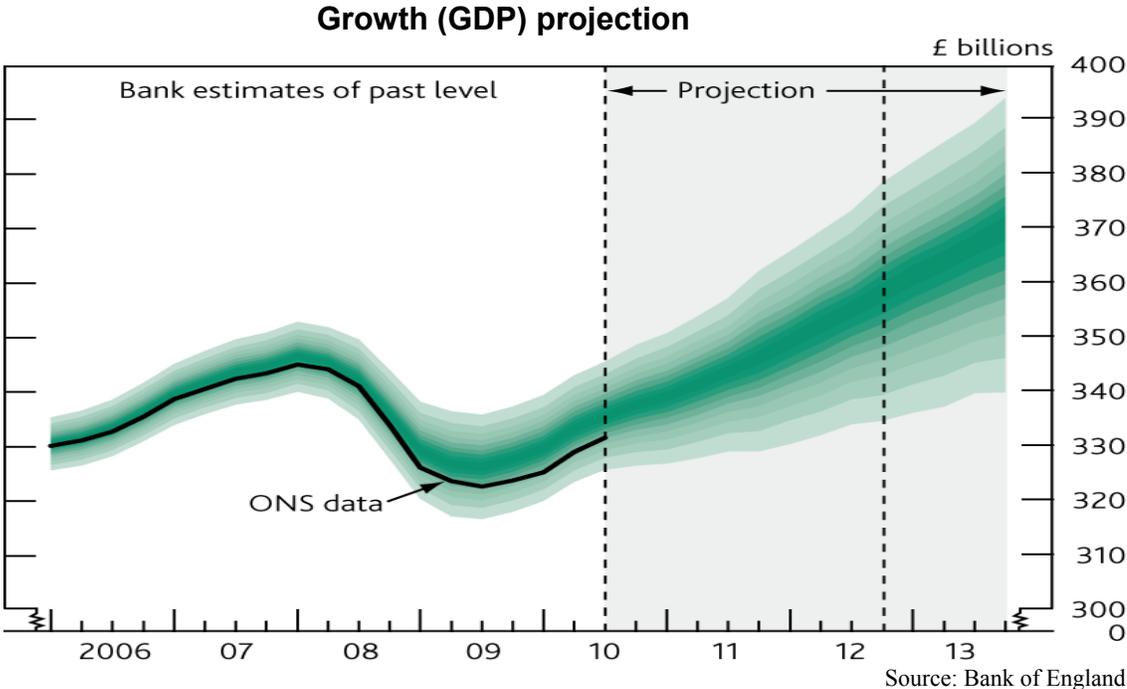
1.15 I would like to thank Cabinet, Scrutiny Members, the Senior and Wider Leadership Teams and colleagues throughout the county council for their help and support in developing the MTFS and 2011/12 budget.

2. Current Economic Climate

2.1 As part of developing the MTFS Cabinet have assessed the impact of the current economic climate. Part of this has involved consideration of the quarterly forecasts produced by the Bank of England which set out best estimates of inflation and other economic measures over the medium term. The next report is due to be published on 16 February 2011 but the overall assessment for the economy as a whole is not expected to differ significantly from that reported to Cabinet in January 2011.

2.2 Although the economy began to recover from the recent deep recession during 2010, the outlook for growth remains uncertain as evidenced by the estimated contraction in the economy for the final quarter of 2010. Since the fall in output during the recession was severe, it will take some time for matters to improve and these conditions are expected to prevail for the early period of the MTFS.

2.3 The following graph demonstrates economic growth (as measured by gross domestic product) and shows that the national position has declined dramatically and that it is not expected to grow beyond the pre-recession level until towards the end of 2011.



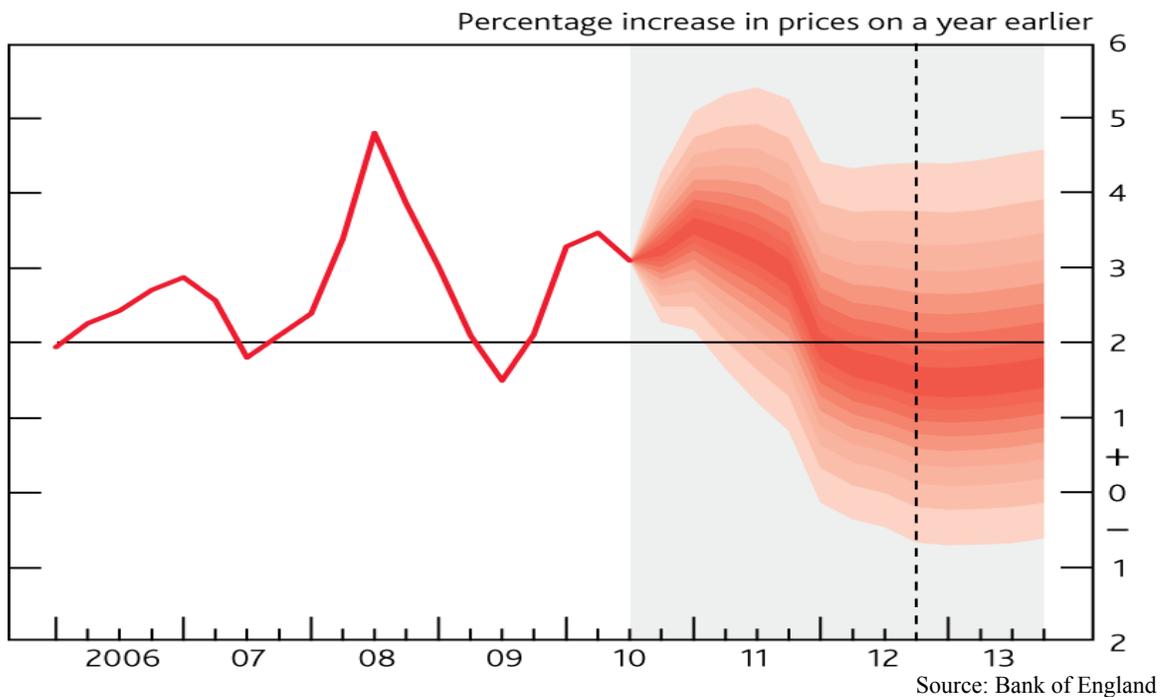
2.4 The impact of the recession is likely to be experienced for a significant period after GDP growth returns in terms of increased demand for county council services and also directly by the people and households that the county council serves.

Inflation

2.5 The Consumer Prices Index (CPI) is the government's preferred measure of inflation. However, CPI does not necessarily reflect the situation for the county council. Spending pressures such as increasing prices from independent sector markets and rising energy costs all have a significant impact on county council budgets which deviate from the CPI position.

2.6 Whilst it is an imperfect measure for the county council directly, it is possible to gauge the general trend of inflationary pressures from the CPI forecast. The Bank of England has reported that CPI inflation remained well above the 2% target. The latest CPI data published on 18 January 2011 reported a rise in CPI to 3.7%. Inflation is likely to stay above the 2% target throughout 2011 due to increased prices of commodities and other traded goods and also the increase of the standard rate VAT to 20% which took effect from January 2011. The chances of inflation being either above or below the target by the end of the forecast period are judged to be roughly equal. The Bank of England's forecast is shown in the following graph.

CPI Inflation Projection



Interest Rates

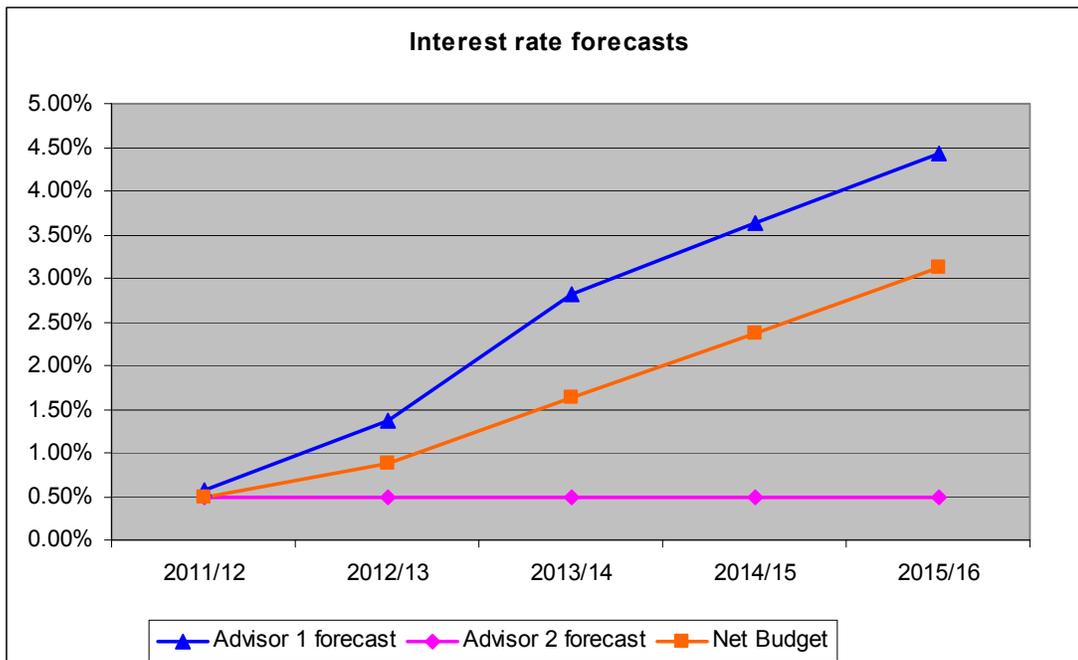
2.7 The economic outlook regarding interest rates also has an impact on the MTFS and is reflected in the capital financing budget. The capital financing budget is made up from three component parts as follows:

- the repayment of the principal on our debt;
- payment of interest on our debt outstanding; less
- receipt of interest earned on cash we hold.

2.8 The interest on debt remains fairly constant due to the long term nature of the county council's borrowing. The average rate for interest on debt is just below 5%.

2.9 The income receipts generated are dependant on the interest rates set by the Bank of England. Interest rates have remained at a historic low of 0.5% since March 2009 and although many expect that interest rates will increase in the future, exactly when and by how much is unknown. In January 2011 the Bank of England's Monetary Policy Committee announced its decision to hold the base rate at 0.5% for another month.

2.10 On current investments a 1% rise in interest rates generates £1.2m worth of gross income to the county council. The following graph reflects the interest rates assumed in the capital financing budget compared to forecasts produced by advisors. The graph illustrates that the county council is proposing to take a prudent approach to budgeting whilst not taking the worst case scenario.



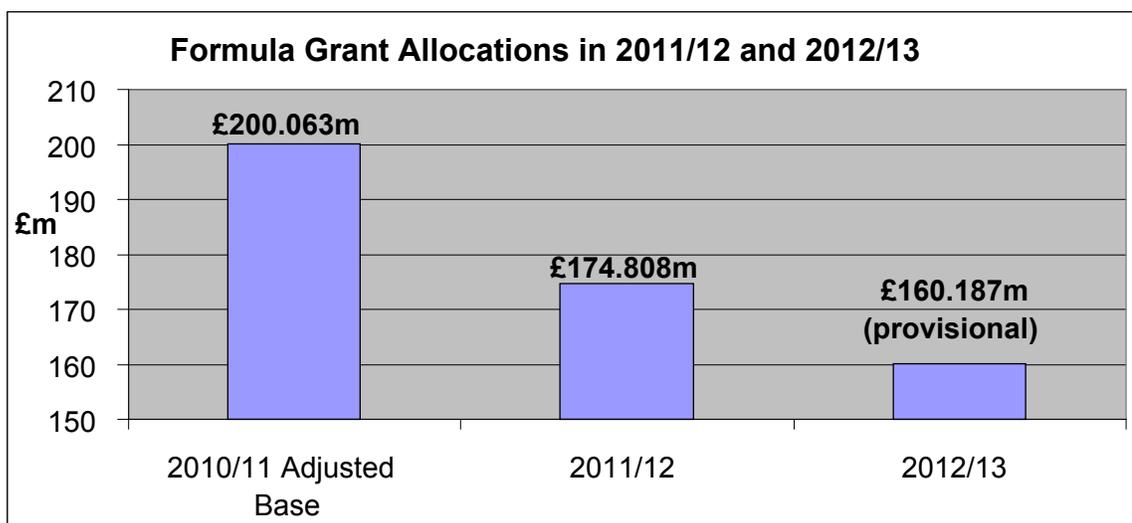
3. Local Government Finance Settlement and other funding announcements

National Settlement

- 3.1 The 2011/12 local government finance settlement was confirmed on 31 January 2011. It broadly confirmed the provisional figures for 2011/12 released in December 2010. Nationally Formula Grant reduces by 9.9% in 2011/12 and 7.3% in 2012/13. For the first time the government considered authorities “revenue spending power” and provided additional transitional funding for those authorities with a reduction greater than 8.8% in each of the two years.
- 3.2 The settlement detailed a large-scale reduction of the number of specific grant streams outside of the main Formula Grant from over 100 to around a dozen core grants. With the exceptions of the Dedicated Schools Grant and the new Public Health grant, ring-fencing has been removed. This simplifies the system of local government finance and gives authorities more control on how to spend the resources.
- 3.3 Area Based Grants have been eliminated with some of the resource transferring into the new specific grants, some into Formula Grant and some funding being removed altogether. For the grants transferring into Formula Grant, a hybrid distribution approach has been adopted. Some grants rely on the main formulae whereas others have been distributed through the mechanisms used for the previous specific grants.

Implications for Staffordshire County Council

- 3.4 Staffordshire’s Formula Grant allocation for 2011/12 has reduced by 12.6%. A further provisional reduction of 7.5% for 2012/13 was confirmed. These are cash reductions over the 2010/11 level of £25.255m and £39.876m respectively. Staffordshire’s revenue spending power, as calculated by the government, reduces by around 2% in each of the two years. The following graph shows the Formula Grant allocations.



- 3.5 This announcement marks the first year of a two-year settlement for local authorities. The 2012/13 grant allocations are expected to be confirmed in December 2011. Beyond 2012/13 there are no provisional grant allocations. Future years of the MTFs includes assumptions of reductions in Formula Grant levels of 0.9% and 5.6% for 2013/14 and 2014/15 respectively which follow the overall reductions for local government set out in the 2010 Spending Review. Since there are no published figures for 2015/16 onwards, the MTFs prudently assumes no change from the estimated 2014/15 levels of grant support.

Council Tax Freeze Grant

- 3.6 The Spending Review 2010 announced that a total of £650m would be provided to authorities who do not increase their Council Tax in 2011/12. The settlement confirmed that Staffordshire will receive a provisional grant of around £7.4m providing it freezes Council Tax. This represents 2.5% of our estimated 2011/12 tax base. The final allocation is expected to be slightly higher than this when the government takes into account the higher than expected growth in the local tax base.

Schools Funding Settlement

- 3.7 The coalition government has taken initial steps to simplify the school funding system from April 2011 by bringing a number of grants into the Dedicated Schools Grant (DSG) and giving schools more freedom over how the money is spent. The overall grant settlement for 2011/12 has been maintained at the same amount per pupil.
- 3.8 Additional funding through the new pupil premium has been introduced in an attempt to address the achievement gap between the poorest children and their less deprived peers. In order to maintain stability in school budgets, the government has maintained a Minimum Funding Guarantee at individual school level. This has been set at -1.5% which broadly means no school will have a cut in its budget of more than 1.5% per pupil, before any pupil premium is applied.
- 3.9 The final allocations for DSG and the pupil premium will be based on the January 2011 pupil counts, adjusted for amounts recouped for Academies. Longer term the government intends to reform the school funding system and make it more equitable, transparent and geared towards the disadvantaged, as described in the Education White Paper 'The Importance of Teaching'.

Adult Social Care funding

- 3.10 Unlike other services Adult Social Care funding has generally been protected in recognition by the government of the growing demands on the services. A number of former Adult Social Care Area Based Grants along with some core revenue grants have been transferred into Formula Grant. A new specific grant, the Learning Disability and Health Reform grant has also been created. This is to reflect the transfer of responsibility from Health to Social Care for the funding and commissioning of adults with learning disabilities.

- 3.11 The settlement included notification that Staffordshire's share of the NHS funding announced in the Spending Review will be around £9.5m in 2011/12 and £9.3m in 2012/13. This will be received as a specific but un-ring fenced grant. The county council is required to agree a plan with Primary Care Trusts (PCT) detailing how this money will be spent. In addition, for 2011/12 and 2012/13 £150m and £300m will be allocated to PCTs to promote better social care services for patients after they are discharged from hospital. Each PCT has been given a specific allocation but the government has not specified what proportion of this funding should be transferred to authorities and PCTs are expected to work with authorities to develop a plan to use the resources effectively.

Concessionary Travel

- 3.12 From 1 April 2011 the county council becomes responsible for administering the national concessionary travel scheme. The settlement takes account of this new responsibility through transferring the specific grant funding Staffordshire District/ Borough council's received along with a proportion of Formula Grant into upper-tier FGAs. This transfer of funds has though been subject to the same general grant reductions referred to in paragraph 3.4 above.

Proposed New Homes Bonus Scheme

- 3.13 The government recently consulted councils on a proposed new scheme to provide a financial incentive to encourage the delivery of sustainable housing development. Under the proposal authorities would receive grant for increasing their housing supply equal to the national average for the Council Tax band of each additional property (paid for a six year period). The consultation proposes that in two tier areas the money received will be split between the district authority and the county council on an 80:20 ratio in the districts favour, but that there should be flexibility on this at a local level. Due to the fact that the scheme is not yet finalised and could change, no estimate has been built into the MTFS at this stage.

4. Revenue Budget 2010/11

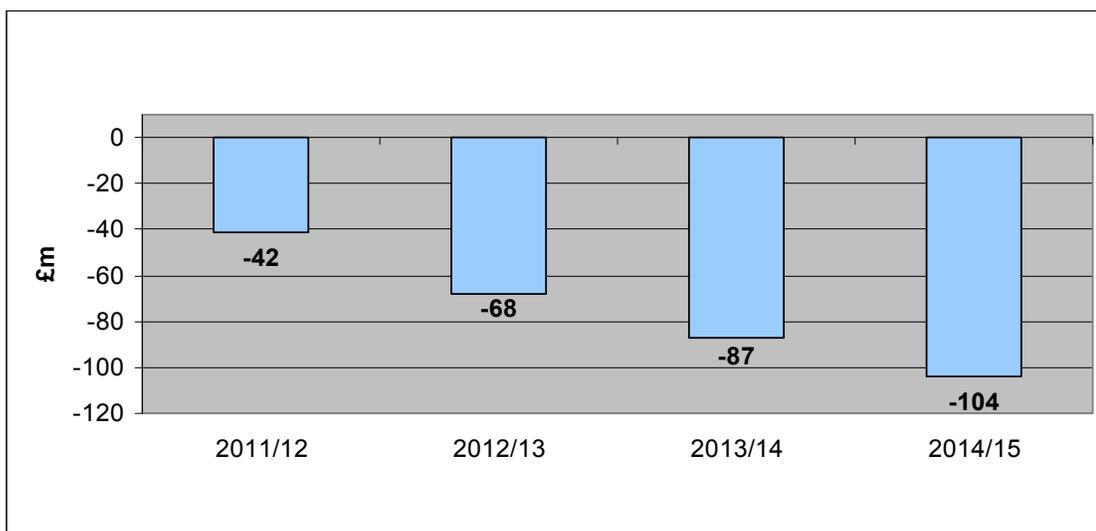
- 4.1 The latest service budget monitoring position reported to Cabinet forecasts a potential overspend of around £6m, mainly in respect of Adults Social Care. Options for addressing the resulting impact of the overspending on general balances are considered as part of the MTFS.

5. Shaping the MTFS

- 5.1 In developing the MTFS it was clear that the council was facing difficult and challenging times. The need to reduce the public sector deficit was a key issue for the new coalition government elected in May 2010. Evidence of this was the swift decision taken to make £6.2bn of in year spending cuts. As a result Staffordshire saw a reduction of funding equivalent to almost £8m part way through 2010/11.

- 5.2 On 22 June 2010 the new Chancellor of the Exchequer, George Osborne MP, presented the first coalition government Budget to Parliament. The budget contained a range of measures to accelerate the reduction in the structural deficit, achieving 77% of fiscal consolidation through spending cuts and 23% through tax increases. The budget announced that a government Spending Review would be announced on 20 October 2010 which would result in an average reduction of 25% in non-protected government departmental spending over the next four years. The budget also contained a statement that government would work with local authorities to freeze Council Tax for one year in 2011/12 providing local authorities keep increases in spending to a minimum.
- 5.3 The MTFs was refreshed and developed during May and June of 2010 to take into account the economic and fiscal environment the council was to operate in moving forwards. A series of assumptions about future grant levels were built into the MTFs since no published provisional allocations were available upon which to base the MTFs on. When Cabinet received an update on the MTFs in July 2010 to take account of all known spending pressures and estimated funding levels significant gaps in funding were revealed as shown in the following graph.

Funding gaps as reported to Cabinet in July 2010



- 5.4 In order to address the significant financial challenges facing the county council, at its meeting on 21 July 2010 Cabinet endorsed the policy of the Innovation and Efficiency Board asking services to prepare their medium term plans on the basis that savings of £120m will be required in three years time. This equated to around 30% of service revenue budgets.
- 5.5 The 30% by year 3 savings target was set as a consequence of:
- aiming to “get ahead of the game” and help provide headroom for investment in key priority areas;

- anticipated reduction in grant levels;
- increasing spending pressures e.g. demography.

5.6 For planning purposes the Strategic Plan and the MTFs continued to be developed on the basis of a Council Tax increase of 2.0% for the period 2012/13 to 2015/16.

6. Budget Consultation

Public Consultation

6.1 The county council is committed to making sure Staffordshire communities are places where people are involved in decision making to help shape the delivery of public services. We have embedded consultation and engagement in all aspects of service redesign and delivery. Over the previous twelve months the county council has undertaken a variety of consultations relating to different elements of service delivery and this customer knowledge was brought together into a single report as an evidence base to inform future policy and decision making.

6.2 The information helps to inform the county council's high level priorities and therefore the development of the Medium Term Financial Strategy (MTFS) which supports the delivery of this. The top three issues from our consultations are:

- the economy and prosperity;
- supporting vulnerable people;
- safety and transport.

This reinforces the work that Cabinet have done in developing Staffordshire's priority outcomes which clearly reflect the views of its communities.

6.3 Results of consultation show that services with the lowest satisfaction are also the services people feel least informed about and vice versa. This supports the county council's move towards a more customer focussed organisation. Other contributory factors that positively impact on satisfaction include perceived value for money and residents feeling able to influence decisions. Therefore, these areas should also be borne in mind when looking to improve resident satisfaction with the council.

6.4 Consultation also shows that we need to be able to deal with people at the first point of contact. Those customers who need to contact the council three times or more are more likely to be dissatisfied. There is also evidence from recent consultations that demonstrate the council's commitment to listening and responding to its communities such as denominational home to school transport and its review of the contributions system for Adult Social Care. A summary of the key messages from our consultation follows.

Children, young people and families

- bullying, transport, cheaper things to do and university fees
- access to key services that are co-located
- teaching young people the dangers of smoking and alcohol misuse

Vulnerable people

- support vulnerable people to live independent and safe lives
- improve breaks for carers
- improve access to information and advice and get better at first point of contact

Promoting equity, fairness and personal responsibility

- encourage individuals to take personal responsibility
- fairness and equity in service
- demonstrate we have listened and responded

Economy, knowledge, skills, aspirations, qualifications

- improving economy
- promote industries
- clarify how the Local Enterprise Partnership will work in practice

Highways and transport networks

- free/reduced cost transport
- improve road safety, particularly in rural areas
- improve maintenance of the highways network and reduce congestion

Tackling climate change

- improve awareness of the role people can play in reducing CO2 emissions
- publish information on how to be more energy efficient
- increase more sustainable modes of transport and improve access to public transport

Living in Staffordshire

- many people are satisfied with their area
- feeling informed & influencing decisions make people feel more satisfied
- show communities how their involvement has made a difference
- promote the opportunities and benefits of communities engaging

Quality of life

- support to vulnerable people and improving economy are top priorities
- low crime, clean streets, good health services and activities for teenagers make an area a good place to live
- activities for teenagers, road repairs and facilities for the young need improving
- there is a strong sense of community based on a sense of belonging

Business Consultation

- 6.5 A meeting was held on 18 January 2011 with members of the Staffordshire Chambers of Commerce and Federation of Small Businesses which outlined the challenges facing the county council arising from reductions in government grant and demographic pressures. Views of the organisations present regarding the Strategic Plan policies and MTFs were invited. Particular reference was made to the impact the economic climate is having on local businesses, their priorities for investment and savings and on how the county council can help businesses.
- 6.6 All representatives welcomed the fact that improving economic prosperity is the top priority outcome in the Strategic Plan and that there is a proposed zero per cent Council Tax increase in 2011/12. The county council's support scheme that provides loans for small businesses (in conjunction with the Black Country Reinvestment Society) was welcomed. In addition, the progress that has been made in enabling and encouraging small and medium sized enterprises to supply goods and services to the county council was recognised but business representatives were keen that more work is undertaken to simplify procurement processes.
- 6.7 The most important areas identified in which the county council could do more to support businesses included:
- raising the aspirations of young people;
 - improvements in training, education and developing the skills needed for a modern economy;
 - further simplification of the procurement processes to make it easier for local businesses to sell to all public bodies.

Trade Union Consultation

- 6.8 Trade Union consultations took place on 19 January 2011. The main themes of their feedback were:
- concern that the proposed/assumed pay freeze for 2011/12 and 2012/13 means that rates of pay will not increase for staff for three years and will further damage the morale of the workforce who are needed to deliver the county council's priority outcomes;
 - more specifically, the pay freeze for staff earning less than £21,000 per year is inconsistent with the Chancellor of the Exchequer's proposals for a £250 annual increase for such workers employed in central government and areas of the civil service;
 - concerns that the proposed savings relating to the Youth Service would jeopardise the ability of the county council to deliver on the key priority outcome of Staffordshire being a place where people can live safely, increasingly free from crime, the causes of crime and the fear of crime;
 - the risk that schools will not be able to afford to "buy back" services from the Local Education Authority which will jeopardise the

- achievement of the county council's additional income targets in the MTFS;
- the impact on the wider county council of schools becoming Academies and other additional costs of schools re-organisation.

7. Scrutiny

- 7.1 The Assets and Budget Scrutiny Committee undertook a range of exercises to review the 2011/12 budget, Council Tax plans and the Medium Term Financial Strategy. The report of the Committee was presented to Cabinet on 2 February. The Scrutiny Committee's comments, together with Cabinet's response are set out in **Appendix 2**.

8. Innovation and Efficiency Board

- 8.1 The Innovation and Efficiency Board was established in June 2009 as part of Cabinet's commitment to deliver savings through innovative ways of working, promoting enterprise and better collaboration. The Board has a specific remit as follows:

- to provide a forum which provides challenge and rigour to services, whilst providing an encouraging environment to share ideas and models in order to deliver innovative services which meet political priorities set by Cabinet;
- to help deliver service models that not only drives improvement to the front line, but also offers excellent value for money for taxpayers;
- to recognise that we cannot continue to deliver services in the way that we do and to develop a successful business model that is sustainable in the long term;
- to provide recommendations and re-assurance to Cabinet that the Medium Term Financial Strategy process has been through satisfactory challenge and scrutiny, recognising that pressures and savings are realistic and are deliverable.

- 8.2 The Innovation and Efficiency Board have ensured that appropriate plans are developed so that services can work towards the New Operating Model for the county council. Commissioning, effective procurement, re-engineering services to obtain value for money and streamlining back office functions have all featured heavily in the assessments undertaken by the Board.

- 8.3 Good progress has been made in identifying savings from every part of the county council and each proposal has been thoroughly assessed by the Board. The Innovation and Efficiency Board have grouped these options into a number of themes. The themes are as follows:

People Portfolio

- **Investing in Prevention and Early Intervention to Promote Independence and Reduce Need for Long-term Care** – options aimed at providing essential support for users which in turn means fewer people need long term support
- **Modernising In-House Services** – reducing the role that traditional provision plays in the modern care offer with the aim of commissioning more and better for less from the independent sector where appropriate and where we can evidence better value for money
- **Partnership for Care** – addressing the balance between the role of the county council and the individual in achieving a more sustainable future
- **Families First** – aiming to deliver the right help at the right time to ensure children, young people and families in Staffordshire achieve positive outcomes
- **Young People/Youth Services** – targeted youth activity aligned to Families First
- **Education Transformation and Schools** – Supporting schools to ensure that all children and young people fulfil their potential
- **Specialist Safeguarding/Inclusion** – safeguarding the most vulnerable, encouraging fostering and ensuring appropriate respite arrangements exist

Place Portfolio

- **Highways Maintenance** – appropriate resource aimed at maintaining the existing highway network within available resources
- **Waste Management** – ensuring suitable facilities exist to meet rising demand
- **Cultural Environment** – working in partnership to shape the cultural and leisure offer in communities
- **Physical and Economic Environment** – maximising the benefit of physical and economic activities for the people of Staffordshire

One Council

- **Transport** – suitable transport provision across the County
- **More Efficient Management and Support Services** – striving for maximum efficiency in management and support arrangements and a one council approach to business support
- **Inflation and Other Central Costs** – the identification of unavoidable inflationary and other costs

8.4 The assessment of these themes has involved looking at the contribution each and every service is making to the county council's priorities by asking whether the right support, to the right people is provided in the most effective and efficient way.

- 8.5 The Innovation and Efficiency Board have assessed the range of spending pressures, investments and savings options submitted by services. These were considered by Cabinet on 19 January and the position of these for each of the portfolios for the five year period is attached in **Appendix 3** and **Appendix 4**.
- 8.6 Whilst decreasing government grant levels is a major issue, it is the nature and the size of spending pressures e.g. increasing levels of demographic pressures and inflationary increases which are the most significant factors which have determined the level of savings required to balance the budget.
- 8.7 Service savings are expected to total just over £75m by 2013/14 which is about half of the target set of 30% by the third year and the level of savings are expected to rise further to £96m by the end of the MTFs period. Around a quarter of the efficiency measures identified in 2011/12 arise as a result of challenging the county council's back office, support and management arrangements. Further savings come from ensuring that our front line services are focused on those children, adults, families and communities who really need them.

9. Capital Programme

- 9.1. Capital allocations have been received from government and these are attached as **Appendix 5**. The allocations take the form of cash grants with no general grant support for borrowing. The allocations represent a decrease for 2011/12 of over £27m (36%) compared to 2010/11 and this reduction will clearly create difficulties regarding future investment programmes. Schools' devolved capital allocations have reduced by £14m (80%). The Capital Strategy is to take a 5% top slice off the allocations in order to allow the council to fund priority investment areas and this approach needs to continue in order to fund existing commitments.
- 9.2. The service allocations (after the top slice arrangements) are supplemented by using additional resources, e.g. earmarked capital receipts, developer contributions etc to enhance the capital investment programme. This results in an overall Capital Programme for the next five years of over £400m (including schools), which represents a significant investment by the county council.
- 9.3. An analysis of the programme across services is attached as **Appendix 6**. The programme includes investing in Keele University Science Park and Chasewater Dam. Also included in the programme is investment in a new system to enable us to improve the efficiency with which we deal with client information for adult services and further investment in broadband technology.

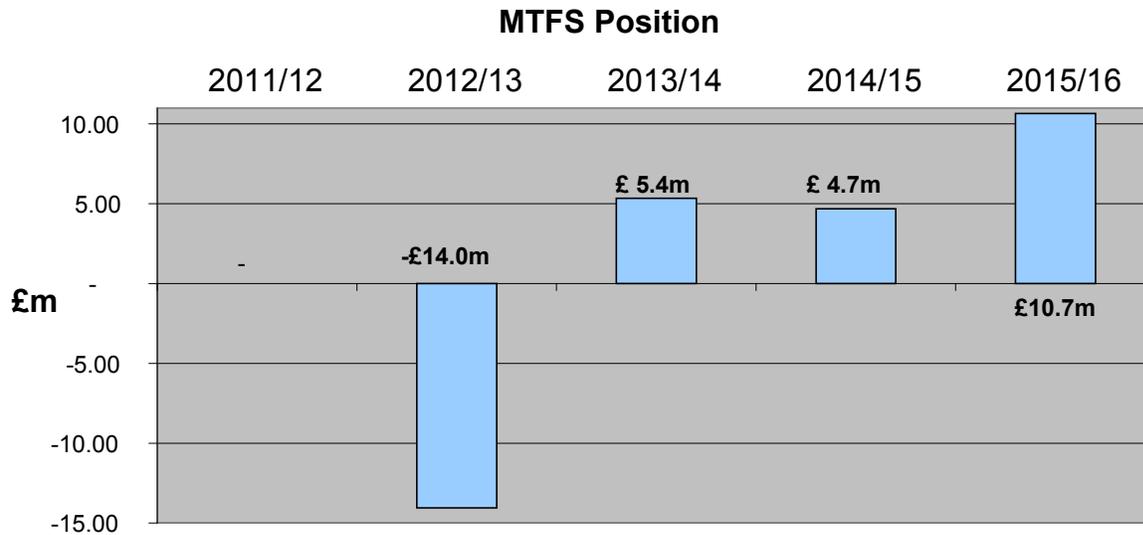
10. Overall Revenue Budget Summary

- 10.1 The MTFs as set out in this report results in a net revenue budget for 2011/12 of £492.590m.
- 10.2 An analysis of the year on year changes to the budget is summarised in **Appendix 7**, while **Appendix 8** provides details of the budget allocations within each portfolio.
- 10.3 The five year plan based on actual pressures, savings and investments recommended through the Innovation & Efficiency Board process is included in **Appendix 14** and summarised in the following table.

Summary of Pressures, Investments and Savings

	2011/12 Proposed Budget £m	2012/13 Planning Forecast £m	2013/14 Planning Forecast £m	2014/15 Planning Forecast £m	2015/16 Planning Forecast £m
2010/11 revised base budget	439.692	440.050	436.550	436.550	436.550
Service Pressures	27.387	39.069	51.600	64.853	76.975
Investments	0.840	1.440	-0.120	-2.000	-3.500
Service Savings to date	-34.221	-51.920	-75.198	-87.129	-96.068
Service Budget Total	433.698	428.639	412.832	412.274	413.957
Centrally controlled items	58.892	57.294	54.938	54.390	46.659
Net Revenue Budget	492.590	485.933	467.770	466.664	460.616

- 10.4 After allowing for government grant and Council Tax funding, it is necessary to utilise £8.2m of general balances to ensure the 2011/12 budget is balanced. This will result in a level of balances of just over £15m. It is necessary to have a credible plan to repay the use of balances over the MTFs period in those years where sufficient headroom is generated. Therefore, it is proposed that a contribution of £2m per annum back into balances should be made and this has been built into the MTFs from 2013/14 onwards. An additional revenue budget contingency provision of £2m per annum is built into the MTFs.
- 10.5 When all the above factors are taken into account the following graph shows the overall funding position in each year of the MTFs. It shows a balanced position in 2011/12, followed by a gap of £14.0m in 2012/13 and then a small amount of headroom for the next three years of the MTFs. However, it must be stressed that the government has only announced a two year finance settlement and no details are available regarding the period from 2013/14 onwards.



10.6. As it currently stands the MTFS is balanced over the next five years. However, the current shortfall in 2012/13 remains a concern. Cabinet and senior officers will continue to work towards identifying options to address this funding gap through the Innovation and Efficiency Board as part of the continuing review of the MTFS.

10.7 Services will need to continue to work hard to reduce spending pressures and identify additional savings through greater innovation and efficiency in order to enable the council to deal with an uncertain economic future and allow it to continue to invest in priority outcomes. It is a significant achievement that, even in these most challenging of times, the MTFS balances in overall terms over the five years. Clearly it is essential that the county council now works to deliver this plan.

11. Review of Reserves and Balances

11.1 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. Given the current uncertain financial climate, it is more important than ever that the council has sufficient general balances available to meet any unforeseen events or circumstances which may occur during the next few years.

11.2 As at 31 March 2010 the council's general balances totalled £17.8m. The latest revenue outturn forecast for 2010/11 will reduce this balance by around £4m (after allowing for use of contingency) to leave them just below £14m. The council's earmarked reserves have been assessed to consider the reason for holding them and their adequacy. The details of this review are attached as **Appendix 9**. This review has concluded that £9.5m can be released into general balances. After allowing for this transfer general balances would total £23.3m as at 31 March 2011.

- 11.3 A risk assessment to establish an appropriate level of general balances the council should hold has been completed. This takes into account the uncertain future economic outlook and the risks around delivery of savings options identified through the innovation and efficiency process. This assessment is attached as **Appendix 10** and concludes that £20.9m is required to reflect enhanced risks the council is now facing.
- 11.4 In order to achieve a balanced position for 2011/12 it has been necessary to utilise £8.2m of general balances. This will result in a level of general balances of just over £15m. It is necessary to have a credible plan to repay the use of balances over the MTFS period in those years where sufficient headroom is generated. Therefore, the plan set out in paragraph 10.4 above is necessary in order to restore balances over the MTFS period.

12. Prudential Indicators

- 12.1 CIPFA's Prudential Code sets out a number of indicators (estimates and limits) which authorities must consider when reviewing their capital investment plans. The Code requires that the body responsible for approving the budget approves these indicators and capital programme (i.e. the County Council). These indicators for the next five years are attached as **Appendix 11**.
- 12.2 Based on these indicators and overall finances of the county council the capital investment programme, including unsupported borrowing, is considered affordable, prudent and sustainable.

13. Council Tax Base and Collection Fund

- 13.1 Final notifications have been received from district and borough councils regarding the Council Tax Base and Collection Fund. The Council Tax for the county council is calculated by dividing the total amount to be raised through Council Tax 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.
- 13.2 The MTFS planning assumptions were for there to be no growth in the Tax base due to the recent recession. However, the final notifications show a growth for 2011/12 of 0.8%. Details of the Council Tax base by district and borough council are attached as **Appendix 12**. Discussions have been held with district and borough councils in order to estimate future Tax base figures. Following these discussions, the MTFS assumes 0.1% increase in Tax base for 2012/13 followed by increases of 0.2% for 2013/14 and then 0.3% for the remaining years.

- 13.3 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. For planning purposes, based on previous year's performance, it had been assumed that there would be no change in the balance on the collection fund overall across all the district and borough councils. The actual position set out in **Appendix 12**, shows a surplus for the county council of £1.648m. The final figures are subject to audit and any adjustments required are made in the following year.
- 13.4 The changes in the collection fund estimates show that collection rates in some district and borough councils have not suffered as badly from the recession as anticipated in their plans. However, despite the surplus declared this year, it is prudent to continue to assume that the collection fund will be in balance for the remaining four years of the MTFS.

Council Tax

- 13.5 The county council must notify each district and borough council of its Council Tax rate for each category of dwelling before 1 March each year. The county council's proposed Council Tax at Band D remains unchanged at **£1,028.81**. This will help protect families from rising costs. As there are no special expenses for the county 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.

Category of Dwelling	2010/11	2011/12
	£	£
Band A (up to £40,000)	685.87	685.87
Band B (£40,001 - £52,000)	800.19	800.19
Band C (£52,001 - £68,000)	914.50	914.50
Band D (£68,001 - £88,000)	1,028.81	1,028.81
Band E (£88,001 - £120,000)	1,257.43	1,257.43
Band F (£120,001 - £160,000)	1,486.06	1,486.06
Band G (£160,001 - £320,000)	1,714.68	1,714.68
Band H (more than £320,001)	2,057.62	2,057.62

- 13.6 It is recommended that the Director of Finance and Resources 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.
- 13.7 The MTFS currently includes provision for Council Tax increases of 2.0% for the following four years of the plan period.

14. Financial Health Indicators

- 14.1 It is important that elected Members are provided with 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 13** sets out the financial health indicators that have previously been agreed for monitoring purposes. Targets for future years covered by the MTFS are set out.

15. Medium Term Stability and Sustainability

- 15.1 It is essential that the county council continues to improve services through the development of its Strategic Plan and Outcome Delivery Plans. These plans need to be developed in the context of the likely resources available. As outlined above, the MTFS is, at this stage, being developed on the basis of Council Tax increases of 2.0% for the period 2012/13 to 2015/16.
- 15.2 Uncertainty regarding future funding levels and the pressures facing the county council as a consequence of the uncertain economic climate will present significant challenges which will need to be addressed. It is imperative that the county council continues to deliver further significant cash savings to meet these challenges and maintain its financial stability.

16. Robustness of Budget and Risk Implications

- 16.1 Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer to report on the robustness of the budget. 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, the Innovation and Efficiency Board and Cabinet as the new Strategic Plan has developed.
- 16.2 The MTFS has also been subject to detailed scrutiny by the Assets and Budget Scrutiny Committee. Reassurance is also provided by the confirmation, in paragraph 12.2 above that the county council's borrowings are within the boundaries of prudential guidelines.
- 16.3 The key risks identified at this stage which need to be managed effectively are:
- savings options already identified and assumed in the MTFS not being achieved;
 - spending exceeding budgets and/or income falling short of budgets;
 - the impact of the current economic climate, including increased inflationary pressures, interest rate changes, reduced levels of income from fees and charges for county council services etc;
 - increased demand for county council services above estimates;

- only having a two year finance settlement creates difficulties in later years of the MTFS regarding estimating future funding levels;
- changes to assumed government funding as a result of the introduction of any new system of distributing general grant to local authorities from 2013/14 onwards;
- lack of clarity regarding future capital funding and potential restrictions on borrowing;
- funding transfers including further integration with the NHS;
- implementation of Contributions Policies;
- impact of any “cost shunting” from other agencies to the county council.

16.4 Failure to deliver the savings identified by the Innovation and Efficiency Board will jeopardise the county council’s MTFS and the delivery of the Strategic Plan. The robust processes put in place by the Innovation and Efficiency Board for delivering these savings provides reassurance that this risk is minimised. The county council has a proven track record of delivering savings with over £70m being identified and delivered in the past four years.

16.5 With regard to the risk of overspending against budget, thorough budget preparation and detailed monitoring during the year coupled with the personal financial accountability framework introduced in 2007 minimises this risk. Furthermore service finance teams are able to 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 Scrutiny Committees, Portfolio Holders and Cabinet on a quarterly basis.

17. Conclusions

17.1 The county council has achieved its aim of setting a good and balanced budget. The recommended zero per cent increase in Council Tax for 2011/12 will also help protect households from rising costs. The county council has a proven track record of delivering savings with over £70m being identified and delivered in the four past years. The challenges presented by a tough finance settlement, together with increasing demands on county council services make the current financial planning period extremely difficult. It is therefore crucial that the MTFS provides a framework to ensure stability and sustainability over the medium term.

17.2 Actions taken in setting the MTFS and ensuring that the budget is robust include:

- using prudent estimates particularly in respect of uncertain areas e.g. interest rates;
- undertaking a risk assessment of the adequacy of reserves and balances to meet both known and unforeseen events;
- continuing with the constant review of service spending pressures, investments and savings options with the Innovation and Efficiency Board to help to identify any significant issues at an early stage.

- 17.3 In overall terms, considering the degree of review and scrutiny that has already taken place and the mitigating actions and controls referred to in this report, including the strategy with regard to the contingency provision and general balances, I can give the assurances required under Section 25 of the Local Government Act 2003.
- 17.4 The MTFS proposes use of £8.2m of general reserves in 2011/12 to help support the revenue budget during the transitional period whilst efficiency measures are fully implemented and to assist with the “front-loading” of general grant reductions in the first two years. It is essential that the use of general reserves in this way is only undertaken where there is a credible plan to repay the sums used. Later years of the MTFS will therefore include contributions back to general reserves of £2m each year as a first call on any headroom generated. The alternative approach would be to arbitrarily top-slice service budgets which would have a negative impact on the county council’s achievements of its priority outcomes.
- 17.5 The county council faces significant spending pressures and reducing levels of government funding. This means that, whilst the annual budget is balanced in four of the five years of the MTFS, further work is required to achieve a balanced position in 2012/13. The Innovation and Efficiency Board will continue to work with services to identify further savings and efficiencies or ways by which identified savings options could be brought forward without having a detrimental impact on priority outcomes.
- 17.6 Every service, front-line and back-office, has been examined to establish whether it can work smarter and more efficiently and good progress has been made in terms of identifying savings options over the five years of the MTFS planning period. It is a significant achievement that, even in these most challenging of times, the MTFS balances in overall terms over the five years. Clearly it is essential that the county council now works to deliver this plan.
- 17.7 I value the help and support I have received from Members and colleagues over the last 12 months. I am particularly grateful to colleagues in the finance community for their contribution to the construction of this budget, which is the product of a great team effort.

Andrew Burns
Director of Finance and Resources

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Equalities implications:

Equalities implications arising from the issues covered by this report will be incorporated into outcome and service plans. Equality Impact Assessments will be undertaken for each specific issue.

Legal implications:

At this stage in the development of the MTFS 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:

As outlined in paragraphs 16.1 – 16.5 of the report.

Climate Change implications:

We have considered the impacts on climate change whilst developing the MTFS and have, in line with the county 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 plan for Staffordshire as a place where people live longer, healthier and more fulfilling lives.

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Recommendations of the Assets and Budget Scrutiny Committee

Comments and Recommendations of the Assets and Budget Scrutiny Committee	Cabinet's Response
Council Tax	
We note the Cabinet's decision to freeze Council Tax in recognition of the impact the difficult economic climate has had on the residents of Staffordshire. We are satisfied that the Council Tax freeze does not prevent the county council from setting a good and balanced budget.	Noted.
Innovation and Efficiency - General	
We seek further assurance from the Cabinet that the Innovation and Efficiency Board has robustly challenged the deliverability of these proposals and has not succumbed to an 'optimism bias' when assessing the options.	Cabinet are satisfied that the options have been robustly challenged by the Innovation and Efficiency Board. There is more work to do to ensure that there are appropriate plans in place to ensure that these proposals are successfully delivered.
We also recommend that every Cabinet Member is required to report regularly to the most appropriate Scrutiny Committee regarding whether they are on track to deliver each of the savings options identified for services within their portfolios.	Agreed. All savings options will be assessed on a regular basis as part of the ongoing budget monitoring reported to Cabinet. It is for Scrutiny to determine their own work programme. However, Cabinet will ensure that Portfolio Holders are available to attend appropriate meetings.
We recommend that the Cabinet review the information contained in appendices three and four of the MTFS report which relate to identified budget pressures and proposed savings options to ensure that an appropriate level of detail is made available to enable the public to understand the proposals. In particular any option presented as 'a range of options to reduce costs within X service' should set out what those options are.	Cabinet recognise that the MTFS report on its own is not the best way of communicating with the public on the detailed proposals. However, detailed communications plans will be developed around the options as part of their implementation so that their implications are fully understood.
We were informed that some of the proposed savings options set out in the Cabinet paper would be subject to further consultation prior to implementation, as such, there is a risk that these proposals may not generate the quantity of savings estimated within the timescale required. ¹ We seek further assurance that, where this is the case, the Cabinet is aware of this and has made suitable contingency arrangements.	Noted. Each option has been assessed as to whether further consultation is necessary prior to implementation. If so, steps are being taken to ensure that this is carried out as soon as possible.

¹ For example, proposed savings in last year's MTFS around Household Waste Recycling and Transport to School were not fully realised.

Recommendations of the Assets and Budget Scrutiny Committee

Comments and Recommendations of the Assets and Budget Scrutiny Committee	Cabinet's Response
Innovation and Efficiency Review - Service specific	
It was clear in both the information presented in the Innovation and Efficiency Board options and the messages emerging from our interviews that the county council's ability to achieve a balanced budget relies heavily on the delivery of savings within the People Directorate. As we have not had access to detailed information regarding how these savings have been calculated or how they will be implemented we seek further assurance from the Innovation and Efficiency Board that detailed plans regarding the delivery of these savings have been considered and robustly challenged.	Portfolio holders and senior managers will have responsibility for the delivery of the identified savings options. They will be held accountable for this through regular reporting to and monitoring by both the Innovation and Efficiency Board and Scrutiny Committees to ensure they are delivered.
Any failure to achieve these savings is a <i>significant</i> risk to the MTFs and therefore, in addition to reporting to the appropriate Scrutiny Committee we recommend that the appropriate Cabinet Member is required to report to this Committee at regular intervals regarding whether he is on track to deliver these savings.	Noted.
One measure of a good budget is that spending decisions match identified priorities. It was stressed to us in our interview with the Cabinet Member for Regeneration and Infrastructure that it was a priority to maintain highway infrastructure. Highway maintenance is also very important to residents. Therefore, we seek further assurance that highway maintenance can be carried out to an acceptable level whilst achieving the identified savings.	Highways remains a key priority for Cabinet. The focus will be on maintaining our existing highways network and assets rather than carrying out enhancements to the network.
We also endorse plans to seek to achieve greater efficiency from the highways maintenance contract, which is an issue we will be scrutinising later this year. We note and endorse the decision not to reduce the budget for winter maintenance.	Noted.
Ensuring efficiency in the delivery of management and support services is crucial to achieving the MTFs. We note	Noted. Savings are monitored regularly throughout the budget monitoring reports and any key issues will be flagged to

Recommendations of the Assets and Budget Scrutiny Committee

Comments and Recommendations of the Assets and Budget Scrutiny Committee	Cabinet's Response
that the figure of £8.679m savings in the first year is challenging and will require close monitoring. We are satisfied that the burden of achieving these savings is spread fairly across county council services.	Cabinet at regular stages.
Traded Services	
We are concerned that the county council's traded services cannot demonstrate that they deliver value for money. Therefore, we recommend that officers construct a zero-based budget (which establishes a core standard cost of delivering the service) for one of these services, as a case study to see what can be learned. We require that the results of this exercise are reported to this Committee.	Cabinet will ensure that this happens. It will work with the Innovation and Efficiency Board in the first instance to select an appropriate traded service to use as the case study.
A good budget needs to demonstrate how the organisation invests in it's priority areas and it is not clear to us how trading services or setting up a trading company fits with the county council's (and Central Government's) priority of achieving economic recovery and regeneration by facilitating growth in the private sector. We recommend , therefore, that the county council adopts a cautious approach to 'trading services' to ensure that it does not, threaten economic recovery by taking away potential business from the private sector.	Noted. Details of the 'trading services' framework are still being finalised. However, Cabinet recognise this and will ensure that the local economy is not jeopardised.
Reserves and Balances	
We note the decision to utilise up to £9m from reserves in order to achieve a balanced budget for 2011/12. We recognise that the general grant reductions are front-loaded and that many of the efficiency measures identified by the Cabinet will take time to be implemented and realise savings. Finding an additional £9m savings for 2011/12 in addition to the already challenging options identified would have been difficult and potentially impacted on service delivery. However, we also note the risk that, if the proposed savings options are not achieved, the county council might not be in a position to repay the reserves from year three as proposed.	Cabinet are comfortable with the utilisation of £8.1m of reserves in 2011/12 and are confident that the options identified have been sufficiently scrutinised by the Innovation and Efficiency Board. After taking into consideration the Director of Finance and Resources comments in relation to the robustness of the budget, Cabinet have endorsed the strategy that the first call on any headroom generated is used to make a £2m contribution to reserves each year.

Recommendations of the Assets and Budget Scrutiny Committee

Comments and Recommendations of the Assets and Budget Scrutiny Committee	Cabinet's Response
As such, we are not yet assured that there is a credible plan to repay the sums used.	
Scrutiny of the MTFS – The process	
<p>In our report last year we recommended that a Member of this Committee attend the Innovation and Efficiency Board as an observer throughout the year. The intention behind this recommendation was to enable us to be better assured regarding the processes used to support the proposals put forward to Cabinet. The Cabinet did not agree the recommendation on the grounds that it would jeopardise the independence of the Scrutiny process. However, it remains our view that our scrutiny would be enhanced if we had greater access to the Innovation and Efficiency Board, particularly in light of the unprecedented challenges posed by the reduction in the Local Government Finance Settlement. We do not accept that our independence would be jeopardised by having a better understanding of the process gone through to identify spending pressures and develop savings options. Therefore, we once again recommend that a Member of this Committee, ideally the Chairman, is allowed to attend the Board as an observer.</p>	<p>Cabinet will review the role and membership of the Innovation and Efficiency Board and this request will be considered as part of this review.</p>

Innovation and Efficiency Board - Summary of Spending Pressures

Description of Proposed Pressure	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
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People

Promote Independence and Reduce Need for Long-term Care					
With the historical growth in social care costs brought under control in the current year there is a need to rebalance the baseline budget, reflecting the need to invest in modernising services.	6.300	6.300	6.300	6.300	6.300
Demographic change is recognised widely as a key risk facing national and local government. The efficiency savings listed in Appendix 4 are intended to manage this pressure and prepare for an anticipated escalation over the next 25 years.	3.200	7.000	10.400	12.900	15.500
The Social Care Reform grant ceases as a specific grant from 2011/12 and has provided a valuable resource for transformation upon which efficiency savings are predicated. It is crucial to retain capacity and maximise delivery in the timescale necessary	3.550	3.550	2.350	2.350	1.850
Total Promote Independence and Reduce Need for Long-term Care	13.050	16.850	19.050	21.550	23.650

Families First

Additional ongoing costs associated with the implementation of Children's PISCES system	0.790	1.080	0.943	0.943	0.943
Increased legal services costs associated with the increase in the number of referrals and subsequent increase in number of care proceedings.	0.130	0.130	0.130	0.130	0.130
Total Families First	0.920	1.210	1.073	1.073	1.073

Innovation and Efficiency Board - Summary of Spending Pressures

Description of Proposed Pressure	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Education Transformation and Schools					
Specific Grant reductions within the Education Transformation division - savings options to address this pressure are identified in Appendix 4	2.068	2.068	2.068	2.068	2.068
Costs arising from the Tamworth reorganisation of sixth form provision.	0.200	0.200	0.200	0.200	0.200
Pressure arising from the withdrawal of Building Schools For the Future Programme	0.200	0.200	0.200	0.200	0.200
Education Transformation and Schools	2.468	2.468	2.468	2.468	2.468

Specialist Safeguarding / Inclusion					
Increase in the number of aids and adaptations allocated to children with more complex needs.	0.200	0.200	0.200	0.200	0.200
Increased cost of fostering allowances due to the number of children entering the fostering system	0.750	0.750	0.750	0.750	0.750
Total Specialist Safeguarding / Inclusion	0.950	0.950	0.950	0.950	0.950

Total Pressures - People	17.388	21.478	23.541	26.041	28.141
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Innovation and Efficiency Board - Summary of Spending Pressures

Description of Proposed Pressure	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
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Place

Highways Maintenance					
The impact of revised arrangements for Carbon Reduction Commitment recently announced by government will increase the cost of existing street lighting energy use.	0.220	0.220	0.220	0.220	0.220
The cost of highway materials, fuel etc continues to exceed standard inflation - hence the need to deliver efficiencies to offset this impact which are identified in Appendix 4	0.200	0.400	0.600	0.800	1.000
Due to a recent Court ruling, all authorities have severe limitations on their ability to charge reflected in a significant reduction in Land Charges income	0.200	0.200	0.200	0.200	0.200
Income shortfall / downsizing costs arising from the anticipated reduction in capital funding and the consequential need to reduce staffing levels within Highways maintenance	0.400	0.400	0.400	0.400	0.400
Reflection of the continued ongoing growth in size of the road network	0.150	0.300	0.450	0.600	0.750
Total Highways Maintenance	1.170	1.520	1.870	2.220	2.570

Innovation and Efficiency Board - Summary of Spending Pressures

Description of Proposed Pressure	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Waste Management					
Closure of the Burntwood Household Waste Recycling Centre site has not been actioned - if site remains open, annual budget will need to be reinstated	0.130	0.130	0.130	0.130	0.130
Landfill tax continues to increase at £8 per tonne (Note: 2014/15 onwards this reflects the 'do nothing' position - see Waste 2 Resource saving identified in Appendix 4)	0.850	1.700	2.560	3.430	3.860
Overall waste tonnages have decreased in recent years reflecting the national trend during recession. As economy comes out of recession, it is assumed that overall tonnage levels could begin to increase back to former levels	0.000	0.200	0.410	0.630	0.860
Total Waste Management	0.980	2.030	3.100	4.190	4.850
Cultural Environment					
The Libraries service is currently finding it difficult to meet the income targets within the budget, especially around fines, loans of sound recordings and DVD's.	0.100	0.100	0.100	0.100	0.100
Total Cultural Environment	0.100	0.100	0.100	0.100	0.100
Physical and Environment					
Cabinet has approved an additional tranche of resource to support the business loan scheme	0.040	0.040	0.040	0.040	0.000
Total Physical and Environment	0.040	0.040	0.040	0.040	0.000
Total Pressures - Place	2.290	3.690	5.110	6.550	7.520

Innovation and Efficiency Board - Summary of Spending Pressures

Description of Proposed Pressure	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
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One Council

Transport					
As part of the I&E process for 2010/11, the Board asked that transport pressures be absorbed within the overall resources available. These have been absorbed within the 2010/11 financial year but represent an ongoing pressure	0.784	0.784	0.784	0.784	0.784
Pressure removal of former Learning and Skills Council grant subsidising post 16 transport	0.198	0.198	0.198	0.198	0.198
Following extensive consultation with stakeholders, the removal of free transport to faith schools will now be phased in rather than implemented in full with effect from September 2011.	0.638	1.017	0.887	0.760	0.200
Inflation in the Bus Sector continues to run ahead of 'standard' inflation	0.030	0.100	0.170	0.240	0.310
Total Transport	1.650	2.099	2.039	1.982	1.492

Innovation and Efficiency Board - Summary of Spending Pressures

Description of Proposed Pressure	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Efficient/management support services					
Resource for the Geographic Information System needs to be identified on an ongoing basis to maintain this service	0.060	0.060	0.060	0.060	0.060
Reduced income on last years I&E savings submission due to impact of recession.	0.020	0.020	0.020	0.020	0.020
Costs arising from savings proposals involving reductions in staff within Childrens Services	1.196	1.196	1.196	1.196	1.196
Ongoing savings above the 2010-11 level have yet to be identified within the management team in Children's service.	0.052	0.052	0.052	0.052	0.052
Proposals to introduce more flexible working arrangements have not materialised the anticipated level of savings within Children's services	0.120	0.120	0.120	0.120	0.120
Increased Royal Mail royalties	0.009	0.009	0.009	0.009	0.009
Loss of income from various sources including harnessing technology grant	0.046	0.046	0.046	0.046	0.046
Contract re. servers and associated equipment. Period of free maintenance ending	0.152	0.152	0.152	0.152	0.152
Microsoft licensing approach to children services' staff changing	0.098	0.098	0.098	0.098	0.098
Increased maintenance charges arising out of an amended method of charging plus the withdrawal of the Police from their SAP contract	0.075	0.087	0.101	0.112	0.124
Provision for the County Council election in 2013	0.217	0.217	0.217	0.163	0.163
Members' allowance award, increased members' IT and telephony costs and additional superannuation charges due to changes in the demographic profile of members following the election.	0.041	0.041	0.041	0.041	0.041
Increased printing costs due to Legal services being obliged to print papers previously printed by the courts	0.012	0.012	0.012	0.012	0.012

Innovation and Efficiency Board - Summary of Spending Pressures

Description of Proposed Pressure	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Webcasting annual maintenance	0.000	0.010	0.010	0.010	0.010
Court Fees	0.200	0.200	0.200	0.200	0.200
Total Efficient/Management Support Services	2.298	2.320	2.334	2.291	2.303
<hr/>					
<i>Total Pressures - One Council</i>	<i>3.948</i>	<i>4.419</i>	<i>4.373</i>	<i>4.273</i>	<i>3.795</i>
<hr/>					
Total Service Pressures	23.626	29.587	33.024	36.864	39.456

Innovation and Efficiency Board - Summary of Spending Pressures

Description of Proposed Pressure	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Inflation and Other Central Costs					
Uplift on services budgets to reflect contractual increases and rising inflation levels (2011/12 onwards)	3.761	9.482	18.577	27.989	37.519
Total Service Pressures including Inflation	27.387	39.069	51.600	64.853	76.975
Unavoidable costs arising from central office accommodation combined with reduced capital financing costs	0.105	-1.493	-4.197	-4.397	-12.128
Total Pressures - County Council	27.492	37.576	47.404	60.456	64.847

Investments

Description of Proposed Investment	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Physical and Economic Environment					
Chasewater Country Park and Reservoir - Cabinet have agreed that the County will finance the major works required to repair the Dam at Chasewater subject to the County eventually being reimbursed land to the value of the works. NOTE: Estimated Capital Cost £6.1m, Ongoing running costs of Reservoir of - £0.120m (it may be possible to share these costs with partners)	0.320	0.440	0.440	0.440	0.440
Preparatory work is underway to assess the benefits / finances of the development of County owned land at Redhill Stafford (Junction 14). Business Case to be prepared - project will only proceed if development costs are exceeded by capital receipts Note: Estimated Capital Cost £7m	0.000	0.330	0.380	0.000	0.000
More Effective and Efficient Management and Support					
Replacement Glazing Programme - The County has a duty of care to ensure that the glazing in premises is to the correct safety standard in relation to its position in the premises. Measures taken 10 years ago now need to be revisited. Proposed capital programme of £750,000 spread over three years	0.020	0.040	0.060	0.060	0.060
Total Investments	0.340	0.810	0.880	0.500	0.500

Invest to Save

Description of Proposed Invest to Save Option	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Reducing Dependency on long term support					
Assistive Technology - initiatives to maintain people's independence and safety in their own homes will reduce the escalation of needs and longer term dependency	1.000	2.000	2.000	2.000	2.000
	(0.500)	(1.500)	(3.000)	(4.500)	(6.000)
Physical and Economic Environment					
Keele University Science Park (IC5). A business case is being drawn up to construct a building for letting to tenants on Keele University Science Park. It is anticipated that rental stream will more than cover the cost of capital. Note: Capital Costs will be in the order of £5.8m of which £1.5m is a bid against the Regional Growth Fund	0.000	0.310	0.310	0.310	0.000
	0.000	(0.180)	(0.310)	(0.310)	0.000
Total Invest to Save	0.500	0.630	(1.000)	(2.500)	(4.000)
(note: For Invest to Save Options costs shown as positive figures; savings shown as negative)					
GRAND TOTAL Investments/Invest to save options	0.840	1.440	(0.120)	(2.000)	(3.500)

Innovation and Efficiency Board - Summary of Proposed Savings Options

Appendix 4

Description of Proposed Savings Options	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
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People

Promote Independence and Reduce Need for Long-term Care					
Social Care Management system and key working - investment in new care system is necessary to drive out efficiencies allowing for more effective use of front line capacity for key working thereby reducing dependency and long term care costs	1.200	2.300	3.600	5.000	6.400
Implementation of Staffordshire Cares capital and social care reform investment will result in earlier intervention and reductions in escalation of clients to acute need and crisis.	1.000	2.000	3.000	4.000	5.000
Reducing the unit costs of social care by providing more independent alternatives to traditional residential care.	0.600	1.200	1.200	1.200	1.400
Investment focused on the re-ablement service will reduce dependency on long term support.	1.300	4.500	7.400	10.200	12.600
Achieving efficiency by working closely with the Care Trust providers	0.200	0.400	0.400	0.400	0.400
Promote Independence and Reduce Need for Long-term Care Total	4.300	10.400	15.600	20.800	25.800

Modernise In-House Services					
A more effective commissioning of existing social care services will lead to reduced costs and more effective outcomes.	1.700	0.400	1.500	3.600	5.700
Modernise In-House Services Total	1.700	0.400	1.500	3.600	5.700

Innovation and Efficiency Board - Summary of Proposed Savings Options

Appendix 4

Description of Proposed Savings Options	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Partnership for Care					
A more fair and equitable balance of responsibility between the individual and the County Council to achieve a more sustainable future, allowing support to be provided to those that need it.	1.100	2.200	4.300	4.300	4.300
Partnership for Care Total	1.100	2.200	4.300	4.300	4.300

Families First					
Ensuring closer, more integrated partnership with all key players with an interest in families, which will lead to better targeting of services, improved preventative arrangements, better commissioning decisions and improved outcomes at a reduced cost.	3.709	6.529	9.888	9.888	9.888
Families First Total	3.709	6.529	9.888	9.888	9.888

Young People Services					
Re-design of Information Advice and Guidance Service to maintain outcomes and take advantage of reduced back office and asset costs once the transfer to the County Council has been completed	3.000	3.000	3.000	3.000	3.000
Commission some Youth Services and increase partnership work with the third sector	0.180	1.000	1.000	1.000	1.000
Young People Services Total	3.180	4.000	4.000	4.000	4.000

Innovation and Efficiency Board - Summary of Proposed Savings Options

Appendix 4

Description of Proposed Savings Options	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Education Transformation and Schools					
Reflecting the changing role of the local authority with schools, proposed trading with schools on a full cost recovery basis.	0.850	0.850	0.850	0.850	0.850
Realigning services to ensure provision of core activities required to improve standards and to trade the rest.	3.119	4.119	5.119	5.119	5.119
Education Transformation and Schools Total	3.969	4.969	5.969	5.969	5.969
Specialist Safeguarding/Inclusion					
A range of measures aimed at reducing costs across a number of specialist services	0.383	0.383	0.383	0.383	0.383
A review of specialist inclusion services is underway to maximise efficiency whilst maintaining core outcomes.	0.369	1.000	1.000	1.000	1.000
Specialist Safeguarding/Inclusion Total	0.752	1.383	1.383	1.383	1.383
Total Savings - People	18.710	29.881	42.640	49.940	57.040

Innovation and Efficiency Board - Summary of Proposed Savings Options

Appendix 4

Description of Proposed Savings Options	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
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Place

Highways Maintenance					
Maintaining the current infrastructure while focussing on local community priorities.	2.520	4.150	8.200	8.470	8.720
Completion of four year Road Safety Programme regarding 20 mph zones	-	-	-	0.200	0.200
Implementation of new charging regime from April 2011 under the Traffic Management Act.	0.100	0.100	0.100	0.050	0.050
Highways Maintenance Total	2.620	4.250	8.300	8.720	8.970

Waste Management					
Operating efficiencies arising from the new Waste to Resource Plant.	0.420	0.420	2.100	5.510	5.940
Efficiencies in recycling of household waste working in partnership with district and borough councils.	0.600	0.600	1.100	1.600	2.600
A range of measures aimed at reducing costs within Waste Management	-	0.010	0.020	0.020	0.020
Waste Management Total	1.020	1.030	3.220	7.130	8.560

Cultural Environment					
Efficiencies arising from the further rollout of Radio Frequency ID across Libraries.	0.539	0.836	0.941	0.941	0.941
A range of measures aimed at reducing costs within the Libraries Service	0.030	0.100	0.100	0.200	0.200
A range of measures aimed at reducing costs within the Heritage, Museums and Archives Services	0.080	0.190	0.214	0.214	0.214
Cultural Environment Total	0.649	1.126	1.255	1.355	1.355

Innovation and Efficiency Board - Summary of Proposed Savings Options

Appendix 4

Description of Proposed Savings Options	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Physical and Economic Environment					
Procurement Efficiencies	0.070	0.070	0.070	0.070	0.070
A range of measures aimed at reducing costs within Planning and Regeneration	0.360	0.760	1.100	1.100	1.100
A review has been undertaken to identify a range of initiatives regarding economic regeneration to maximise efficiencies and/or tailor Council support on a priority basis.	0.240	0.440	0.640	0.640	0.640
Physical and Economic Environment Total	0.670	1.270	1.810	1.810	1.810
Business/Consumer Advice and Support					
Various measures to improve efficiency within Community Services	0.177	0.215	0.400	0.358	0.358
Business/Consumer Advice and Support Total	0.177	0.215	0.400	0.358	0.358
<i>Total Savings -Place</i>	<i>5.136</i>	<i>7.891</i>	<i>14.985</i>	<i>19.373</i>	<i>21.053</i>

Innovation and Efficiency Board - Summary of Proposed Savings Options

Appendix 4

Description of Proposed Savings Options	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
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One Council

Transport					
A combination of improved procurement and pricing arrangements leading to ongoing savings.	0.306	0.310	0.310	0.310	0.310
Review of discretionary transport aimed at ensuring fairness and equity in service provision	0.600	2.500	3.500	3.500	3.500
A range of measures aimed at reducing costs within the Road Safety Service	0.060	0.120	0.180	0.210	0.240
Measures aimed at achieving a reduction of 50% on Partnership related activity	0.650	0.650	0.650	0.650	0.650
A range of measures aimed at reducing costs within the Transport Service	0.120	0.250	0.250	0.250	0.250
Efficiency through improved procurement	0.070	0.140	0.210	0.280	0.350
Transport Total	1.806	3.970	5.100	5.200	5.300

More Efficient Management and Support Services					
Reduced level of inflation allocation for Adults Social Care Services	1.450	1.450	1.450	1.450	1.450
A re-alignment of the investment made in the training of independent sector care providers in promoting improved standards and quality of care.	0.500	0.500	0.500	0.500	0.500
Reduction within ICT in the investment made in training, research and development.	0.075	0.075	0.075	0.075	0.075
Changes required in payroll licences and associated maintenance due to growth in pensioner numbers.	0.032	(0.007)	0.025	(0.014)	0.018
Archiving of shared storage and SAP. Investigation of the potential of mass hard drive storage	0.020	0.040	0.040	0.040	0.040
Cross cutting savings arising on maintenance, consumables etc out of the removal of desktop printers and expansion of shared printing.	0.100	0.100	0.100	0.100	0.100

Innovation and Efficiency Board - Summary of Proposed Savings Options

Appendix 4

Description of Proposed Savings Options	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Providing legal services to partner organisations.	0.100	0.250	0.500	0.500	0.500
Income initiatives across Law and Governance including: selling storage at Unit Qb; additional legal services income and funding contributions for the cost of the Lieutenancy.	0.040	0.070	0.125	0.130	0.135
Staff and other savings arising out of the introduction of the Case Management system (net of capital financing costs)	0.007	0.058	0.058	0.058	0.058
Savings arising from restructures within Law and Democracy	0.093	0.276	0.305	0.305	0.305
A range of restructuring initiatives aimed at reducing costs of support services within the Place Portfolio	0.140	0.240	0.240	0.240	0.240
Traded units increased targets	0.500	0.350	0.350	0.350	0.350
Reduction in Senior Management and other posts across a range of services in Highways and Waste Management	0.450	0.590	0.730	0.730	0.730
Review of Cultural services support functions	0.130	0.150	0.150	0.150	0.150
Reduction in senior management and other posts across of range of teams in Planning & Regeneration	0.120	0.120	0.120	0.120	0.120
Reduction in Consultants in Planning & Regeneration	0.050	0.050	0.050	0.050	0.050
Efficiencies from sampling, shared working, reduced out of hours service in Community Services	0.036	0.046	0.143	0.125	0.125
Efficiencies from co-location of Community Services, review of management structure and increased income from charges	0.210	0.254	0.254	0.254	0.254
Rationalisation of office space in accordance with approved strategy within Property Services	-	0.100	0.200	0.400	0.600
Changed way of working within the ICT Development Team	0.165	0.165	0.165	0.165	0.165
Significant increase in Thin Clients including the replacement of 75% of laptops/tablets with terminals.	0.877	0.955	1.030	1.030	1.030
New ways of working within Desktop Support arising out of "Systems Thinking"	0.040	0.080	0.080	0.080	0.080

Innovation and Efficiency Board - Summary of Proposed Savings Options

Appendix 4

Description of Proposed Savings Options	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Savings in the service for schools arising out of "Systems Thinking" in Staffordshire Learning Technologies	0.046	0.046	0.046	0.046	0.046
Increase charges for SLA and "pay-as-you-go" for schools' services	0.079	0.079	0.079	0.079	0.079
Ongoing financial impact of the reduction in the number of senior managers as a result of the review undertaken in the spring 2010 within Children's Services	0.869	1.119	1.273	1.469	1.491
Reduction arising from more flexible working including part time, term time, job sharing and a review of the allocation of car allowances within Children's Services	0.150	0.150	0.150	0.150	0.150
Reduction in budget held for provision of one-off targeted Adult & Community Learning projects	0.050	0.050	0.050	0.050	0.050
Reduce amount provided to schools to undertake family learning activities, which are outside the criteria set for funded activities and reduced provision for residential courses	0.015	0.015	0.015	0.015	0.015
Savings realised from restructures and efficiency initiatives in previous years within Chief Executives Office	0.082	0.050	0.075	0.075	0.075
Reduction in subscriptions and cancellation of the Coalfield Communities annual contribution	0.063	0.078	0.078	0.078	0.078
Combining county-wide human resources training functions and changes to training delivery	0.080	0.080	0.080	0.080	0.080
Restructure and review of Communications function	0.140	0.140	0.140	0.140	0.140
Review of Corporate of Policy & Performance function	0.090	-	-	-	-
A range of changes to staffing structures and service offers in line with the principles of the New Operating Model. Options include adaptations to Risk Management Initiatives and Business Continuity arrangements, changes to the level of support offered	0.106	0.106	0.106	0.106	0.106

Innovation and Efficiency Board - Summary of Proposed Savings Options

Appendix 4

Description of Proposed Savings Options	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Efficiencies in payroll/HR processes following a range of Systems Thinking reviews resulting in deletion of posts and reduced running costs. Improvements in data preparation arrangements. Deletion of posts in central finance teams as a result of reviews	0.238	0.368	0.479	0.479	0.479
Savings following the final repayment of redundancy costs from previous restructures, reductions in external audit fees and minor reductions in support budgets in the Finance Service.	0.137	0.137	0.137	0.137	0.137
Procurement savings as a result of retendering and renegotiation of significant contracts	0.500	1.000	2.000	2.000	2.000
Rationalisation of operational processes within Facilities Management	0.190	0.290	0.290	0.090	0.110
Reduction in the budget for Facilities Management consultancy	0.060	0.060	0.060	0.060	0.060
This reflects the end of the approved three year fire prevention programme	-	-	0.250	0.250	0.250
Savings in ICT realised from earlier restructures and efficiency initiatives, change in charging for projects	0.504	0.463	0.440	0.440	0.440
Initial savings from new Telecoms Strategy. Further savings expected from new contract currently being profiled.	0.035	0.035	0.035	0.035	0.035
More Efficient/Management Support Services Total	8.569	10.178	12.473	12.617	12.676

Total Savings - One Council	10.375	14.148	17.573	17.817	17.976
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Total Proposed Savings - County Council	34.221	51.920	75.198	87.129	96.068
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Government Capital Allocations

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
People						
Schools Basic Need	5,081	6,653	6,653	6,653	6,653	6,653
Schools Grant	19,601	14,918	14,918	14,918	14,918	14,918
Early Years Grant	7,286	-	-	-	-	-
Extended School - Grant	1,728	-	-	-	-	-
Schools Formula Capital - grant	5,891	2,778	2,778	2,778	2,778	2,778
ICT - Harnessing Technology Grant	3,349	-	-	-	-	-
Social Services - General Grant *	-	1,829 *	1,876 *	-	-	-
Social Services - Mental Health Allocation	243	-	-	-	-	-
Social Services - Adults	431	121	121	121	121	121
Sub Total People	43,610	26,299	26,346	24,470	24,470	24,470
Place						
Transport Maintenance	16,267	17,372	16,720	16,262	15,334	15,334
Integrated Transport	8,894	4,119	4,393	4,393	6,178	6,178
Casualty Reduction Capital Grant	296	-	-	-	-	-
Community Infrastructure Fund	2,999	-	-	-	-	-
A38 Cameras	200	-	-	-	-	-
Motor Cycle Safety Grant	488	-	-	-	-	-
Detrunking	1,855					
Sub Total Place	30,999	21,491	21,113	20,655	21,512	21,512
Total Allocations	74,609	47,790	47,459	45,125	45,982	45,982

* This grant consumes elements of Mental Health SCP, General SCP, IT Infrastructure & Social Care Reform Grant

Capital Programme Summary

Portfolio	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
People					
LEA General	28,395	21,525	21,339	21,239	21,239
Childrens Services	239	-	-	-	-
Adults - General	1,272	121	121	121	121
Adults - Staffordshire Cares	6,766	10,241	7,599	5,789	5,789
People Total	36,672	31,887	29,059	27,149	27,149
Place					
Highways	40,354	33,203	24,417	25,291	25,296
Economic Development	4,791	9,910	2,834	200	200
Waste	2,698	1,938	-	-	-
Countryside	4,307	150	150	150	150
Property	12,965	4,185	630	300	300
Asset Renewal - Buildings	1,000	1,000	1,000	1,000	1,000
Farms	550	550	550	550	550
County Fleet Care - Vehicle Programme	2,000	2,000	2,000	2,000	2,000
Cultural	1,708	-	-	-	-
Place Total	70,373	52,936	31,581	29,491	29,496
One Council					
Information & Communication Technology	9,534	5,297	1,100	25	2,000
Leased Equipment	500	500	500	500	500
One Council Total	10,034	5,797	1,600	525	2,500
Sub Total	117,079	90,620	62,240	57,165	59,145
Schools Devolved Capital	2,778	2,778	2,778	2,778	2,778
Total Capital Programme	119,857	93,398	65,018	59,943	61,923

Portfolio Budget Allocation

	2010/11 Original Budget	Funding Transfers & Other Adjustments	2010/11 Revised Base Budget	Inflation	Previous Budget Strategy	Government Grant Pressures	Demographic & Demand Led Pressures	Total Pressures	Investments	Innovation and Efficiency Savings	2011/12 Proposed Budget
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
People	282.572	25.475	308.047	3.108	3.979	5.816	10.580	23.483	0.500	(22.585)	309.445
Place	93.348	9.533	102.881	0.566	2.230	0.000	0.150	2.946	0.340	(7.987)	98.180
One Council	22.008	6.756	28.764	0.087	0.871	0.000	0.000	0.958	0.000	(3.649)	26.073
Service Total	397.928	41.764	439.692	3.761	7.080	5.816	10.730	27.387	0.840	(34.221)	433.698
Capital Financing	46.011	0.000	46.011	0.000	0.538	0.000	(0.896)	(0.358)	0.000	0.000	45.653
Centrally Controlled Items	8.662	2.114	10.776	0.211	0.252	0.000	0.000	0.463	0.000	0.000	11.239
Contingency	2.152	(0.152)	2.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000
Net Revenue Budget	454.753	43.726	498.479	3.972	7.870	5.816	9.834	27.492	0.840	(34.221)	492.590

**People
BUDGET SUMMARY ***

	2010/11 Original Budget £m	2010/11 Revised Base Budget £m	2011/12 Proposed Budget £m
Local Education Authority Budget	39.830	40.630	40.041
Childrens Services	59.718	65.579	63.671
Adults Services	175.170	186.772	193.711
Young People Services	7.854	15.066	12.023
SERVICE TOTAL	282.572	308.047	309.445
Centrally Controlled Items	4.200	5.701	5.723
Total Including Centrally Controlled Items	286.772	313.748	315.168

ANALYSIS OF CHANGE FROM 2010/11 ORIGINAL TO 2011/12 PROPOSED

	£m
2010/11 Original Budget	282.572
Funding Transfers & Other Adjustments	25.475
2010/11 Revised Base Budget	308.047
Inflation	3.108
Previous Budget Strategy	3.979
Government Grant Pressures	5.816
Demographic & Demand Led Pressures	10.580
Total Pressures	23.483
Investments	0.500
Innovation and Efficiency Savings	(22.585)
2011/12 Proposed Budget	309.445

* Between now and 1 April, this will be converted to reflect the new operating model and service analysis

Place
BUDGET SUMMARY*

	2010/11 Original Budget £m	2010/11 Revised Base Budget £m	2011/12 Proposed Budget £m
Staffordshire Highways	35.554	38.813	36.588
Waste Management	23.498	23.489	23.718
Planning and Regeneration	11.998	21.179	20.473
Trading Services	(0.968)	(1.521)	(2.021)
Property	(0.231)	(0.231)	(0.530)
Organisational Development and Resources	3.349	2.228	2.157
Community Services	7.695	7.326	6.901
Cultural Services	12.453	11.598	10.893
SERVICE TOTAL	93.348	102.881	98.180
Centrally Controlled Items	2.620	2.889	3.046
Total Including Centrally Controlled Items	<u>95.968</u>	<u>105.770</u>	<u>101.226</u>

ANALYSIS OF CHANGE FROM 2010/11 ORIGINAL TO 2011/12 PROPOSED

	£m
2010/11 Original Budget	93.348
Funding Transfers & Other Adjustments	9.533
2010/11 Revised Base Budget	102.881
Inflation	0.566
Previous Budget Strategy	2.230
Government Grant Pressures	0.000
Demographic & Demand Led Pressures	0.150
Total Pressures	2.946
Investments	0.340
Innovation and Efficiency Savings	(7.987)
2011/12 Proposed Budget	98.180

* Between now and 1 April, this will be converted to reflect the new operating model and service analysis

**One Council
BUDGET SUMMARY***

	2010/11 Original Budget £m	2010/11 Revised Base Budget £m	2011/12 Proposed Budget £m
Finance	5.439	5.609	4.623
Law and Governance	6.073	6.240	6.523
Information Communications Technology	3.928	9.443	7.850
Chief Exec's Office	6.568	7.472	7.075
SERVICE TOTAL	22.008	28.764	26.073
Centrally Controlled Items	1.301	1.581	1.291
Total Including Centrally Controlled Items	23.309	30.345	27.364

ANALYSIS OF CHANGE FROM 2010/11 ORIGINAL TO 2011/12 PROPOSED

	£m
2010/11 Original Budget	22.008
Funding Transfers & Other Adjustments	6.756
2010/11 Revised Base Budget	28.764
Inflation	0.087
Previous Budget Strategy	0.871
Government Grant Pressures	0.000
Demographic & Demand Led Pressures	0.000
Total Pressures	0.958
Investments	0.000
Innovation and Efficiency Savings	(3.649)
2011/12 Proposed Budget	26.073

* Between now and 1 April, this will be converted to reflect the new open and service analysis

Analysis of Earmarked Reserves / Provisions

Reserve	Reason for Reserve	Forecast Balance 31 st March 2011 £m	Funding Available for 2011/12 MTFS £m	Forecast Balance after Contributions to 2011/12 £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.	15.611	0	15.611
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. A recent review of the position for the MTFS, given future expectations of price increases for energy, suggests that further funding will be required and the estimated requirement has been built into the 2011/12 MTFS as a budget pressure.	3.252	0	3.252
Winter Maintenance	To ensure sufficient resources are available to meet the costs of undertaking winter maintenance operations in harsh winters and thereby reduce the potential for a reduction in standards/service levels or an overspending on the budget for general highways maintenance.	0.350	0	0.350

Analysis of Earmarked Reserves / Provisions

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.	0.206	0	0.206
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.	0.086	0	0.086
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.	0.146	0	0.146
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.	0.049	0	0.049
Section 117 Mental Health Provision	This reserve is to provide for potential restitution claims arising from service users receiving after care under S117 of the Mental Health Act. It is considered appropriate to maintain the provision at its current level.	0.472	0	0.472
Redundancy	To provide finance for the one-off capital costs of redundancies and early retirements. The reserve will not be restored to its original level of £1m until after 2014/15.	(5.553)	0	(5.553)
Job Evaluation	To ensure that sufficient resources are available to contribute towards the cost of Job Evaluation. The forecast balance takes into account the approved contributions towards increased salary costs	2.399	1.000	1.399

Analysis of Earmarked Reserves / Provisions

	following the implementation of 'Single status'. The contributions to the budget were in order to help minimise the impact on service budgets for the transition to the new post JE salary pay grades. No allowance has been made in the reserve for costs arising from subsequent phases of JE. There is no allowance in the reserve for equal pay claims.			
General Insurance Reserve	To meet any liabilities not covered by external insurance arrangements, including potential liabilities which may arise following the demise of MMI. Any surpluses/deficits arising on the reserve are shared between the county council and Stoke City Council under LGR arrangements. The latest advice suggests that the balance on the reserve is sufficient to meet known liabilities	2.172	0	2.172
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. The funds available have been assessed as sufficient to meet known and potential liabilities although some minor adjustments between provisions have been required. The Motor Vehicles reserve has been assessed to be sufficient.	2.574	2.374	0.200
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 31 March 1997. An internal review of the insurance provision assessed the funds available as sufficient to meet known and potential liabilities, although some minor adjustments between provisions have been	0.221	0	0.221

Analysis of Earmarked Reserves / Provisions

	required.			
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 1 April 1997. A review has been undertaken regarding the level of the insurance provisions and it is necessary to transfer surplus monies from other insurance provisions to meet known and potential liabilities.	6.478	(0.334)	6.812
Insurance Trading Reserve	To ensure that sufficient resources are available to undertake day to day activities associated with supporting the county councils insurance arrangements. A review has been undertaken and identified that £1.196m can be released into general balances.	1.499	1.196	0.303
Employers Liability Insurance (Pre 1985 reserve)	To ensure that sufficient resources are available to meet outstanding claims where the policy excess is not covered by the county council's former insurance arrangements. The current balance, at this stage, is considered to be adequate to meet all outstanding claims. An internal review of the insurance provision assessed the funds available as sufficient to meet known and potential liabilities, although some minor adjustments between provisions have been required.	0.011	0	0.011
Schools' Balance of Risks Provision and the Sickness Absence	To ensure sufficient funds are available to meet schools claims. An internal review of the insurance provision assessed the funds available as sufficient to meet known and potential liabilities.	1.854	0	1.854

Analysis of Earmarked Reserves / Provisions

Provision				
Overseas	To meet any costs of visits from and to overseas partnerships. E.g. Ivanovo – Sri Lanka.	0.025	0	0.025
Conservation and Archaeology	To meet the county's obligation towards the Extensive Urban Survey scheme, which is being run in partnership with English Heritage.	0.077	0	0.077
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, therefore this funding is not available to support the revenue budget.	0.017	0	0.017
Capital Guidelines and Capital receipts Carry Forward	The reserve contains unused allocations from prior years which the county council can use to fund its future capital programme. The Capital receipts carry forward contains funding received from the sale of county council assets. The receipt that this sale generates is then earmarked for a specific project. When the project is commenced the funding is utilised from this reserve. There is currently a deficit on this reserve due to the current economic climate resulting in less advantageous conditions to sell certain properties.	(1.624)	0	(1.624)
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 Fleetcare but also includes balances that the trading service will draw down on in years when the service creates a deficit.	5.025	0.500	4.525
Revenue Carry forward	The reserve is used to carry forward unused revenue funds to meet commitments/obligations in future years. The majority of this	8.260	4.713	3.547

Analysis of Earmarked Reserves / Provisions

Earmarked Reserves	balance relates to sums set aside for interest rate fluctuations. Initially the capital financing budget requires funding from this reserve, however it is anticipated that interest rates will pick up from 2012/13 and therefore the reserve will no longer be required.			
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 Fleetcare reserve.	0.161	0	0.161
Cannock Chase AONB Joint Committee Reserve	Additional income generated by the Area of Outstanding Natural Beauty to fund future projects as grant funding begins to reduce	0.024	0	0.024
LAT's Reserve	The reserve is used to recognize the valuation of excess LATs held at the end of a financial year. These excess LATs may be traded with other authorities between benchmark years	1.767	0	1.767
Total Reserves		45.559	9.449	36.110

Risk Assessment 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 the planning period 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 MTFs.

Estimated Impact £m	Area of Expenditure	Level of Risk *	Explanation of risk/justification of balances
Treatment of inflation and interest rates			
3.000	Inflation	Medium	General uplift to budgets is intended to provide an underlying increase approximately in line with inflation. In the light of this there is a low risk of significant expenditure pressures occurring as a result of inflation. However, there will be some risk of further increases in energy costs.
1.000	Treasury Management	Low	1% point increase in interest rate on borrowing against capital programme
0.850	Investments	High	0.5% point drop in interest on balances will reduce the income by £0.850m.
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			
3.500	Adults Social Care	High	Increasing demand for services
1.000	Looked after Children	High	Continual risk that demand pressures from a potential increase

Appendix 10

Risk Assessment of General Balances

Estimated Impact £m	Area of Expenditure	Level of Risk *	Explanation of risk/justification of balances
			in the number and cost of out of county residential care placements will exceed budget provision
0.500	Other areas	Medium	Risks of overspend in other budget areas
0.200	Waste Management	Low	Risk of underestimation of tonnages for disposal – impact of 1%
1.000	Income Reduction in Income	High	Revenue budget supported by government grants with no indication of future grant
1.500	VAT	Low	Risk of exceeding 5% limit for input tax.
The treatment of efficiency savings/productivity gains			
10.000	Non achievement of efficiency savings/'invest to save' costs/ redundancy costs	Medium to High	Risk of non-achievement of savings, or delays in delivery or additional unforeseen one off costs to facilitate savings.
The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments			
Nil			
The availability of other funds to deal with major contingencies			
1.000	Disaster recovery	Low	Cost of consequential losses for uninsurable risk incidents such as virus attack on ICT infrastructure
Difficult to quantify (Range of 2.000 - 10.000)	Insurance	Low	Risk of: -un-insured Terrorism -gradual pollution liabilities - gap between Aggregate stop and Provision
1.000	Other unforeseen costs/income shortfall	Medium	Risk of income shortfall due to a potential RSG general funding drop. A 1% drop in RSG and NNDR has a net effect of £1.572m.

* Taking account of the robustness of budgeting and monitoring processes, the adequacy of insurance arrangements and any relevant earmarked reserves, the level of the Contingency and other risk mitigating actions.

Level of Balances – Summary

Level of Risk	£m
High and Medium Risks	20.850

Prudential Indicators

Indicator	Target 2011/12	Target 2012/13	Target 2013/14	Target 2014/15	Target 2015/16
A. Indicators for Affordability, Prudence and Capital Expenditure					
1. Ratio of Financing Costs to Net Revenue Stream	9.91%	9.72%	9.62%	9.43%	7.89%
<i>This shows the capital financing costs (interest charges/receipts and repayment of loans) as a proportion of government grant (revenue) and Council Tax. This allows the authority to track how much of its annual income is needed to pay for its capital investment plans proportionate to its day to day running costs.</i>					
2. Estimates of the incremental Impact of Capital Investment Decisions on the Council Tax (Band D)	(£0.34)	(£1.45)	(£4.41)	(£8.99)	(£13.76)
<i>This indicator aims to show the impact of varying capital programmes expressed as a cost to the Band D Council Taxpayer. Specifically it identifies the impact on Council Tax levels of new capital investment decisions when compared to programmes approved previously and reflects the reduced capital allocations from government. The new indicators also reflect recent significant interest rate changes.</i>					
3. Estimates of Capital Expenditure	£119.857m	£98.316m	£65.018m	£59.943m	£61.923m
<i>Expressed in absolute terms rather than as a ratio, this shows the overall level of capital investment irrespective of how it is being funded.</i>					
4. Capital Financing Requirement	£540.513m	£535.464m	£515.579m	£493.956m	£478.318m
<i>This indicator effectively shows the level of the county council's underlying need to borrow for capital purposes</i>					
5. Net Borrowing and the Capital Financing Requirement	Net borrowing is not expected to exceed the total of the capital financing requirement (except in the short term)				
<i>It is a key indicator of prudence that, over the medium term, net borrowing is only for capital purposes.</i>					

Prudential Indicators

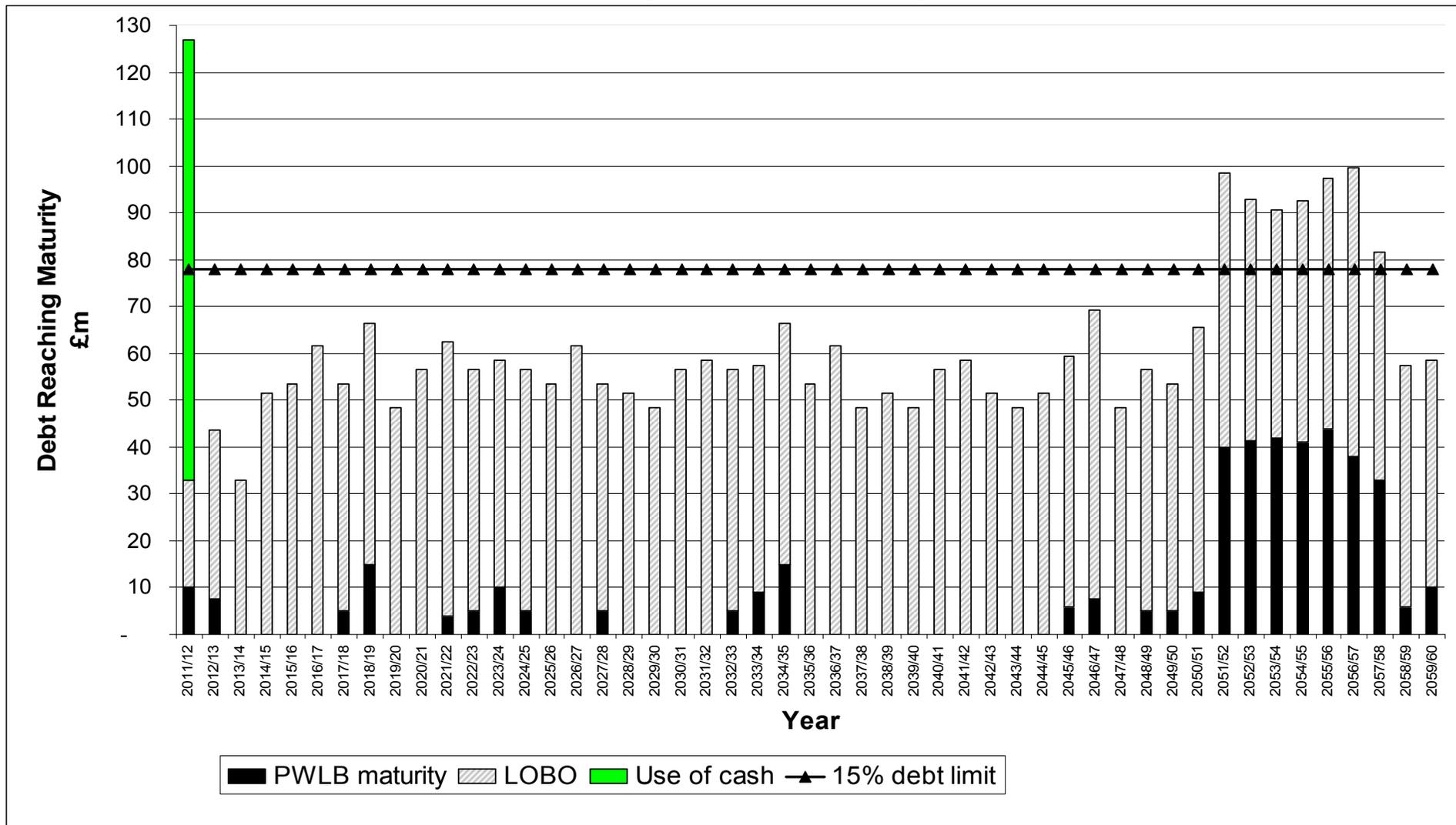
Indicator	Target 2011/12	Target 2012/13	Target 2013/14	Target 2014/15	Target 2015/16
B. Indicators for Treasury Management					
1. Treasury Management Code of Practice	The county council has adopted the CIPFA Code of Practice on Treasury Management				
<i>This indicator identifies whether an authority has adopted CIPFA's Code of Practice for Treasury Management in the Public Services. The county council has adopted this code</i>					
2. External Debt					
a. Authorised Limit	£669.000m	£662.000m	£630.000m	£604.000m	£583.000m
b. Operational Boundary	£647.000m	£680.000m	£657.000m	£631.000m	£604.000m
c. External Loans	£550.000m	£542.000m	£543.000m	£543.000m	£544.000m
<i>The Authorised Limit is the maximum level of external borrowing which should not be exceeded. It is linked to the estimated level of borrowing assumed in the Capital Programme.</i>					
<i>The Operational Boundary represents the Director of Finance and Resources estimate of the day to day limit for the Treasury Management activity based on the most likely i.e. prudent but not worst case scenario.</i>					
<i>External loans represent the borrowings, including other liabilities that the council holds. These will only fall if early repayment is made or when they mature.</i>					
3. Interest Rate Exposures					
a. Upper Limit (Fixed)	£581m	£562m	£536m	£508m	£487m
Borrowing	100%	100%	100%	100%	100%
Investments	0%	0%	0%	0%	0%
a. Upper Limit (Variable)	£(233)m	£(190)m	£(213)m	£(213)m	£(213)m
Borrowing	20%	20%	20%	20%	20%
Investments	100%	100%	100%	100%	100%
<i>Upper limits of fixed and variable borrowing and investments are required to be set. This limits the county council's exposure to both fixed and variable interest rate movements as part of the overall risk management strategy for Treasury Management activities.</i>					

Prudential Indicators

4.Maturity Structure of Borrowing	Upper Limit			Lower Limit	
See Attached Graph					
<p><i>This indicator identifies the amount of debt maturing in specified periods. The overarching principle is that steps should be taken from a risk management point of view to limit exposure to significant refinancing risk in any short period of time.</i></p> <p><i>The county council currently applies the prudent practice of ensuring that no more than 15% of its total gross fixed rate debt matures in any one financial year.</i></p>					
Indicator	Target 2011/12	Target 2012/13	Target 2013/14	Target 2014/15	Target 2015/16
5. Upper limit for total principal sums invested for over 364 days (per maturity date)	£45m	£45m	£45m	£45m	£45m
<p><i>Any investments made for over 364 days will be in accordance with the county council's limit on non specified investments</i></p>					

Prudential Indicators

Maturity Structure of Debt Graph



Council Tax Base and Collection Fund

Tax Base

	2010/11 Band D Equivalents	2011/12 Band D Equivalents
Cannock Chase	30,043.71	30,422.77
East Staffordshire	36,843.26	37,168.45
Lichfield	38,033.40	38,071.60
Newcastle	38,448.00	39,061.00
South Staffordshire	39,079.54	39,692.48
Stafford	45,563.24	45,696.96
Staffordshire Moorlands	34,404.00	34,458.00
Tamworth	23,244.00	23,304.00
Total	285,659.15	287,875.26

Collection Fund

	Estimated Balance at 31 March 2010 £	Estimated Balance at 31 March 2011 £
Cannock Chase	(98,900)	48,269
East Staffordshire	584,186	431,768
Lichfield	(348,508)	26,163
Newcastle	(75,278)	249,870
South Staffordshire	727,100	725,500
Stafford	(607,372)	0
Staffordshire Moorlands	21,000	45,245
Tamworth	217,338	120,803
Total	419,566	1,647,618

Key: Surplus / (Deficit)

Financial Health Indicators

Indicator	2011/12 Target	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Reserves Forecast of level of revenue balances	£15.1m	£15.1m	£17.2m	£19.2m	£21.2m
Debtors Level of outstanding general debtors more than 6 months old	£2.50m	£2.25m	£2.00m	£1.75m	£1.50m
Accounts Payable Percentage invoices paid within 10 days	90%	90%	90%	90%	90%
Treasury Management Compliance with Prudential Indicators for Treasury Management	100%	100%	100%	100%	100%
Monitoring a. Frequency of Corporate Monitoring Reports	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
b. Tolerated variation from overall revenue budgets	2%	2%	2%	2%	2%
Financial Reporting External Audit completed on time (no of calendar days after year end)	158 days after 1st April	158 days after 1 st April	158 days after 1 st April	158 days after 1 st April	158 days after 1 st April
Audit Percentage of Audit Plan completed	90%	90%	90%	90%	90%

Proposed Budget 2011/12 and Planning Forecasts 2012/13 to 2015/16

	2011/12 Proposed Budget £m	2012/13 Planning Forecast £m	2013/14 Planning Forecast £m	2014/15 Planning Forecast £m	2015/16 Planning Forecast £m
People*					
LEA Budget	40.041	37.666	36.101	36.610	36.773
Children's Services	63.671	61.367	59.135	60.426	61.744
Adults Services	193.711	194.876	187.923	185.976	183.940
Young People Services	12.023	11.310	11.489	11.672	11.860
People Total	309.445	305.219	294.648	294.685	294.317
Place*					
Staffordshire Highways	36.588	35.734	32.723	33.462	34.391
Waste Management	23.718	25.223	24.520	22.199	21.939
Planning & Regeneration	20.473	20.484	20.189	20.146	20.456
Trading Services	(2.021)	(1.871)	(1.871)	(1.871)	(1.871)
Property	(0.530)	(0.805)	(1.141)	(1.147)	(1.154)
Organisational development and resources	2.157	2.083	2.139	2.196	2.254
Community Services	6.901	6.830	6.700	6.915	7.073
Cultural Services	10.893	10.514	10.664	10.853	11.152
Place Total	98.180	98.192	93.924	92.753	94.241
One Council*					
Finance	4.623	3.968	2.961	3.067	3.173
Law and Governance	6.523	6.164	5.959	6.032	6.157
Information Communications Technology	7.850	7.849	7.986	8.248	8.439
Chief Executive's Office	7.075	7.246	7.354	7.490	7.629
One Council Total	26.073	25.228	24.260	24.837	25.399
Service Total	433.698	428.639	412.832	412.274	413.957
Corporate Budgets					
Capital Financing	45.653	44.551	42.732	42.132	34.745
Centrally Controlled Costs	11.239	10.743	10.206	10.258	9.914
Contingency	2.000	2.000	2.000	2.000	2.000
Net Revenue Budget	492.590	485.933	467.770	466.664	460.616
Use of Reserves	(4.450)	(2.000)	0.000	0.000	0.000
Use of General Balances	(8.157)	0.000	2.000	2.000	2.000
Total Reserves & Balances	(12.607)	(2.000)	2.000	2.000	2.000
Budget Requirement	479.983	483.933	469.770	468.664	462.616
Formula Grant Allocation (FGA)	(174.808)	(160.187)	(158.745)	(149.856)	(149.856)
Council Tax Freeze Grant	(7.358)	(7.358)	(7.358)	(7.358)	0.000
Council Tax	(296.169)	(302.395)	(309.060)	(316.187)	(323.478)
Council Tax Surplus	(1.648)	0.000	0.000	0.000	0.000
Financing Total	(479.983)	(469.940)	(475.162)	(473.400)	(473.334)
(Shortfall) / Headroom	0.000	(13.993)	5.392	4.736	10.718

* Between now and 1 April, this will be converted to reflect the new operating model and service analysis

Totals may not sum due to rounding.