Cabinet meeting on 17 June 2020

Final Financial Outturn Report

2019/20

Philip Atkins, Leader of Staffordshire County Council said:

“This report covers the last financial year and the period when the authority first began helping those affected by Covid-19 pandemic so, as a result, does not begin to reflect the millions of pounds subsequently spent in that direction.

“However, it shows that despite the rising costs of care for older people and providing support to vulnerable children and young adults the council has still been able to invest millions of pounds in more school places, highways and economic regeneration.”

Mike Sutherland, Cabinet Member for Finance, said:

“At a time when local authorities face great pressures, good management and investment of our resources means the county council has been able to balance the books, invest in Staffordshire’s future and keep some money for emergencies.

“The longer term implications for this authority, particularly around the rising costs of adult care and children’s services remain a serious concern. We continue to work with Government to find answers to putting local government funding on a more sustainable footing.”

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

Recommendation(s)

I recommend that:

a. Cabinet Members note the final outturn position.

b. Cabinet Members approve that the unspent Contingency sum of £4m be added to the Investment Fund previously established to fund commercial or other investments.

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

Local Members Interest
NA

Cabinet – 17 June 2020

Final Financial Outturn Report 2019/20

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

a. Cabinet Members note the final outturn position.

b. Cabinet Members approve that the unspent Contingency sum of £4m be added to the Investment Fund previously established to fund commercial or other investments.

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

Report of the County Treasurer

Reasons for Recommendations: To inform Cabinet of the final financial outturn for 2019/20.

Report Commissioner: Rob Salmon

Job Title: County Treasurer

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Latest Financial Summary

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

The graphs and charts are compiled using final outturn information.

This report presents the final position for both revenue and capital budgets at the end of the 2019/20 financial year. The final revenue position is a small saving of £53,000 across portfolio budgets (0.01%). This is within our Financial Health target of 2% variation on revenue budgets.

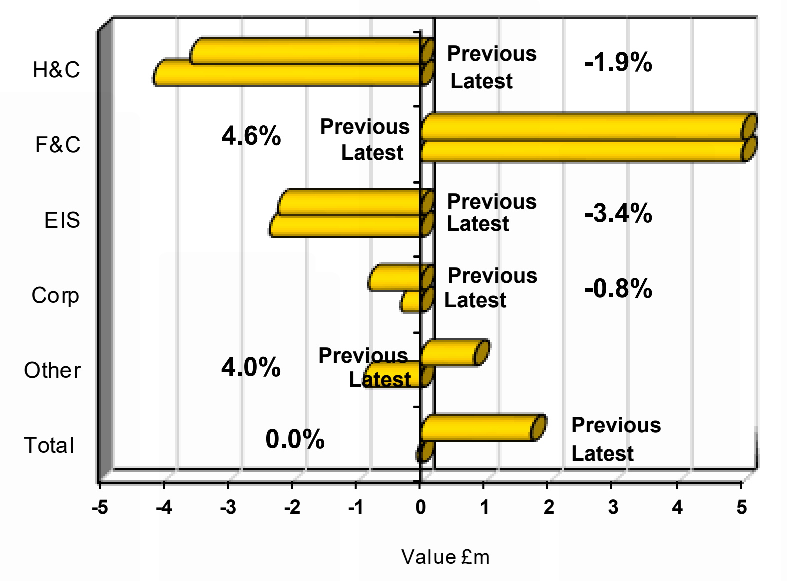
The quarter 4 forecast was a small overspend of £1.728 and since then the coronavirus has become a global pandemic which is having a severe impact on the economy. The government has issued two payments of grants to local authorities in order to support the additional pressure of continuing to provide vital services during the pandemic while protecting both workforce and local residents. Following the use of this grant, it leaves a small saving of £53,000 on services which will transferred to general balances.

It has not been necessary to allocate any amounts from contingency and therefore this budget can be transferred to reserves to be available for future investment requirements.

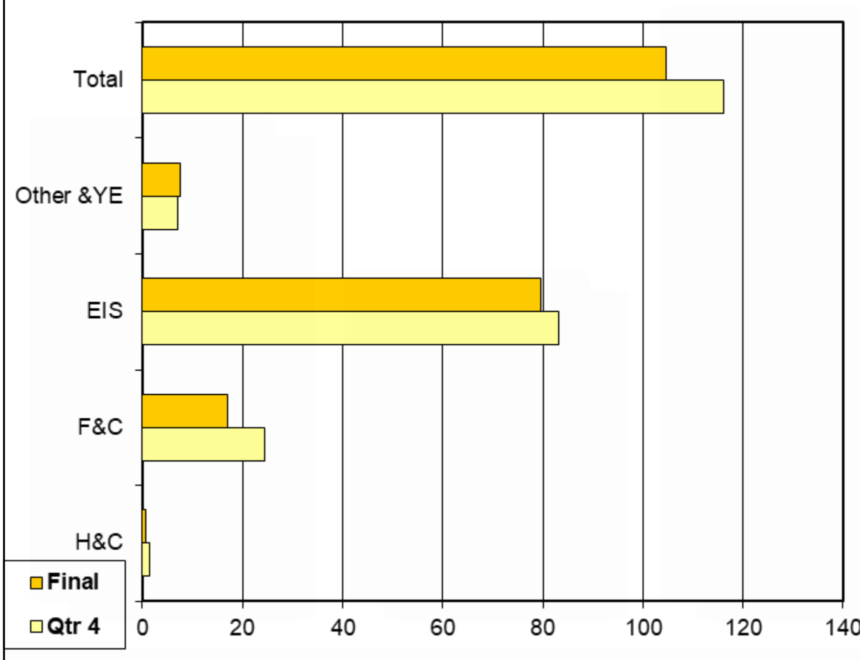
The capital outturn is £110.5m which represents continued investment in schools, highways and economic regeneration. The capital programme has been fully funded. The final position includes £5.7m of transformational revenue expenditure which has been capitalised in accordance with the Flexible Use of Capital Receipts direction.

To enable us to provide future flexibility to finance the Capital Programme, £1.435m of repairs and maintenance spend has been capitalised.

Revenue Budget Variance



Capital Programme



County Council Financial Outturn

1. This report presents the final position for both revenue and capital budgets at the end of the 2019/20 financial year.

2. The quarter 4 forecast was a small overspend of £1.728m and since then the coronavirus has become a global pandemic which is having a severe impact on the economy. The government has issued two payments of grants to local authorities in order to support the additional pressures of continuing to provide vital services during the pandemic while protecting both workforce and local residents. The first grant payment was received at the end of March and was £22.3m. This has been carried forward for use in 2020/21, apart from £0.680m which has been used to fund those Covid-19 related costs that were incurred prior to 31st March. Following the use of this grant, it leaves a small saving of £53,000 on services which will be transferred to general balances.

3. In addition, no further amount has been required from the Contingency budget and therefore £4m remains unspent at the end of the year, which can be transferred to reserves to be available for future investment requirements.

4. The capital programme shows total expenditure of £110.464m. This reflects our continued investment in school places, highways and economic regeneration. In 2019/20, £5.719m of capital receipts were used to fund transformational spend, this is included in the total expenditure above.

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

6. The following paragraphs contain a key financial summary of how each of the portfolio areas have performed during the year.

***7.* Health & Care** **Saving £4.138m (1.93%)**

8. *Public Health & Prevention* *Breakeven*

9. Public Health has underspent by £1.1m, mainly due to underperformance on Lifestyles contracts of £0.950m. There have also been underspends on the Smoking in Pregnancy contracts of £98,000 and savings due to staff turnover, vacancies and staff recharges.

10. The £1.1m underspend will be carried forward in the Public Health reserve which will increase to £1.7m. Of this, £0.505m is earmarked for use in the new financial year.

11. *Adult Social Care & Safeguarding* *Saving £1.730m (4.53%)*

12. Overall, the service has saved £1.730m, an increase of £0.463m since the quarter 4 report. This increase relates to a range of staff related savings.

13. The Adults Learning Disability Team (ADLT) restructure was completed in November 2019 and delivered the planned MTFS saving in full. There is also an additional saving of £1.120m arising from staff vacancies held prior to the introduction of the new structure. The saving has increased slightly from that forecast at quarter 4 due to some further delays in recruiting to vacant posts in the new structure.

14. Following a review of the Mental Health North team that transferred back to the council last year, a saving of £88,000 has been achieved which is in line with the forecast at quarter 4. There was a small overspend of £97,000 in the Learning Disability In-House provider services due to vacancy factors built into the staffing budgets not being met in some teams and the need to employ addition agency staff to cover absences. This is slightly lower than the forecast of £0.203m at quarter 4 due to additional health income.

15. Within Care Systems, Adult Safeguarding and Appointeeships have a saving of £0.351m which is an increase of £26,000 from quarter 4 due to staff turnover and holding vacant posts.

16. The Deprivation of Liberty Safeguards assessments has overspent by £62,000 but the Medical Health Assessments have a saving of £70,000, this saving is due to the temporary suspension of MHA due to the Covid-19 pandemic.

17. Other variances amount to a saving of £0.267m, an increase of £0.192m from quarter 4. Of this, £0.187m is due to lower operational activities against the CM2000 Staffordshire Homecare Framework contract.

18. *Care Commissioning* *Saving £2.407m (1.38%)*

19. Overall, the service has saved £2.407m. Further savings of £0.106m have been identified since the quarter 4 report.

20. The Older Peoples service has overspent by £0.495m, which is a deterioration of £0.558m from a forecast saving of £63,000 at quarter 4. This overspend is due in main to a number of additional residential placements. The additional total cost to the Council of rising prices and increased demand was £10m in 2019/20.

21. The Council procured a number of block-booked beds at a lower cost per bed, which has helped to mitigate the overspend. In the medium term and longer term

the Council is undertaking direct intervention in the market and had recently announced a care partner to deliver nursing care from the Hillfields site, which is currently undergoing refurbishments. Despite these measures, managing the continuing trend of increasing prices in the provider market and developing alternative cost-effective strategies continues to prove particularly difficult. The ongoing associated cost-reduction measures outlined above will continue to carry a high level of risk.

22. The implementation of the Dynamic Purchasing System in 2017/18 was expected to deliver lower Care Home placement costs. The rising trend in prices has offset this saving and therefore MTFS savings of £0.5m for 2019/20 have not been achieved.

23. The final saving for Physical Disabilities has increased to £1.020m, an additional £0.789m since the forecast at quarter 4. This change has arisen in the main due to the number of residential and nursing placements not being as high as anticipated leading to a saving of £0.481m, a reduction of £0.165m on direct payments as a number of services packages were ended and a substantial amount of surplus funds were recovered. There has also been a reduction in the pressures on home care of £91,000 due to a number of packages being ended.

24. Equipment related services have saved £0.477m. Telecare and Equipment Maintenance have saved £62,000. There is reduced spending on adaption of £71,000 as items over £1,000 are now funded by the District Councils, and a saving of £0.272m for the Integrated Community Equipment Service (ICES) section 75 agreement. There are other small variances amounting to £72,000.

25. There is an overspend of £0.202m on the Mental Health placement services, this is largely due to growth in the numbers number placed in Supported Living, reductions in Health income offset by some contract savings realised during the year. This overspend is an increase from the £0.131m forecast at quarter 4 due to some additional residential/nursing costs arising in the final weeks of the year.

26. The Learning Disability placement service has saved £4.799m which is an increase from the forecast of £3.696m at quarter 4. The increase from quarter 4 is largely due to a lower growth in the number of new placements and an increase in the amount of health income. The forecast saving in year is due to reduction in the number of people with Learning Disabilities being cared for in Residential/Nursing Homes as well as savings on our Supported Living contracts following a negotiation with the NHS. In addition, there were reductions in the costs of some placements following reviews as we try to help people be as independent as possible. There was a saving of £0.305m following the ending of a long-standing agreement with Stoke CCG for Learning Disability housing related expenditure and are experiencing the full benefit of increases in health

income negotiated in the second half of last year which resulted in us receiving an additional £2m over the equivalent figure for 2018/19.

27. There are contract savings for Advocacy and Advice and Information which total £0.774m, which is in line with the forecast at quarter 4.

28. The Council has worked closely with the local Clinical Commissioning Groups (CCGs) throughout the year to support the discharge of people from specialist hospitals to community-based settings under the Transforming Care Partnership (TCP). Because the National Health Service England (NHSE) reduced the amount of funding that accompanied each individual, there has been a substantial cost pressure for the Staffordshire Health and Care economy. The cost pressure for the County Council was just under £2m in 2019/20. This pressure was partially mitigated by the ending of an agreement whereby the council transferred £1.250m per annum for Learning Disability clients with health needs. There remains significant risk of further cost pressures in the future unless further discharges are properly funded.

29. There is a performance related saving on the reablement contract with the Midlands Partnership Foundation NHS Trust (MPFT) of £0.234m which is in line with the quarter 4 forecast. This is because fewer reablement episodes were delivered than specified in the Section 75 partnership agreement.

30. Prisoners related care activities saved £0.277m due to staffing savings and lower care costs. However, this grant has been carried forward to 2020/21.

31. There is a slight overspend of Extra Care contracts of £58,000 due to activity levels being higher than budgeted.

32. Health and Care redundancy costs of £2.440m have been paid in 2019/20.

33. We have recently undertaken a review of prior year debt in conjunction with our health partners and have received payment of invoices totalling £5m to settle the position. Furthermore, we have agreed a streamlined process for payment of health contributions to ensure that these are agreed and paid in a timely manner. Having reviewed the overall aged debt position (including client debt), the bad debt provision has been increased by a total of £2.163m.

34. Other variances amount to a saving of £0.491m.

***35.* Families & Communities — Overspend £6.922m (4.59%)**

36. The final overspend is £6.922m, a decrease of £0.536m from the quarter 4 position of £7.458m. This position includes contributions from the Council's Exit and Transition Fund of £1.222m towards the shortfall of MTFS savings arising as a result of delayed service transformation plans.

37. *Children's Services* *Overspend £5.732m (5.25%)*

38. The final position is a £5.732m overspend, an increase of £74,000 compared to the forecast at quarter 4. This includes a contribution of £1.119m from Exit and Transition funding for non delivery of MTFS savings arising as a result of delayed service transformation programmes.

39. Overall Looked After Children (LAC) numbers have increased over the past 12 months, with a total at 1,218 at the end of March 2020 compared to 1,175 at the beginning of April 2019. However, this figure was as high as 1,257 Looked After Children during autumn 2019. The number of LAC at 31st March 2020 was also 33 higher than the target of 1,185 set out in the Children's System Transformation Plan business case. The overspend on the service is mainly due to higher expenditure on Looked After Children in independent sector placements. This includes external residential homes, supported accommodation and with independent fostering agencies. The overspend on these budgets was £4.595m, after taking into account the £6.051m un-ringfenced grant received for Adults' and Children's social care which was allocated against this budget.

40. Without this additional, one off funding the overspend would be nearly £11m. Whilst this pressure has been addressed in the budget going forward, the MTFS also assumes that through transformation, and with the support of additional investment money, further savings can be delivered over the next five years totalling £17m including £4.7m to be delivered in 2020/21. Given the outbreak of coronavirus, this will likely impact on the progress of necessary reforms and the deliverability of this saving next year and going forward.

41. During the year the Fostering service continued to face increasing pressure with an overspend of £0.816m. Around £0.553m of this is a result of increased spending on items such as allowance payments, in particular, Special Guardianship Order allowances. The rest of this overspend, £0.263m, relates largely to additional expenditure on staffing, mostly a result of not delivering savings towards assumed vacancy levels, and lower than budgeted income. The adoption service was also not able to deliver savings towards assumed vacancy levels due to significant workload pressure and has an overspend of £0.280m.

42. There was a significant use of agency staff in both Case Management teams, East and West, which resulted in an overspend of £0.492m. Across Early Help and Safeguarding teams, an overspend of £0.237m primarily arising through the use of agency staff in Safeguarding and increased demand on First Response services.

43. Savings totalling £0.327m in short stay residential, residential disability resource centres and the Intensive Prevention Service resulted largely due to staff vacancies in these areas.

44. Partnership and Development services overspent by £0.243m. This was largely due to rising demand for services provided by the Independent Reviewing Officer team.

45. The overspend for Children's services also includes £0.360m of costs for the Children's Transformation project (stage 2). The spend was significantly less than the £0.930m approved in the business case to be spent in 2019/20 and is largely a result of delayed recruitment. This is likely to impact on the delivery of the programme and there is a risk that the planned number of children transferring out of care will be slower than initially expected.

46. Education Services *Overspend £1.737m (6.42%)*

47. Education Services have a final overspend of £1.737m, slightly lower than the forecast position at quarter 4. This is largely a result of Transport related costs which have overspent by £1.763m, a small reduction on the position last reported and accounts for most of the change. Given the on-going demand for SEND transport, and increasing sole occupancy provision, this pressure is likely to continue going forward.

48. The forecast saving of £0.5m in the Education Commissioning service and the Pensions service is as anticipated and will offset the SEND Assessment Team £0.5m MTFS saving in year which remains undelivered. Going forward this pressure will be addressed as part of the SEND stabilisation programme and wider service transformation programme.

49. The recruitment and retention difficulties within Educational Psychology in the SEND services, led to significant vacancy levels and salary saving. Temporary, but more expensive, locum support was commissioned to ensure the Council continued to meet its statutory commitments which resulted in a year end overspend of £0.2m. This has been mitigated from over achievement of income, together with underspends in other services across Education. It is anticipated that additional provision made available in the SEND stabilisation business base should help address this pressure going forward.

50. SEND High Needs Block *Overspend £3.6m (4.5%)*

51. The High Needs Block has this year overspent by £3.6m, an improved position of £1.2m from the position at quarter 4. This is largely a result of lower than expected costs of SEND post 16 support of £0.5m and Independent sector provision of £0.4m. The final position also includes additional Government grant income of £0.2m and a saving on the SEN Inclusion Fund of £0.1m.

52. The budget was this year supported by a transfer of 0.5% from school's block of £2.4m, as approved by the Secretary of State, without which the overspend would be even higher.

53. The overspend will be offset against the DSG reserve. The reserve is now £0.433m at the end of 2019/20.

54. Culture & Communities *Breakeven*

55. In line with previous forecasts, the final outturn is breakeven. This includes a contribution of £0.103m from the Exit and Transition funding for non delivery of MTFS savings arising as a result of delayed service restructure. The following summarises the main services and variances arising.

56. Libraries remain at a breakeven position. Archives and Heritage is £0.155m overspent, mainly a result of undelivered MTFS saving of £0.246m due to delays in the restructuring process. This has been mitigated, in part, through the year by staffing vacancies. Going forward it is anticipated that the bid for Staffordshire History Centre Lottery funding will be successful and that these savings will be delivered in future years. This overspend is offset by a saving of £38,000 on the Shugborough and various minor miscellaneous savings within the commissioning budget.

57. Rural County *Overspend £5,000 (0.23%)*

58. In line with previous forecasts, Rural Services has delivered services largely in line with budget reporting just a small overspend of £5,000. While there continues to be a pressure in this area as a result of the non delivery of MTFS savings of £0.190m, this has been mitigated in year through staff vacancies and going forward will be addressed through the staffing review.

59. Community Safety *Saving £0.552m (6.81%)*

60. Community Safety final outturn is significantly less than the breakeven forecast at quarter 4. This is largely a result of one off gains arising from prior year (2018/19) adjustments relating to expected charges that have not come to fruition. Going forward there remains a pressure in Regulatory Services (Trading Standards) of £0.170m as a result of the non delivery of MTFS savings; this has been mitigated in year through staffing vacancies and going forward will be addressed through the service restructure.

61. **Economy, Infrastructure & Skills** **Saving £2.337m (3.37%)**

62. Business & Enterprise *Saving £0.118m (10.31%)*

63. The service has finished the year with a saving of £0.118m. County Farms delivered a surplus of £0.172m due to additional income, and savings made on repairs and maintenance and tenant rights valuations.

64. The final position for Enterprise Centres is an overspend of £0.240m after providing for dilapidations at St Albans Enterprise Centre of £0.150m and a liability to Homes England related to Lymedale West Enterprise Centre of £0.133m. Wood Fuels also overspent, by £30,000 due to a combination of high timber prices and a mild winter.

65. This outturn position is an improvement of £0.204m since the quarter 4 report and this is due to reduced expenditure late in the year across a number of services, but mainly Farms, Enterprise Centres and Wood Fuels, as well as increased income in Physical Regeneration in March.

66. Infrastructure & Highways *Overspend £0.711m (2.79%)*

67. The final position for the service is an overspend of £0.711m. There is an overspend of £0.287m in Development and Improvements as a consequence of having to buy in additional resources to meet planning consultation deadlines, and the non-achievement of the MTFS saving to generate additional income on Street Lighting of £50,000.

68. The Strategic Asset and Network Management area had additional costs of £0.838n in connection with Highways Maintenance delivery. This includes the costs associated with the County Councils response to the storms in February 2020. There is also a reduction in income of £0.224m in relation to on-street parking, partly as a consequence of difficulties in introducing further Pay & Display Car Parking on-street. These are partly offset by additional Network Management income of £0.496m.

69. The overall position is an increased overspend of £0.453m from quarter 4 and this is mainly due to the reduced income in the later part of the year for the Highways Laboratory and late costs in the Highways Maintenance area.

70. Transport, Connectivity & Waste *Saving £2.664m (6.79%)*

71. The outturn for the service is a saving of £2.664m. This is made up of a £1.097m saving in the Transport and Connectivity service, mainly within concessionary fares. This is an improved position of £0.305m from quarter 4 and is the result of a recent successful defence of an English National Concessionary Transport Scheme claim made by an operator which has finally been settled by a Department for Transport adjudication.

72. Sustainability and Waste Management has finished the year with a £1.567m saving. This is after spending £0.4m on new equipment and vehicles relating to the transfer of Household Waste Recycling Centres and a £0.6m provision for urgent remedial health and safety work at the centres. This is a small improvement of £50,000 since the quarter 4 report due to increased income at the Waste 2 Resources site.

73. Skills *Saving £72,000 (3.11%)*

74. The service has a saving of £72,000 which is no change from the forecast at quarter 4. This saving is mainly due to vacancies within the service and a small saving on Community Learning Groups.

75. EI&S Business Support *Saving £0.194m (18.23%)*

76. The service is reporting a saving of £0.194m. This is after making a provision of £0.1m in relation to the Isobel Trail Incident. The final position is due to savings across various budgets including training, legal and stamp duty costs, advertising and stationery.

***77.* Corporate Services** **Saving £0.302m (0.83%)**

78. The final position for Corporate Services is an underspend of £0.302m, an increase of around £500k from the forecast at quarter 4. The directorate was eligible to receive funding from the Exit and Transition Fund of £0.930m to meet the shortfall in delivery of MTFS savings relating to restructures which were delayed. However, the directorate has successfully managed its costs and has not needed this funding meaning that reserves remain in place for future use. There has also been Transformational Spend on redundancy costs of £2.065m .

79. The organisation has recognised a major risk relating to cyber security and has made a contribution into the IT reserve in order to mitigate this risk in future. Other changes since quarter 4 are additional income on Legal Services coming in late in the year, increased income in the Digital service and fewer agency costs within Strategy. The Corporate Services Management area has increased by £0.138m as a review of the bad debts provision for the service has resulted in an increased contribution being required.

80. **Centrally Controlled Items** **Saving £0.879m (2.02%)**

81. Capital Financing *Breakeven*

82. The Bank of England's base rate has remained low during the whole of 2019/20 and this low rate impacts on the ability of the council to generate significant income from interest earned on cash balances. The interest on our debt remains fairly constant due to the long-term nature of our borrowing with the average rate for interest on debt being just about 4%. As in previous years a specific reserve will continue to be used to mitigate the impact of fluctuations in interest rates over the MTFS period.

83. Pooled Buildings and Insurances *Overspend £0.140m (1.03%)*

84. The cost of insurance has increased due to both increasing numbers of claims, particularly highways claims, and increasing premiums. A pressure was included in the 2019/20 budget for additional insurance costs but there still is a small overspend in this area.

85. The cost of office accommodation across all the pooled buildings and including the repairs and maintenance budget has overspent by £0.119m. MTFS savings relating to the property rationalisation programme (primarily SP2) were not fully delivered, but were largely offset by savings in running costs across all properties.

86. Contingency *Saving £4m (100%)*

87. This remaining amount has not been requested by services and therefore can be utilised for other purposes. The MTFS is currently being re-assessed in the light of the pandemic but it is highly likely that additional investment will be required to continue to deliver service improvements, including in-house investments, together with other risk management initiatives. It is proposed that the unspent contingency sum of £4m be added to the Investment Fund previously established to fund commercial or other investments. The outturn statement assumed that this transfer has been made.

88. **Capital Outturn**

89. Appendix 3 compares the final outturn for capital expenditure (£110.5m) to the forecast position at quarter 4 (£116.1m). In addition, the appendix also details how the Capital Programme has been financed. This includes the use of £17.8m of borrowing for 2019/20.

90. To enable us to provide future flexibility to finance the Capital Programme, £1.435m of repairs and maintenance spend has been capitalised.

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

92. **Health & Care** **Spend £0.644m**

93. There has been a reduction in spend of £0.773m since the forecast in the quarter 4 report, this is due to slippage for the new nursing homes, Care Director and Supported Living scheme.

94. **Families & Communities** **Spend £17.004m**

95. Maintained Schools *Spend £16.142m*

96. There has been a reduction in spend of £7.322m since the forecast in the quarter 4 report. There has been reprofiling of spend into 2020/21 on the following projects – Scienta Reach2 of £0.340m, Branston Road development of £1.350m, King Edwards VI of £0.519m, Weston Road Academy of £0.452m, Rawlett Academy of £0.332m, Penkridge Middle School of £0.350m, Basic Needs Unallocated budget of £1.870m and changes in various smaller projects that total a reduction of £0.652m.

97. There has also been rephasing of the Schools Capital Allocation into 2020/21, including SEND Provision of £48,000, Healthy Pupils Capital Fund of £60,000, Unallocated Budgets of £0.842m and refinements on various smaller schemes totalling £0.574m.

98. Tourism and Culture *Spend £0.730m*

99. There has been a reduction in spend of £0.129m since the forecast at quarter 4. This is due to a decrease in the final estimated cost of works to the Shugborough Estate as part of the National Trust transfer.

100. **Economy, Infrastructure & Skills** **Spend £79.665m**

101. Highways Schemes *Spend £69.619m*

102. There has been a reduction in spend of £2.879m since the forecast at quarter 4. There has been slippage in spend on Stafford Western Access Route due to, delays due to flooding and contingency rephased into 2020/21, totalling a reduction of £3.196m. There has also been reprofiling of spend into 2020/21 on Lichfield Southern Bypass of £0.337m and £58,000 on other major schemes.

103. Other Highway and Developer Funded schemes have been reprofiled leading to a reduction in spend of £1.201m.

104. Within Maintenance and Integrated Transport, there has been an increase in the spend of £1.914m after refining budgets for the year end.

105. *Economic Planning & Future Prosperity* *Spend £9.649m*

106. There has been a reduction in spend of £0.701m since the forecast at quarter 4. This reduction is mainly due to unused funding for the Superfast Broadband scheme of £0.728m.

107. *Waste & Sustainability Projects* *Spend £0.396m*

108. There has been a reduction in spend of £39,000 since the forecast at quarter 4. This reduction is mainly due the lower cost of purchase of vehicles.

109. **Corporate Services** **Spend £5.548m**

110. *Finance, Resources & ICT* *Spend £1.440m*

111. There has been a reduction in spend of £0.550m since the forecast at quarter 4. This is due to reprofiling of spend into 2020/21 on Data Centre Network Refresh works of £0.438m and Libraries Public Access Devise refresh of £49,000, as well as a reduction in the spend on ICT budget of £63,000.

112. *Property* *Spend £2.310m*

113. There has been a reduction in spend of £0.902m since the forecast at quarter 4. This reduction in mainly due to rephasing of Oakdene Demolition of £0.123m, and the reduction in spend on Asset Renewal of £0.655, and Options Appraisals of £0.105m.

114. **Financial Health & Prudential Indicators**

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

116. **Appendix 4** provides an outturn performance against the key Financial Health Indicators approved as part of the 2019/20 budget setting process.

117. The level of outstanding sundry debt over 6 months old at 31st March 2020 is £15.808m, this exceeds the target of £14.7m by £1.108m. This is a decrease of £0.461m since quarter 4. The debt recovery process involves chasing by a range of methods with the eventual escalation to the external collection agent or to Legal for the possibility of a court decision to recover the debt.

118. There are 16 organisations which each owe in excess of £0.1m that is over 6 months old, totalling £3.347m. The top ten largest debtors are two CCG’s (£0.840m), three Local Authorities (£0.967m), four commercial organisations (£0.752m) and a NHS Partnership Trust (£0.193m). In addition to these 16 bodies there are a further 32 who have outstanding balances over 6 months old between £50,000 and £0.1m totalling £2.1m.

List of Appendices

Appendix 1 – Corporate Checklist
Appendix 2 – Revenue Final Outturn 2019/20
Appendix 3 – Capital Final Outturn 2019/20
Appendix 4 – Financial Health Indicators 2019/20
Appendix 5 – Prudential Indicators 2019/20

Appendix 1 – Corporate Checklist

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

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

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

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

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

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

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Appendix 2

2019/20 Final Outturn

	Final Estimate	Final Outturn	Carry Forward	Final Variation
	£m	£m	£m	£m
Health and Care				
Public Health & Prevention	2.245	2.245		0.000
Adult Social Care & Safeguarding	38.227	36.497		(1.730)
Care Commissioning	174.171	171.764		(2.407)
Sub-total	*214.643*	*210.506*		*(4.137)*
Families and Communities				
Children's Services	109.115	114.847		5.732
Children's Public Health	(1.565)	(1.565)		0.000
Education Services	27.067	28.804		1.737
Culture and Communities	5.787	5.787		0.000
Rural	2.151	2.156		0.005
Community Safety	8.108	7.556		(0.552)
Sub-total	*150.663*	*157.585*		*6.922*
Economy, Infrastructure and Skills				
Business & Enterprise	1.144	1.026		(0.118)
Infrastructure & Highways	25.518	26.229		0.711
Transport, Connectivity & Waste	39.228	36.564		(2.664)
Skills	2.312	2.240		(0.072)
EI&S Business Support	1.064	0.870		(0.194)
Sub-total	*69.266*	*66.929*		*(2.337)*
Corporate Services	36.339	36.037		(0.302)
Covid - 19	0.000	0.680		0.680
Trading Services	*(1.030)*	*(1.030)*		*0.000*
Total Portfolio Budgets	**469.881**	**470.707**		**0.826**
Centrally Controlled Items				
Interest on Balances & Debt Charges	31.590	31.590		0.000
Pooled Buildings and Insurances	13.627	13.767		0.140
Contingency Position	4.000	0.000	4.000	0.000
Contribution to Exit and Transition Fund	0.000	0.000		0.000
Transformational Spend	(5.719)	(5.719)		0.000
Local Services Support Grant	0.000	(0.339)		(0.339)
Covid-19 Funding	0.000	(0.680)		(0.680)
Total Centrally Controlled	**43.498**	**38.619**	**4.000**	**(0.879)**
Grand Total	**513.379**	**509.326**	**4.000**	**(0.053)**

Appendix 3

Final Capital Programme 2019/20

	Quarter 4 Forecast	Enhancements to Programme	Final Outturn
	£m	£m	£m
Health & Care			
Care and Independence	1.417	(0.773)	0.644
Sub Total	*1.417*	*(0.773)*	*0.644*
Families & Communities			
Maintained Schools	23.465	(7.323)	16.142
Academy Conversion Residual	0.027	(0.027)	0.000
Other non-Schools	0.000	0.006	0.006
Rural County (Countryside)	0.100	0.026	0.126
Tourism and Culture	0.859	(0.129)	0.730
Sub Total	*24.451*	*(7.447)*	*17.004*
Economy, Infrastructure & Skills			
Economic Planning & Future Prosperity	10.350	(0.701)	9.649
Highways Schemes	72.498	(2.879)	69.619
Waste & Sustainability Projects	0.435	(0.039)	0.396
Sub Total	*83.283*	*(3.619)*	*79.664*
Trading Services - County Fleet Care	*1.700*	*0.069*	*1.769*
Property	*3.213*	*(0.903)*	*2.310*
Corporate Leased Equipment	*0.050*	*(0.021)*	*0.029*
Finance, Resources & ICT	*1.990*	*(0.550)*	*1.440*
Total Capital Programme	**116.104**	**(13.244)**	**102.860**
Asset Renewal			0.450
Capitalised Repairs and Maintenance			1.435
Transformational spend			5.719
Amount to be Financed after Capitalisation			**110.464**
Financed by:			
Borrowing			17.765
Government Grants			50.200
Capital Receipts			17.017
Reserve Contributions			0.828
S.106/ Voluntary contributions			24.654
			110.464

Financial Health Indicators

	Current Performance
Level of General Reserves (annual indicator) Well managed organisations operate with an adequate level of general reserves taking into account the risks they face. We determine the actual level of reserves we require annually through a risk based approach. However, it is prudent to aim to hold a minimum level of general reserves.	
General reserves are maintained at a level of at least 2% of the council's current net revenue budget (Outturn – 7.0%, within target).	G
Aged Debt (quarterly indicator) Organisations need to ensure that money owed to them is collected in a timely manner. This indicator shows how well we are managing to collect money owed to us.	
Level of outstanding general debtors more than 6 months old does not exceed £14.7m (Outturn – £15.8m, above target).	A
Working Capital (annual indicator) It is essential that working capital is well managed. This indicator shows how well our debtors and creditors are being managed.	
Current debtors divided by current creditors should be in the acceptable range of 1 – 3 (Outturn – 2.45, on target).	G
Payments to suppliers (quarterly indicator) By paying suppliers quickly we are supporting the Staffordshire economy. It also means businesses are more likely to want to do business with us and offer us competitive rates which will improve our financial health in the medium term.	
At least 90% of invoices have been paid within 30 days of us receiving them during the last quarter (Outturn – 95.6%, on target).	G
Financial Monitoring (quarterly indicator) Effective financial monitoring is essential in any organisation. Monitoring provides organisations with early information of potential issues enabling them to take corrective action to avoid future financial difficulties.	
Quarterly financial monitoring reports have been issued to Cabinet during the last 12 months *The council's most recent revenue outturn forecast did not vary by more than +/-2% when compared to the overall revenue budget*	G G
Financial Reporting (annual indicator) Preparing timely and accurate accounts is vital to demonstrate to interested parties that we have sound financial controls. They also provide detailed information which shows our overall financial health.	
The council's most recent Statement of Accounts were produced on time and were issued with an unqualified opinion by our external auditors	G

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

Prudential Indicators 2019/20

Indicator	Target 2019/20	Outturn 2019/20	Comments
A. Indicators for Affordability, Prudence and Capital Expenditure			
1.Ratio of Financing Costs to Net Revenue Stream *This shows the capital financing costs (interest charges/receipts and repayment of loans) as a proportion of government grant (revenue) and Council Tax.* *This allows the authority to track how much of its annual income is needed to pay for its capital investment plans proportionate to its day to day running costs.*	7.63%	7.77%	The indicator has a slight increase due to a small increase in Financing costs in respect to the budget overall.
2.Estimates of the incremental Impact of Capital Investment Decisions on the Council Tax (Band D) *This indicator aims to show the impact of varying capital programmes expressed as a cost to the Band D Council Taxpayer. Specifically it identifies the impact on Council Tax levels of new capital investment decisions when compared to programmes approved previously.*	£0.49	£0.44	The decrease in this indicator reflects the decrease in borrowing used to fund the total Capital Programme in 2019/20.
3. Estimates of Capital Expenditure *Expressed in absolute terms rather than as a ratio, this shows the overall* *level of capital investment irrespective of how it is being funded.*	£116.043m	£104.744m	Movements in Capital Expenditure have been reported through the year, changes include those on Schools and Highways projects.
4. Capital Financing Requirement *This indicator effectively shows the level of the County Council's underlying need to borrow for capital purposes.*	£575.336m	£564.650m	The outturn is reduced due to a decrease in borrowing in 2019/20.