



**Cabinet meeting on 15 June 2022**

**Final Financial Outturn Report**

**2021/22**



**Council Leader, Alan White said:**

“We continue to do what is necessary to support those who need us most, including vulnerable residents, the care sector, local communities and businesses. Growing our economy, creating better quality jobs and supporting local businesses with their recovery through the Staffordshire Means Back to Business Programme remains a priority. Putting more money in people’s pockets and improving their financial security, especially at a time when living and energy costs are on the increase, is vital.

“The cost of social care for adults and children continues to rise, and we face challenges alongside our residents in dealing with increasing inflationary pressures.

“Despite the pressures facing councils like ours, we will invest to keep growing the county in a sustainable way to make a positive difference in the lives of our residents. We want Staffordshire people to enjoy a better quality of life, in thriving communities, and live longer in good health.”

**Ian Parry, Cabinet Member for Finance and Resources, said:**

“All council departments continue to deliver against their priorities, whilst progressing with activities in the organisation’s Delivery Plan.

“The final financial outturn is an underspend of £3.984m (0.7%). In an organisation of this size this is equivalent to a breakeven position.

“Like many local authorities, we still face financial challenges including in adult social care and in children’s social services, but we continue to keep our finances in as strong a position as possible.

Well managed finances ensures that we provide good value for money for local tax-payers and means we can continue to invest in our future and growing our economy.”

**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 the contribution of the underspend of £3.984m into an earmarked reserve for inflationary pressures in future years and that the carry forward requests set out in paragraph 2 of the report are not approved.
- c. Cabinet Members approve the capital financing arrangements as set out in Appendix 3, including the capitalisation of transformational revenue expenditure.

<p style="text-align: center;"><b>Local Members Interest</b> NA</p>
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**Cabinet – 15 June 2022**

**Final Financial Outturn Report 2021/22**

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

- a. Cabinet Members note the final outturn position.
  
- b. Cabinet Members approve the contribution of the underspend of £3.984m into an earmarked reserve for inflationary pressures in future years and that the carry forward requests set out in paragraph 2 of the report are not approved.
  
- 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 2021/22.

**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.

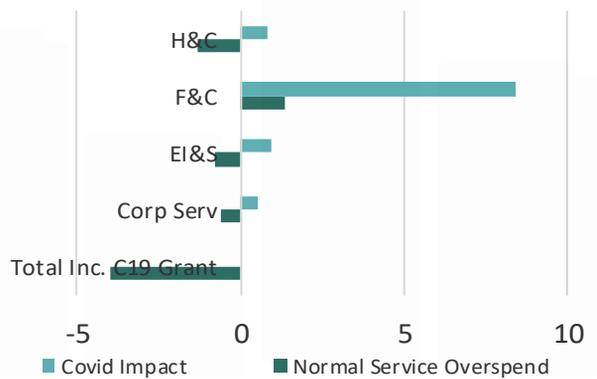
The graphs and charts are compiled using final outturn information.

This report presents the final position for both revenue and capital budgets at the end of the 2021/22 financial year. The final revenue position is a saving of £3.984m across portfolio budgets (0.7%). This is within our Financial Health target of 2% variation on revenue budgets. The quarter 4 forecast was a saving of £4.417m. Cabinet is requested to approve carrying forward this underspend for inflationary pressures in future years.

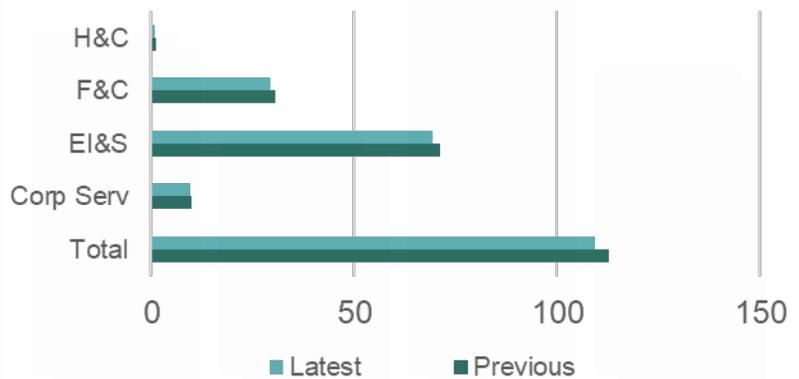
Since 2020/21, Covid 19 has been a global pandemic requiring a combined response from public sector services, which is also having a severe impact on the economy. Central Government have issued general and specific grants to local authorities to support the additional pressures of continuing to provide vital services while protecting both workforce and local residents during this time.

The capital outturn is £103m which represents continued investment in schools, highways and economic regeneration. The capital programme has been fully funded. The final position includes £5.1m of transformational revenue expenditure which has been capitalised in accordance with the Flexible Use of Capital Receipts direction.

## 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 2021/22 financial year.
2. The final outturn position is a saving of £3.984m and Cabinet is requested to approve the contribution of this amount into an earmarked reserve to be used to fund the inflationary pressures which are emerging in 2022/23. The quarter 4 forecast was a saving of £4.417m. There have been a number of carry forward requests, which are summarised below with further details in each service's section. Given the significant pressures facing the council at the moment it is proposed that these carry forward requests are not approved and that services are requested to accommodate the impact of this decision in their budgets for 2022/23.

Service	Purpose	Amount
Adult Social Care & Safeguarding	Recruitment of additional Occupational Therapists	£31,000
Care Commissioning	Support for the transformational programme across All Age Disabilities and Mental Health	£99,000
Care Commissioning	Additional capacity required to carry out the work of Adult Social Care Reform	£520,000
Care Commissioning	Provision of a workforce training fund	£235,000
Transport, Connectivity & Waste	To be utilised on the Climate Change Action Plan in 2022/23	£650,000
<b>Total</b>		<b>£1,535,000</b>

3. Since 2020/21, Covid 19 has been a global pandemic requiring a combined response from public sector services, which is also having a severe impact on the economy. Central Government gave general grant to local authorities, plus grant to compensate for lost income, totalling £16.4m for Staffordshire, to support the additional pressures of continuing to provide vital services during the pandemic while protecting both workforce and local residents.
4. The table below sets out the outturn of additional costs relating to the pandemic, plus lost income and delayed savings caused by the crisis. This can be funded by the government grant provided.

	£m
Additional Costs	3.308
Lost income	0.968

Delayed savings	6.400
Sales, Fees & Charges Grant	(0.226)
Grant funding	(16.204)
Carried forward into 22/23	(5.754)

All grants received by Staffordshire County Council regarding Covid 19 in 2021/22 are listed below. The General Covid Grant can fund activity in all service areas, the remaining grants are specific and go directly to services. All grants allocated for Covid related activities will be utilised in full, over the medium term, in order to fund the additional expenditure caused by the pandemic.

	£m
General Covid Grant Funding	16.204
Covid Local Support Grant	2.613
Adult Social Care Infection Control	7.981
Lateral Flow Testing in Care Homes	5.632
Workforce Capacity Adult Social Care	6.820
Clinically Extremely Vulnerable	1.477
Practical Support for Self-Isolating	1.405
Additional Restrictions Grant	1.265
Covid Winter Grant	1.883
Sales, Fees and Charges Funding	0.226
Contain Outbreak Management	4.182
ASC Omicron Support	0.885
Bus Capacity Work	0.539
Growth Hub	0.222
Other Schools Grants	1.060
Catch Up Premium	1.258
Covid Recovery Premium	0.599
Mental Health Support	0.074
Other	0.102
<b>Total</b>	<b>54.427</b>

5. The unspent Covid grant will be carried forward to be utilised in 2022/23 as there remain costs associated with Covid.
6. Services have underspent by £1.381m which is 0.3% of the budgets, in an organisation of this size this is equivalent to a breakeven position and shows the good financial management in place. The remainder of the underspend is contributed largely by the Contingency budget which has only been partially spent during the year.

7. Since the budget for 2022/23 was approved in February, inflation has risen substantially across all sectors and is now a significant risk for all services with some, such as Highways and Transport being particularly affected. This risk will be monitored and reported to Cabinet as part of the quarterly Integrated Performance reports, however it is recommended that the £3.984m underspend from 2021/22 be carried forward in reserves and set aside for the purpose of assisting services with inflationary pressures. The current estimate of the amount needed for inflation is around £10-15m, therefore the whole underspend is required.
8. The capital programme shows total expenditure of £109.2m. This reflects our continued investment in school places, highways, and economic regeneration. In 2021/22, £5.1m of capital receipts were used to fund transformational spend, this is included in the total expenditure above.
9. A detailed breakdown of the revenue position can be found in **Appendix 2** with the capital position shown in **Appendix 3**.
10. The following paragraphs contain a key financial summary of how each of the portfolio areas have performed during the year.
11. **Health & Care** **Covid Impact - £0.828m**  
**Normal Service Outturn - £1.305m saving**
12. *Public Health & Prevention* *Breakeven*
13. Adults Public Health has underspent by £3.050m which has been transferred to the Public Health ring fenced grant reserve at the end of the year. A large proportion of this funding is earmarked for projects in 2022/23 including support for district and borough councils on health planning policy, weight management (as government funding has been withdrawn), and an adults' social worker pilot. The remainder is held against the risk that the Public Health ring fenced grant is reduced in future years.
14. Sexual health budgets have underspent by £0.355m due to underspends on contracts as activity has been lower than expected, particularly on out of area contracts. There has also been an underspend on GP Extended Training as delivery has been delayed until 2022/23.
15. Drug and Alcohol budgets have underspent by £0.402m due to additional investment combined with recruitment difficulties, meaning some plans had to be pushed back to 2022/23.

16. Healthy Communities budgets have underspent by £0.636m. There is a saving of £0.250m for Better Health staff as the costs were covered elsewhere. There is an underspend of £0.1m on the Workplace Health budget as the necessary targets were not achieved. In addition, the Payment by Results contracts have underspent by £0.365m and the forecast outcomes from the programme have not been delivered so none of the payments have been triggered, with all costs being covered by the core contracts.
17. Staff have continued to provide a considerable amount of support to the Council's response to the pandemic, resulting in a transfer of costs of £0.884m to the Contain Outbreak Management Fund.
18. There was a contingency budget of £0.574m held in Public Health but this has not been required as the Agenda for Change dispute with Midlands Partnership Foundation Trust (MPFT) was resolved in our favour and activity has generally been lower than forecast due to the pandemic with some staffing costs having been charged to relevant Covid grants. Other variances amount to a saving of £0.199m.
19. *Adult Social Care & Safeguarding* *Covid impact - nil*  
*Normal service outturn - £1.572m saving*
20. Overall, the final position is a saving of £1.572m compared to a forecast saving of £0.846m reported at quarter 4.
21. There was a significant number of vacancies in the Adults Learning Disability Team (ALDT) throughout the year which proved hard to fill. This led to a saving of £0.670m which is in line with the forecast at quarter 4. However, a review of the ratio of qualified to unqualified staff is being carried out which is expected to lead to higher costs in the future. A Section 75 agreement covering both Mental Health North and South was in place for the year and there was a small overspend of £34,000 due to the inflationary increase being slightly higher than budgeted. The £0.154m MTFs saving for Mental Health North was delivered in full.
22. A carry forward request of £31,000 has been received, for the recruitment of Occupational Therapy resource to tackle the backlog of referrals for Occupational Therapy on the waiting list. Delays in recruitment mean that the team were unable to recruit the level of resource required in 2021/22.
23. There is a saving of £1.038m for care systems. This is because we have repaid in full all future years' borrowing repayments for the care system. This will save £0.539m in future years.

24. Other variances amount to a saving of £0.814m. Of this, £0.4m is due to staff turnover and holding vacant posts within Business Support and Adult Safeguarding
25. *Learning Disability In-House Services*
26. There is a saving of £0.870m in the Learning Disability In-House Residential services largely due to staff vacancies held during the year in advance of a planned restructure in 2022/23. This is slightly higher than the quarter 4 forecast of £0.210m. The saving was due to a combination of staff savings, transport savings and some additional cross boundary income. A review of these services is taking place which may lead to changes to the way they operate and may have a financial impact in future years.
27. *Care Commissioning* *Covid impact £0.828m Normal service outturn - £0.267m overspend*
28. Overall, Care Commissioning has overspent by £0.267m compared to the quarter 4 forecast saving of £0.330m.
29. The Mental Health budget was increased this year in recognition of the growth in placement costs during 2020/21. However, throughout the year it has been forecasted to be overspent by £0.417m. The outturn position is a reduced overspend of £0.233m. The placement budget is overspent by £0.258m, a reduction from the quarter 4 forecast of £0.468m. This overspend is largely due to increases in the costs of nursing and supported living placements, plus an increase in direct payment costs. This was partially offset by increased health income. There was also a small saving of £25,000 for Mental Health contracts. The £0.2m Mental Health contract MTFs saving was delivered in full. There is a risk of future years increases in Mental Health referrals as a result of the pandemic.
30. The Learning Disability placement budget underspent by £7.318m which is an increase from the quarter 4 forecast of £6.796m. The change is largely due to additional client and health income over the previous forecast. The placement underspend for the year is mainly due to the Council experiencing the full benefit of increases in NHS income negotiated in recent years and due to it collecting more client income than budgeted. We have though, experienced an increase in the cost of residential and supported living placements which has led to expenditure being £2.799m higher than forecast. However, in other areas there have been savings due to lower nursing costs, direct payments, day care and homecare which total £2.698m, partially due to the ongoing impact of the pandemic. In addition, as was the case last year, savings have also been made in respite care due to lower take up because of the

pandemic. The Council saved £1.530m due to the NHS agreeing to meet the full cost of people previously discharged with learning disabilities or autism discharged from specialist hospitals to community-based settings under the Transforming Care Partnership (TCP). In general, we have experienced lower general growth in the number of people supported that was assumed in the budget.

31. MTFS savings expected from the Community Offer programme have taken longer than originally planned due to the impact of the pandemic. This means that the planned redundancy costs have slipped into 2022/23 which created an underspend of £1.250m. Cabinet previously agreed to allocate £2m of the placement underspend towards the costs of planned investment in the In-House services to minimise future borrowing costs for the Council. Due to inflationary pressures in the construction industry, Cabinet is now requested to note the additional £0.6m contribution to meet the revised estimated costs of the project.
32. The Council has continued to work with the NHS to support the discharge of people with learning disabilities or autism from specialised hospitals to community-based settings under the TCP. Because National Health Service England (NHSE) reduced the amount of funding that accompanied each individual, there has been a substantial cost pressure locally. The government confirmed in September 2021 it would provide Staffordshire and Stoke-on-Trent TCP funding of £0.421m for 2021/22 to support further discharges. The Council incurred a cost of £2.524m in 2021/22 for people discharged under the scheme. The Council is close to agreeing a new cost allocation model with the NHS, resulting in a 50/50 cost share for people in this cohort. However, there remains a risk of further cost pressures over the MTFS period.
33. The new Carers service went live in April 2021 following a delay caused by the pandemic. There is a saving of £0.407m due to lower take up of direct payments and a saving by not making a planned contribution to the MPFT in this year. There was also a small saving on the Advocacy contract of £77,000. The £0.150m Advocacy MTFS saving was delivered in full.
34. Following the resolution of a contract issue on the Section 75 with the MPFT, there ended up being a small saving on the Reablement contract of £0.124m, slightly higher than the quarter 4 forecast of £52,000. There is a small overspend of £76,000 on the other contract elements of the Section 75, slightly higher than the quarter 4 forecast of £34,000 due to inflationary increases being higher than budgeted.
35. There is a saving of £99,000 for the Learning Disability and Mental Health Commissioning Team due to staff vacancies held during the year. Cabinet

approved the carry forward of this saving in to 2022/23 to fund some additional temporary commissioning capacity required to support the transformational programme across All Age Disabilities and Mental Health in 2022/23.

36. The Older People's placement budget has saved £15.021m compared to the quarter 4 forecast of £10.463m. The overall number of residential and nursing placements through 2021/22 has been lower than budgeted as a result of the pandemic and ongoing efforts to control demand. This meant that the additional £7m funding provided to mitigate risks in year has not been required. Residential and nursing placements have saved £6.879m compared to the forecast of £6.375m at quarter 4. The position has improved as the additional number of service provisions that were forecast in the final months of the year did not materialise. The majority of the £1.575m saving from block booking beds has been delivered. There is a further stretch target of £0.760m to be delivered by utilising more block booked beds in 2022/23. This represents a challenging target and will be monitored closely next year.
37. The shortfall on income for residential and nursing placements was £0.430m, a significant improvement to the quarter 4 forecast of £3.372m. This improvement is due to arrears totalling £0.6m were collected and there were also new accounts identified in the outturn of £2.2m where billing had been delayed while new processes were being embedded.
38. The Older People's care home budget has saved £2.219m compared to the quarter 4 forecast of £1.521m. The forecast increase in provision over the year arising from a backlog of unmet need has not, at this stage, resulted in additional service provisions. However, growth has been built into the MTFS to meet these expected pressures. The MTFS saving of £50,000 to be delivered through Trusted Assessors was achieved.
39. The Older People's direct payment budget has saved £0.285m, a slight reduction from the quarter 4 forecast of £0.311m. The reason for this saving is that the number of people in receipt of direct payments has gradually reduced during the beginning of the year. The numbers have increased over the last 3 months.
40. The Older People's day care budget has saved £0.527m, a slight reduction from the quarter 4 forecast of £0.537m. This saving has arisen because the number of people using the service has reduced, due to the pandemic.
41. The Older People's in-house residential placement service has saved £0.459m compared to the quarter 4 forecast of £0.429. This saving has arisen as the number of service users has been impacted by the pandemic.

42. The outturn for Older Peoples short stay respite is an overspend £0.555m compared to the forecast of £46,000 at quarter 4. This change has arisen due to the provision of interim beds to support hospital discharges. These have been funded by the Clinic Commissioning Group (CCG).
43. Cabinet previously approved an increase of £7m to the IT reserve to continue the directorates digital transformation. In addition, Cabinet approved an increase to the Care Risk Reserve of £7m as proposed in the quarter 2 report, to mitigate the risks facing the care market arising from the pandemic and the recruitment and retention issues that are being seen across the country in many sectors. There are now additional pressures being faced by the sector due to increasing inflation rates that have been triggered partly by the pandemic, supply chain issues and the ongoing war in Ukraine. In addition, early modelling and analysis by a market specialist suggests that the grant announced by the Government to fund Adult Social Care Reform will be insufficient to cover the anticipated costs. Given these issues, it is proposed that the care risk reserve is increased by a further £2m.
44. The Physical Disabilities Placement service has saved £0.805m compared to the forecast saving of £0.673m at quarter 4. The main reason for this change is the total income has increased. This has been offset by an increase in the cost of residential and nursing placements.
45. There are total savings of £0.666m for Brokerage, Care Commissioning, Quality Assurance, and the Care Market Team as a result of vacancies or difficulties in recruitment.
46. Prisoners related care activities have saved £0.303m due to staffing savings and lower care costs.
47. A non-recurrent transfer of £0.2m has been made to the Emergency Duty Service to cover the rising costs of the service pending a full review. Once the review has been completed, the budget contributions will be identified for agreement.
48. Cabinet approval is sought to carry forward £0.520m to recruit additional capacity to:
  - assist the Council to carry out work required as a result of Adult Social Care Reform including carrying out the national cost of care exercise.
  - co-Commission and co-produce across the health & social care system.
  - develop several strategies including housing and disabilities.

49. In addition, approval is also sought to carry forward £0.235m to provide a workforce training fund to improve recruitment and retention in the provider market. Other variances amount to a saving of £1.549m.
50. The additional Covid related costs of £3.468m consist of £2.646m unachievable savings, £0.531m additional staffing costs incurred, £0.166m to support the provider market and £0.125m other exceptional costs.
51. Many of the Covid grants that were allocated to the Council expired at 31/03/2022. Any unallocated amounts need to be returned to the relevant Government departments. Final returns are being prepared for each grant to identify sums to be repaid. There are some exceptions to this –
  - a. Contain Outbreak Management Fund (COMF) – confirmation from the UK Health Security Agency (UKHSA) that unspent grant could be carried forward to 2022/23. The amount carried forward is £19.169m against which we have estimated future commitments of £6.201m.
  - b. Clinically Extremely Vulnerable Funding – originally this was an un-ringfenced grant however there is an expectation that this funding is used to deliver activities and outcomes aligned in the shielding framework. A carry forward of £1.873m has been made to support this cohort of Staffordshire’s population
  - c. In addition to any unallocated sums to be returned by the Council, an exercise will now take place to review final year-end provider returns and sample test evidence held by care providers to identify any sums that remain unspent or have not been utilised within the grant conditions. Any such sums will be recovered from providers and returned to the relevant government department.
52. *Better Care Fund*
53. The 2022/23 Better Care Fund (BCF) Policy Framework has not yet been published. The working assumption is that expenditure of BCF budgets will continue as agreed in the BCF plan 2020/21, with appropriate adjustments for inflation, to maintain essential health and social care activities.
54. The 2022/23 Staffordshire BCF Plan will be developed on this basis and taking into account any conditions specified in the BCF Policy Framework when available. The Plan will be approved by the Health and Well-being Board and submitted to NHSE. A recommendation will be made to Cabinet to delegate authority to the Director of Health and Care to enter into a legal agreement under Section 75 of the NHS Act 2006 in order to implement the 2022/23 BCF Plan once approved.

- 55. Families & Communities** **Covid impact - £8.413m**  
**Normal service outturn - £1.325 overspend**
56. *Children's Services* *Covid impact - £7.021m*  
*Normal service outturn - £1.463m overspend*
57. The final position is an overspend of £1.463m across Children's Services (excluding pressures arising as a result of Covid 19). This reflects additional spending on agency social workers and continuing high levels of placements in both residential and fostering settings.
58. The total placement spend this year (including fostering) is £58.7m and is overspent by £1.8m. With over 1,300 Children in our Care the level of demand remains significant concern – and could put at risk the delivery of planned MTFS savings. This pressure is partly mitigated by additional grant income for Unaccompanied Asylum-Seeking Children (UASC) of £0.6m.
59. There has been an increase in the bad debt provision of £0.3m to protect against the risk of future bad debts.
60. During 2021/22 the Families and Communities transformation programme was finalised, and the new design implemented from the end of October as planned.
61. The redesign, which is informed by best practice, seeks to change both the practice and culture across the children's system and it has impacted upon just over 2,000 staff. It will enable a whole system approach, bringing together children's social care, SEND and Inclusion, the Place Based Approach and commissioning. It is essential for the delivery of revised practices / cultures that underpin the necessary MTFS savings and stabilisation of SEND.
62. The additional redundancy cost is for £3.1m and has been capitalised as transformational spend.
63. Covid related costs include the non-delivery of planned savings of £6.4m as the service has been unable to progress the necessary transformation programmes as intended, additional exceptional costs of £1.2m to support providers of care that have seen reduced demands, additional care package costs and business continuity, and lost income of £0.8m as a result of reduced trading activity and penalty fines.

64. *Children's Public Health* *Breakeven*

65. There is a saving of £0.311m which has been transferred to the Public Health ring fenced grant reserve at the year end.

66. This saving is mainly due to the transfer of costs within the Children's 0-19 programmes for young person's emotional wellbeing of £0.130m where costs (including staff time) have been incurred in support of the Council's response to the pandemic and accordingly charged to the Contain Management Outbreak Fund. There is also a saving of £0.150m for young person's emotional wellbeing budget which was allocated during the year and not spent.

67. *Education Services* *Covid impact - £1.018m*  
*Normal service outturn - £0.363m overspend*

68. Education Services has a final overspend of £0.363m, a reduction of £0.366m from the quarter 4 forecast.

69. This overspend is largely a result of additional SEND transport costs of £1.150m (which is £0.150m less than reported at quarter 4). This has been offset in part by other savings in historical pensions liability of £0.2m, and recently confirmed additional one-off revenue income from the settlement of an ongoing insurance claim relating to one of our schools.

70. The underlying pressure on SEND transport has been recognised in the MTFS for next year. However recent rises in inflation and most significantly fuel costs, exacerbated by the current Ukraine conflict, will almost certainly lead to further additional pressures in 2022/23.

71. *SEND High Needs Block* *Overspend £8.2m*

72. The High Needs Block is overspent by £8.2m and reflects continuing demand for SEND support. This overspend will be charged against the DSG reserve which, at the end of 2020/21 was already £2m in deficit. Staffordshire County Council is not alone in this difficult financial predicament, it is shared by the majority of Councils across the sector.

73. In 2022/23 the Government has provided for significant additional funding that will see Staffordshire's High Needs Block funding increase to £115m (up from £101m in 2021/22). Unfortunately, this is insufficient to close the gap and based on existing rises in demand and costs, an overspend is forecast for next year.

74. Going forward, it is forecast that the SEND transformation programme, with the full roll out of the district hub model, will provide for a more inclusive system that enables the necessary early support and intervention to manage demand withing overall resources. However, this will take time and will not generate the immediate savings required to address the current shortfall and further actions must be taken to mitigate this existing overspend in this area.
75. *Culture & Communities* *Covid impact - nil*  
*Normal service outturn - £79,000 saving*
76. The service has an outturn position of £79,000 saving, largely due to reduced transport costs and additional income.
77. The outturn position in a reduction of £0.113m from the quarter 4 forecast of £0.193m saving, due to additional costs for the purchase of new books and costs associated with the migration, training, and implementation of a new library book fund system.
78. *Rural County* *Covid impact - £0.360m*  
*Normal service outturn - £0.151m saving*
79. The outturn saving of £0.151m is an increase of £40,000 from the quarter 4 position. This saving is largely due to one off staff savings of £0.4m pending the reorganisation of the service, offset by increased costs of £0.250m associated with Right of Way and car park repairs due to increased usage.
80. *Community Safety* *Covid impact – £13,000*  
*Normal service outturn - £0.271m saving*
81. The final outturn is a saving of £0.271m which is mainly a result of additional income and the service contract saving which have resulted from the impact of Covid 19 and are likely to return to normal levels going forward.
82. This position is an increase of £0.151m from the quarter 4 forecast, and this change is largely due to additional income being received from the Ministry of Justice Courts in relation to prosecution fine at the end of March which was not previously anticipated.

**83. Economy, Infrastructure & Skills** **Covid impact - £0.944m**  
**Normal service outturn - £0.782m saving**

84. *Business & Enterprise* *Covid impact - nil*  
*Normal service outturn - £0.349m saving*

85. The outturn is a saving of £0.349m which is an increase from the quarter 4 forecast of £0.177m. This is as a result of increases in Enterprise Centres and Farms income. The income on Farms, particularly mast rental income, has remained strong despite some loss of income related to Farms sales. Enterprise Centres have benefitted from the additional units and Cannock and Silverdale Enterprise Centres. There is also additional income in the Planning Policy and Development Control team relating to large planning applications.

86. The outturn position also includes the approved carry forward of £0.441m and is due to Staffordshire County Council's successful Community Renewal Fund bid for Staffordshire Means Back to Business – this allows the programme to be funded from grant in 2021/22. This carry forward will be utilised in 2022/23 and onwards for the continuation of the programme helping Staffordshire businesses recover from the pandemic.

87. *Infrastructure & Highways* *Covid impact - £0.287m*  
*Normal service outturn - £0.195m overspend*

88. The final position is an £0.195m overspend, a small decrease from the £0.215m forecast at quarter 4.

89. There have been various overspends in a number of areas including Sustainable Development and Highways Maintenance, but these have been mitigated by the savings within the Community Infrastructure and the Network Management areas. The outturn position includes increasing the bad debt provision by £0.125m along with making a provision of £90,000 towards potential additional costs for HS2 protests during 2022/23.

90. The outturn position includes transferring £0.6m of additional permit income to partnership reserves, which is the over-recovery in year. There is also a contribution to the capital reserve for work that will now be completed in 2022/23 from this year's additional income.

91. *Transport, Connectivity & Waste* *Covid impact - £0.586m*  
*Normal service outturn - £0.633m saving*

92. The outturn for the Transport & Connectivity area is a saving of £0.386m, a slightly improved position from the quarter 4 forecast of £0.224m.

93. This position includes saving in the operational Transport service and vacancies in the Transport Planning team which were offset by making a provision of £0.2m towards a further years Local Transport Assessment Works. It should however be noted that there are currently significant planned reductions in the commercial Staffordshire bus network and further service reductions may occur in Autumn 2022 when Government financial support is planned to end if patronage levels do not return to pre-pandemic levels.
94. Additional Covid costs include providing additional cleaning on home to school transport, and additional transport capacity to avoid full and standing buses at peak times.
95. The Sustainability and Waste service have saved £0.246m. This includes an underspend of £0.650m on Climate Change which forms a request for formal carry forward into 2022/23, to be utilised on items in the Climate Action Plan in 2022/23.
96. This outturn position also includes the £0.5m (rising to £1.1m in 2022/23) MTFs saving for Green Waste Recycling Credits as achieved. Also included is a £0.450m provision for likely additional costs, shared 50:50 with Stoke-on-Trent City Council, for consultants working on the Hanford incinerator project. It also includes a £0.250m contribution to the capital reserve to fund essential capital works on the Household Waste Recycling Centre (HWRC) sites now that they have been brought back in house, and a provision of £0.290m towards the additional revenue costs of these sites in the first year. A contribution of £0.250m to a new equalisation reserve for the Waste service area has been made. This will primarily be used for the HWRC that are now being managed in house, with a view for any underspends to be added to the reserve to fund future capital improvements on the sites, as well as any overspends to be managed through the reserve.
97. The covid related costs have been absorbed within the Energy from Waste budgets but there is a £0.5m provision against the Covid costs for any additional amounts incurred in 2022/23 as the impact of Covid is still uncertain moving forwards.
98. *Skills* *Covid impact - £12,000*  
*Normal service outturn - £76,000 saving*
99. The service has a saving of £76,000 due to savings on the Entrust IAG contract and reduced activity in Community Learning Groups. Some of these savings are being used to fund the first year costs of a new Job Brokerage team.

100. The Covid related costs are due to limited placements for Supported Internships and a result of the pandemic.
101. *El&S Business Support* *Covid impact - £59,000m*  
*Normal service outturn - £81,000 saving*
102. The service has a small overspend of £81,000 which includes the balance of the Health and Safety Executive fine received by Staffordshire County Council for its role in the Isabel Trail incident. This is offset by savings on conference fees and training budgets.
- 103. Corporate Services** **Covid impact - £0.491m**  
**Normal service outturn - £0.619m saving**
104. The service has a final outturn saving of £0.619m. This position includes a £0.219m saving on Assets primarily due to vacancies. There are also vacancies within the Business Support and Strategy areas of £0.6m and forecast one-off additional income in Registrars of £0.9m due to the higher number of weddings that have been booked as Covid restrictions were lifted. These savings have been offset by an overspend in HR of non-delivery of 2019/20 MTFS savings.
105. In accordance with existing policy for system replacement and development, this outturn position also includes making a provision of £0.350m towards potential future costs of the ESRMS project and a provision of £0.1m towards the net to gross project and the new recruitment and lone worker systems. There is also a £0.250m provision for potential Cybersecurity costs that may be incurred in 2022/23 as well as a movement of £0.4m into the ICT reserve for future Cybersecurity, Microsoft 365 and new software costs.
106. The outturn position also includes an increase of £0.125m to the bad debt provision and smaller provisions for loss of income for the annual leave purchase scheme of £90,000 and property areas of £70,000.
107. The Covid costs include the cost of temporary mortuary facilities extension and the closure of the first annual leave purchase window, as well as additional cleaning costs.

- 108. Centrally Controlled Items** **£0.147m saving**
109. Capital Financing £65,000 saving
110. Towards the end of the financial year, the Bank of England's base rate began to rise which led to a slightly larger income earned in interest than was anticipated. The interest on our debt remains fairly constant due to the long-term nature of our borrowing with the average rate on debt being just under 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.
111. Pooled Buildings and Insurances £82,000 saving
112. The outturn for these services combined is a £82,000 saving. This includes a £0.115m overspend on insurance offset by a £0.219m saving on Pooled Buildings. Work has slipped into early 2022/23 including work on Shire Hall, audio-visual upgrades in County Buildings and modifications to SP1 and the funding for this has been transferred to reserves.
113. The saving position also includes £0.350m of additional one-off income received in year which is largely from the Kingston Centre being used as a Covid vaccination centre. There are also significant savings on the utilities, rents and rates budget in year due to a number of properties being vacant due to the pandemic, some properties being sold in year and historic annual increases to the energy budgets. The utilities, rents and rates budgets will be reviewed in detail during 2022/23.
- 114. Capital Outturn**
115. Appendix 3 compares the final outturn for capital expenditure (£103.4m) to the forecast position at quarter 4 (£112.7m). In addition, the appendix also details how the Capital Programme has been financed. This includes the use of £14.5m of borrowing for 2021/22.
116. The other key reasons for the change in the Capital Programme are set out in the following paragraphs:
- 117. Health & Care** **Spend £0.968m**
118. The final position is £0.968m which is a decrease of £0.171m from the quarter 4 position. This change is due to underspends on minor budgets including Health and Safety, Feasibility and other works of £35,000, an increase spend on Learning Disability Services of £71,000 and rephasing into 2022/23 of Hawthorne House refurbishment of £27,000, Care Director upgrade of

£16,000. There has also been the deferral of Dementia Centre of Excellence until further work understanding demand post pandemic of £0.197m.

**119. Families & Communities Spend £29.328m**

120. *Vulnerable Children Spend £0.171m*

121. There has been a decrease of £60,000 since the quarter 4 report due to the rephasing of the In-House Residential Pilot project into 2022/23.

122. *Maintained Schools Spend £28.517m*

123. There has been a decrease of £1.133m since the quarter 4 report. This is due to slippage against a number of schemes of £1.571m offset by advance spend of £3m including £2m for Fradley Park and £0.7m for Parks Farm new schools.

124. There has been further rephasing of SEND funding into 2022/23 of £2.201m. There have been other rephasing's of budgets for Greenways, Rural Grant and Stafford History Centre totalling £0.301m.

**125. Economy, Infrastructure & Skills Spend £69.336m**

126. *Highways Schemes Spend £61.760m*

127. There has been a reduction of £0.836m since the quarter 4 report. There have been refinements and rephasing of the Staffordshire Western Access Route project as it nears completion of £0.933m, this has been offset by refinements on the Lichfield Southern Bypass of £78,000.

128. There has been additional spend on Bridges of £0.143m and Carriageways and Other Maintenance of £1.6m, offset by savings on Traffic Signals of £0.346m and rephasing of Integrated Transport budgets of £1.073m into 2022/23.

129. *Economic Planning & Future Prosperity Spend £6.979m*

130. There has been a decrease of £0.603m since the quarter 4 report, this is due to rephasing of contingency budgets of £0.196m into 2022/23, slippage on i54 Western Extension of £84,000, and rephasing of spend on various projects including Forward Programme, i54 Employment, Eastgate Street Development totalling £0.307m.

**131. Corporate Services** **Spend £3.723m**

132. *Finance, Resources & ICT* *Spend £30,000*

133. There has been a reduction of £0.302m since the quarter 4 report due to slippage of £38,000 on the Web Gateway project, additional spend of £64,000 on the Data Centre Network Refresh, and slippage on Computer Refresh of £0.201m.

134. *Property* *Spend £3.177m*

135. The final outturn reflects a reduction compared to the planned programme, mainly due to accruals for Castle House of £0.639m, Repairs and Maintenance costs not charged to property of £1m, the rephasing of district property rationalisation of £0.779m, Greenwood House rephasing into 2022/23 of £1.235m and Shire Hall Regeneration rephasing of £1.150m.

**136. Financial Health & Prudential Indicators**

137. **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.

138. **Appendix 4** provides an outturn performance against the key Financial Health Indicators approved as part of the 2021/22 budget setting process.

139. The level of outstanding sundry debt over 6 months old at 31<sup>st</sup> March 2022 is £19.656m, this exceeds the target of £14.7m by £6.245m. This is a decrease of £2.415m 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.

140. There are 24 organisations which each owe in excess of £0.1m that is over 6 months old, totalling £5.556m. The top ten largest debtors are four CCG's (£1.296m), three Local Authorities (£1.378m), two commercial organisations (£0.712m) and a central government department (£0.211m). In addition to these 24 bodies there are a further 45 who have outstanding balances over 6 months old between £50,000 and £0.1m totalling £3m. The Debt Recovery team are proactively chasing payment of these large debts.

## **List of Appendices**

- Appendix 1 – Corporate Checklist
- Appendix 2 – Revenue Final Outturn 2021/22
- Appendix 3 – Capital Final Outturn 2021/22
- Appendix 4 – Financial Health Indicators 2021/22
- Appendix 5 – Prudential Indicators 2021/22

## **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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## 2021/22 Final Outturn

	Final	Final	Final	Normal	Final
	Estimate	Outturn	Covid Impact	Service Variation	Variation
	£m	£m	£m	£m	£m
<b>Health and Care</b>					
Public Health & Prevention	0.000	32.664	0.000	32.664	32.664
Public Health Ringfenced Grant	0.000	(32.664)	0.000	(32.664)	(32.664)
Adult Social Care & Safeguarding	41.384	39.812	0.000	(1.572)	(1.572)
Care Commissioning	199.106	199.373	0.828	0.267	1.095
<b>Sub-total</b>	<b>240.490</b>	<b>239.185</b>	<b>0.828</b>	<b>(1.305)</b>	<b>(0.477)</b>
<b>Families and Communities</b>					
Children's Services	118.696	120.159	7.021	1.463	8.484
Children's Public Health	0.000	10.106	0.000	10.106	10.106
Public Health Ringfenced Grant	0.000	(10.106)	0.000	(10.106)	(10.106)
Education Services	30.709	31.072	1.018	0.363	1.381
Culture and Communities	5.512	5.433	0.000	(0.079)	(0.079)
Rural	1.139	0.988	0.360	(0.151)	0.209
Community Safety	5.008	4.737	0.014	(0.271)	(0.257)
<b>Sub-total</b>	<b>161.064</b>	<b>162.389</b>	<b>8.413</b>	<b>1.325</b>	<b>9.738</b>
<b>Economy, Infrastructure and Skills</b>					
Business & Enterprise	2.247	1.898	0.000	(0.349)	(0.349)
Infrastructure & Highways	26.516	26.711	0.287	0.195	0.482
Transport, Connectivity & Waste	38.639	38.006	0.586	(0.633)	(0.047)
Skills	1.021	0.945	0.012	(0.076)	(0.064)
EI&S Business Support	1.100	1.181	0.059	0.081	0.140
<b>Sub-total</b>	<b>69.523</b>	<b>68.741</b>	<b>0.944</b>	<b>(0.782)</b>	<b>0.162</b>
<b>Corporate Services</b>	<b>34.691</b>	<b>34.072</b>	<b>0.491</b>	<b>(0.619)</b>	<b>(0.128)</b>
<b>Trading Services</b>	<b>(0.761)</b>	<b>(0.761)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Portfolio Budgets</b>	<b>505.007</b>	<b>503.626</b>	<b>10.676</b>	<b>(1.381)</b>	<b>9.295</b>
<b>Centrally Controlled Items</b>					
Interest on Balances & Debt Charges	33.709	33.644		(0.065)	(0.065)
Pooled Buildings and Insurances	21.454	21.372		(0.082)	(0.082)
Investment Fund	0.798	0.798		0.000	0.000
Transformational Spend	0.000	(5.131)		(5.131)	(5.131)
Use of one-off resources	0.000	5.131		5.131	5.131
Contingency	2.456	0.000		(2.456)	(2.456)
Local Services Support Grant	0.000	0.000		0.000	0.000
Covid-19 Funding	0.000	0.000	(10.676)	0.000	(10.676)
<b>Total Centrally Controlled</b>	<b>58.417</b>	<b>55.814</b>	<b>(10.676)</b>	<b>(2.603)</b>	<b>(13.279)</b>
<b>Grand Total</b>	<b>563.424</b>	<b>559.440</b>	<b>0.000</b>	<b>(3.984)</b>	<b>(3.984)</b>

**Final Capital Programme 2021/22**

	Quarter 4 Forecast £m	Enhancements to Programme £m	Final Outturn £m
<b>Health &amp; Care</b>			
Care and Independence	1.139	(0.171)	0.968
<i>Sub Total</i>	<i>1.139</i>	<i>(0.171)</i>	<i>0.968</i>
<b>Families &amp; Communities</b>			
Maintained Schools	29.289	(0.772)	28.517
Academy Conversion Residual	0.000	0.000	0.000
Other non Schools	0.000	0.000	0.000
Vulnerable Children's Projects	0.231	(0.060)	0.171
Rural County (Countryside)	0.583	(0.058)	0.525
Tourism and Culture	0.358	(0.243)	0.115
<i>Sub Total</i>	<i>30.461</i>	<i>(1.133)</i>	<i>29.328</i>
<b>Economy, Infrastructure &amp; Skills</b>			
Economic Planning & Future Prosperity	7.562	(0.583)	6.979
Highways Schemes	62.596	(0.836)	61.760
Connectivity	0.680	(0.177)	0.503
Waste & Sustainability Projects	0.272	(0.178)	0.094
<i>Sub Total</i>	<i>71.110</i>	<i>(1.774)</i>	<i>69.336</i>
<i>Trading Services - County Fleet Care</i>	<i>0.510</i>	<i>0.006</i>	<i>0.516</i>
<i>Property</i>	<i>9.172</i>	<i>(5.995)</i>	<i>3.177</i>
<i>Corporate Leased Equipment</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>
<i>Finance, Resources &amp; ICT</i>	<i>0.332</i>	<i>(0.302)</i>	<i>0.030</i>
<b>Total Capital Programme</b>	<b>112.724</b>	<b>(9.369)</b>	<b>103.355</b>
Asset Renewal			0.738
Capitalised Repairs and Maintenance			0.000
Transformational spend			5.131
<b>Amount to be Financed after Capitalisation</b>			<b>109.224</b>
<b>Financed by:</b>			
Borrowing			14.461
Government Grants			52.353
Capital Receipts			14.520
Reserve Contributions			0.415
S.106/ Voluntary contributions			27.475
			<b>109.224</b>

## Financial Health Indicators

		Current Performance
<p><b>Level of General Reserves (annual indicator)</b> Well managed organisations operate with an adequate level of general reserves taking into account the risks they face. We determine the actual level of reserves we require annually through a risk based approach. However, it is prudent to aim to hold a minimum level of general reserves.</p>		
<i>General reserves are maintained at a level of at least 2% of the council's current net revenue budget (Outturn – 8.5%, above target).</i>		
<p><b>Aged Debt (quarterly indicator)</b> Organisations need to ensure that money owed to them is collected in a timely manner. This indicator shows how well we are managing to collect money owed to us.</p>		
<i>Level of outstanding general debtors more than 6 months old does not exceed £14.7m (Outturn – £19.7m, above target).</i>		
<p><b>Working Capital (annual indicator)</b> It is essential that working capital is well managed. This indicator shows how well our debtors and creditors are being managed.</p>		
<i>Current debtors divided by current creditors should be in the acceptable range of 1 – 3 (Outturn – 0.82, on target).</i>		
<p><b>Payments to suppliers (quarterly indicator)</b> By paying suppliers quickly we are supporting the Staffordshire economy. It also means businesses are more likely to want to do business with us and offer us competitive rates which will improve our financial health in the medium term.</p>		
<i>At least 90% of invoices have been paid within 30 days of us receiving them during the last quarter (Outturn – 97.7%, on target).</i>		
<p><b>Financial Monitoring (quarterly indicator)</b> Effective financial monitoring is essential in any organisation. Monitoring provides organisations with early information of potential issues enabling them to take corrective action to avoid future financial difficulties.</p>		
<i>Quarterly financial monitoring reports have been issued to Cabinet during the last 12 months</i>		
<i>The council's most recent revenue outturn forecast did not vary by more than +/-2% when compared to the overall revenue budget</i>		
<p><b>Financial Reporting (annual indicator)</b> Preparing timely and accurate accounts is vital to demonstrate to interested parties that we have sound financial controls. They also provide detailed information which shows our overall financial health.</p>		
<i>The council's most recent Statement of Accounts were produced on time although the audit is not yet completed.</i>		
 Indicator not met	 Indicator not met by small margin	 Indicator met

## Prudential Indicators 2021/22

Indicator	Target 2021/22	Outturn 2021/22	Comments
<b>A. Indicators for Affordability, Prudence and Capital Expenditure</b>			
<p>1. Ratio of Financing Costs to Net Revenue Stream</p> <p><i>This shows the capital financing costs (interest charges/receipts and repayment of loans) as a proportion of government grant (revenue) and Council Tax.</i></p> <p><i>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></p>	7.5%	8.0%	The indicator has a slight increase due to a small increase in Financing costs in respect of the budget overall.
<p>3. Estimates of Capital Expenditure</p> <p><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></p>	£109m	£109.2m	Movements in Capital Expenditure have been reported through the year, the final investment is very similar to the estimate.
<p>4. Capital Financing Requirement</p> <p><i>This indicator effectively shows the level of the County Council's underlying need to borrow for capital purposes.</i></p>	£580.1m	£562.9m	The outturn is reduced due to a decrease in borrowing compared with the estimate in 2021/22.