Appendix 4 – Quarter 3 Finance Report

Introduction

Revenue Forecast

65. The latest revenue forecast outturn (as provided in appendix 5) shows a forecast overspend of £16.135m (2.74%), prior to additional funding for inflationary pressures being taken into account. Once this one-off funding is included and an allocation from the Inflation Reserve is assumed, the overspend reduces to £11.635m (1.97%). This is compared to an overspend of £6.408m reported at quarter 2.

66. The one-off funding allocated from the inflation reserve amounts to £4.5m. There is £4m remaining in the Contingency budget and it is requested that this is used to fund the pay award which has been agreed for 2022/23. The current forecast of inflationary pressures for the current and future years is between £50m and £70m. These are being monitored closely and will be updated in future quarterly reports, however the need for one-off resources to fund these pressures remains.

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

68. **Health and Care** **Forecast – Breakeven**

69. *Public Health and Prevention* *Forecast – Breakeven*

70. There appears to be renewed interest in the Public Health Ringfenced Grant and we will review expenditure to ensure it is consistent with grant conditions. We are holding a contingency against the risk that the Public Health Ringfenced Grant is reduced in future years.

71. *Adults Social Care & Safeguarding* *Forecast - Breakeven*

72. There are a number of vacancies in the Adults Learning Disability Team (ALDT) which has led to a forecast saving of £0.814m. The vacancies will be filled during the year to ensure adequate capacity to complete assessments and reviews in a timely way. There is a forecast overspend of £0.225m for the Section 75 agreement with the Midlands Partnership NHS Foundation Trust (MPFT) due to the 2022/23 NHS pay award being slightly higher than budgeted and some unbudgeted agency costs being incurred. Over variances amount to

a forecast saving of £1.160m. It is proposed that the total forecast saving of £1.749m is transferred to reserves as identified below.

73. Learning Disability In-House services are forecast to save £0.185m, largely due to vacancies being held in the residential services during the restructure. There is also a forecast saving of £1.471m against the budget for the new Enhanced Homecare Service as this will take time to build up to full capacity. It is proposed that the total forecast saving of £1.656m is transferred to the reserves as identified below.

74. *Care Commissioning* *Forecast - Breakeven*

75. The Older Peoples budget is forecast to save £6.096m which is an increase from the position at quarter 2. This is, in part, due to ongoing careful management of demand and prices.

76. The number of residential and nursing placements has increased during the first months of the year, but demand has been managed below the growth in the older population, which was budgeted for in the Medium Term Financial Strategy (MTFS). Price pressures have continued to increase throughout the year. With the additional growth in placements assumed for the remainder of the year, there is a forecast saving of £2.354m (compared with £3.461m reported at quarter 2). The Block Booked Beds saving is unlikely to be delivered in full this financial year. However, additional block booked beds are being commissioned and exiting capacity is monitored carefully to ensure effective utilisation.

77. Additional funding was built into the budget from 2022/23 for homecare for older people, recognising the ageing population. Challenges with recruitment and retention have limited the rate at which providers can increase capacity – however there has been an increase in provision recently, which has reduced the number of people waiting for home care and decreased the forecast saving to £3.590m (compared with £4.130m reported at quarter 2). There remains £0.901m worth of home care unprovided and this is budgeted in the MTFS for future years.

78. The profile of increasing demand and further price pressures has improved the income forecast for client contributions, resulting in a forecast surplus of £0.313m, compared with the forecast shortfall of £1.291m at quarter 2.

79. Other variances in the Older People budget results in a forecast overspend of £0.161m.

80. The Physical Disabilities budget is forecasting an overspend of £0.245m (compared to a forecast overspend of £0.776m at quarter 2). The position has improved mainly from reduced forecast on residential and nursing placements and increased income forecasts which have been partially offset by an increase in the home care forecasts.

81. The Leaning Disability placement budget is forecast to overspend by £0.464m. There is a risk that the Reviews Programme MTFS savings will not be delivered in full, and that NHS income could reduce. There also remains a risk that demographic growth and care price increases could exceed the budget assumptions, but these will be monitored and mitigated as we move towards the end of the year. The Council has reached a cost sharing agreement with NHS partners in respect of the placement costs of people discharged as part of the Transforming Care Partnership (TCP).

82. The Mental Health budget is forecast to overspend by £0.581m due to a growth in nursing and residential placements as well as an increase in the number of people benefitting from receiving a direct payment. The placement budget was increased in recognition of the growth in placement costs during the last two years, but there remains a risk of further increases in referrals following the Covid pandemic.

83. The Carers budget is forecast to save £0.477m and the Advocacy budget by £0.188m. There are partially offset by some additional temporary commissioning costs, forecast to be £63,000.

84. Other variances amount to a forecast saving of £1.547m. It is proposed that the total net saving of £6.955m is transferred to the reserves as identified below.

85. Forecasting the future demand for care is even more difficult than usual due to the impact of Covid. The frailty of the older population has increased, and more people appear to have mental health problems. Demand for assessments is up by 20% of pre-pandemic levels and despite strong demand management some of this will inevitably translate into increased numbers of people receiving care.

86. In addition, inflation and the Covid pandemic has significantly increased care providers' costs and these are increasingly reflected in the prices offered to the Council. Given these pressures, it was recommended in the quarter 2 report that £5m be added to the Corporate Inflation Reserve.

87. **Adult Social Care Reform**

88. In the Autumn statement, the Chancellor announced that the following charging elements of the planned Adults Social Care reforms –

- A cap on the costs that people pay for care during their lifetime
- Increased capital thresholds for access to state funded care
- The right for all self-funders to ask their local authority to arrange their care

will be delayed by 2 years from October 2023 to October 2025. However, the 'fair cost of care' element of the reforms will proceed.

89. To this end, the Government has announced details of the Adults Social Care Market Sustainability & Improvement Fund, with Staffordshire County Council receiving an allocation of £8.3m for 2023/24 (with an estimated allocation of £12.5m for 2024/25) to support the Council to continue to move towards paying a more sustainable rate for care. These sums will allow us to move towards the 'Fair' Cost of Care as calculated by the autumn cost of care exercise – but are unlikely to be sufficient to allow the Council to meet these values and may not cover the inflationary cost pressures faced by care providers. This will be considered during the Council's annual fee review exercise and the MTFS review.

90. To mitigate the financial risk posed by the reforms, it was proposed at quarter 2 that the Health & Care Risk Reserve was increased by £9.987m created by the reported savings. This figure needs to be updated slightly to £9.860m to reflect updated costs outlined earlier in this report. In addition to the transfers identified above, £4.5m of base budget has been released where grant funding has been used in line with conditions to fund a proportion of the 2022/23 fee uplift, recognising that the Council awarded a higher than usual uplift to support care providers with Covid related costs. The provision of reserves to lessen the risks around Adult Social Care Reform is a short term, non-recurrent measure and does not address the underlying and ongoing impact. The Council, along

with other stakeholders, will continue to lobby the Government to request that the reforms are fully funded.

91. Covid Funding

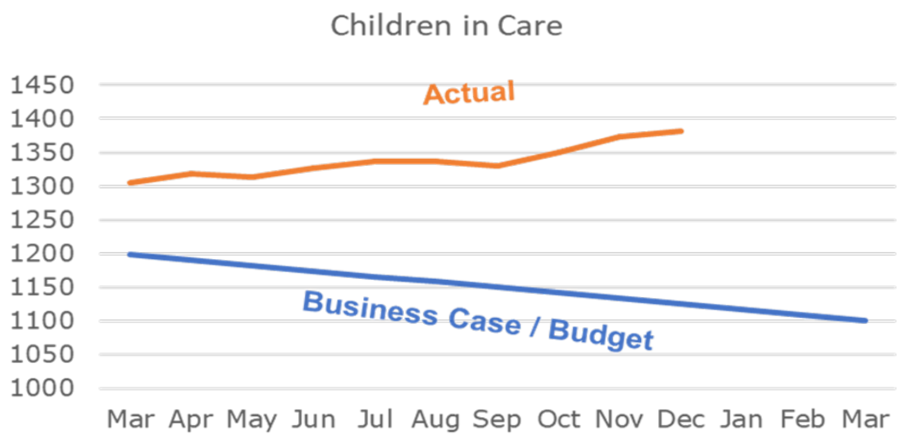
92. Contain Outbreak Management Fund (COMF) of £19.169m has been brought forward to 2022/23. The quarter 2 report detailed plans to spend the remainder of the funding. Guidance has now been issued that any COMF grant remaining unspent at the end of 2022/23 financial year can be rolled forward to 2023/24 "for purposes of COVID control and COVID recovery, including mitigating the impact of COVID on health and health inequalities in your populations". Current spend plans will be reviewed early in the new year to identify possible 2023/24 costs and the spend plan will be reprofiled accordingly.

93. **Children & Families** **Forecast - £11.064m overspend**

94. Children's Services *Forecast - £11.564m overspend*

95. The forecast position is an overspend of £11.564m. This is £5.7m higher than previously forecast.

96. The number of Children in Care (CiC) has increased from the start of the year (and from the levels assumed at quarter 2) and – as at the end of December – currently stand at 1,382 (including 90 unaccompanied asylum seekers (UASC)). This is significantly removed from the approved business case and underlying assumptions that make up the existing budget and MTFS:



97. This is a highly complex and volatile service with costs dependent significantly on the type of placement provided; however, based on existing levels – and assuming a similar level of demand for the rest of the year – it is forecast that the CiC Placements budget and Section 17 support, exacerbated by rising costs of inflation, will be £17.8m overspent.

98. The service is taking mitigating actions to address as far as possible pressures through a CiC action plan including, but not limited to

- Additional income from partners
- Greater challenge of the number of entering and leaving children in care
- Introduction of a new ‘contract framework’ to reduce costs and improve value for money
- Enhanced internal residential provision to further disrupt the market
- Review of the existing ‘short breaks’ provision and capacity

99. A ‘Placements Transformation’ working group has also been established investigating alternative delivery options that may diversify existing delivery models and disrupt the market.

100. This will, however, take time and at this advanced stage of the year, even with the above mitigations (estimated to be at most £0.5m in year), the forecast is for an overall overspend this year of £17.3m. There is a risk that this position will worsen given the current economic climate or if anticipated mitigations do not come to fruition.

101. We continue to embed the new structure across our services; and while this highlights many positive outcomes, such as

- Support for the vision and that the structure/design is already having a positive impact
- Better working conditions and environment for our staff
- Improved collaborative working across teams
- Recognition that the increase in front line staff (i.e. social workers and family practitioners) will improve outcomes for families and children in Staffordshire

102. The transformation has been hindered by continuing recruitment and retention problems. This has caused not only an over reliance on more expensive agency support for essential service delivery (leading to a forecast overspend of £2.2m across the structure) but also some inconsistency of support and capacity. Proposals have been worked on to address these concerns and have been put forward as part of the recommended MTFS proposals.

103. There are other mitigating savings of £1m, mainly additional UASC grant but also allowing for a forecast increase in the required provision for bad debts of £0.3m. This leads to an overall forecast overspend in Children's services of £18.5m.

104. As previously reported, an allocation of £6m has been provision from the Corporate Contingency budget and a further £1m earmarked from other one-off corporate resources towards the rising cost of inflation, reducing the net overall forecast overspend to £11.5m.

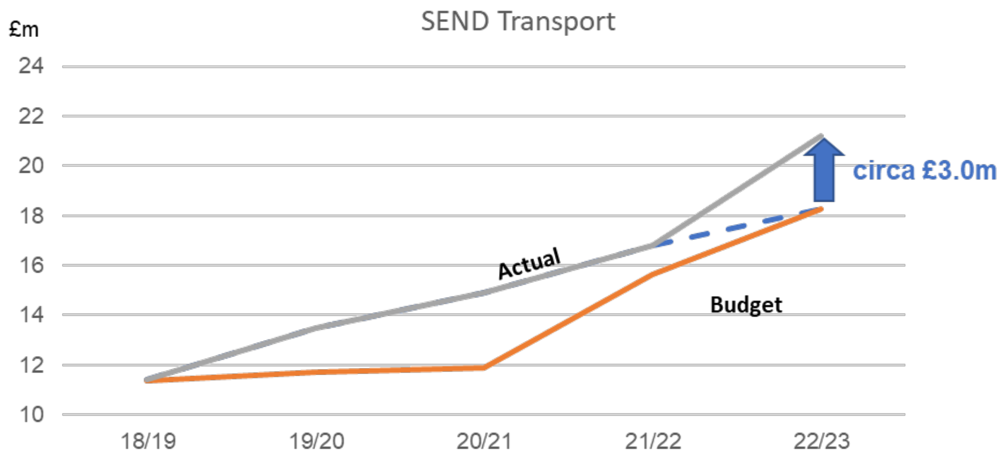
105. *Education Services* *Forecast - breakeven*

106. There is a forecast overspend of £2.9m, similar to the quarter 2 position.

107. This is mainly a result of SEND transport which in recent years has seen a significant increase in demand as a result of the rise in Education Health and Care plans (EHCPs). While this has been reflected in the MTFS with a significant investment in the budget over the last two years, unprecedented rises in inflation (in particular, fuel) have placed additional pressure on the budget this year.

108. Given the current financial circumstances, a paper was brought forward earlier this year by the transport commissioners' service and approved proposing an 'exceptional' in year increase to transport contracts (backdated to March 2022) of 8.5%, equivalent to £1.4m, to help mitigate the immediate pressure rising.

109. However, additional inflationary costs through the year as contracts are retendered and awarded at even higher levels driven by the adverse market conditions are forecast to increase the overspend further to £3m.



110. While a contribution from corporate reserves in 2022/23 of £1.4m has been agreed (funding the 'exceptional' policy outlined above), this still leaves an overall likely overspend this year of £1.6m.

111. A further amount of £1.5m has been earmarked from other one-off corporate resources to support and, along with other small savings of £0.1m across Education Services (mainly historic teacher pensions contributions), brings the overall forecast within budget.

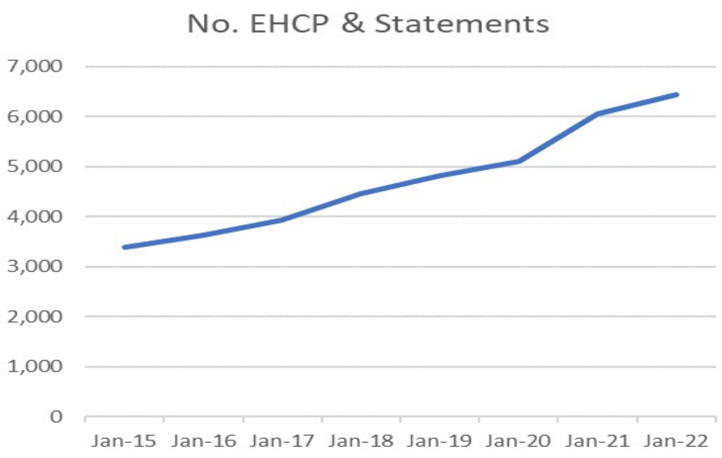
112. A review of SEND transport is being implemented to identify any actions that may be taken to mitigate the existing demand and costs as far as possible – however this is a complex service and will take significant time and resources and is unlikely to have an impact in the current year.

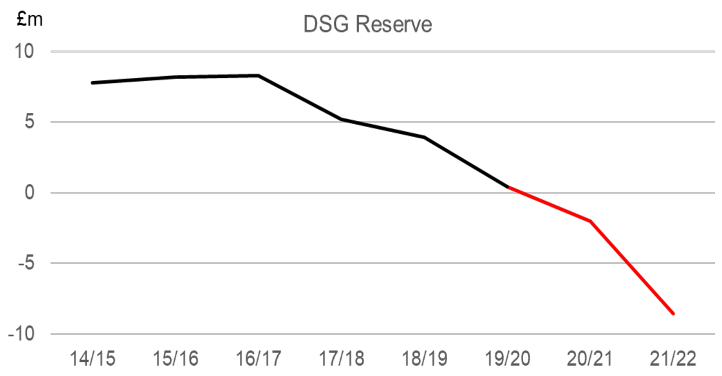
113. *SEND High Needs Block*

114. The High Needs Block is currently forecast to overspend by £7.8m, £1.8m more than previously reported, and reflects continuing growing demand for SEND support. This is impacting across all areas but especially the Independent sector with numbers now nearly double what they were just three years ago. Given the more expensive placement costs, this is by some way the largest budget pressure in the Higher Needs Budget.

115. This overspend will be charged against the Dedicated Schools Grant (DSG) reserve which, at the end of 2021/22 was already £8.6m in deficit. Staffordshire County Council is not alone in this difficult financial predicament – this is a position shared by the majority of Councils across the sector. The Government has put in place a 'statutory override' requiring that accumulated DSG deficits

should remain ringfenced and separate to the Council's other reserves and this has been extended through to the end of 2025/26.





116. It will take time to address the current shortfall and a longer term 'deficit management plan' has been developed that is consistent with the actions and objectives outlined in the Council's Accelerated Progress Plan and wider SEND strategy. This was presented, in summary, to the Schools Forum in November.

117. Partnerships & Wellbeing *Forecast - £0.5m saving*

118. There is a forecast saving of £0.5m, compared with a breakeven forecast at quarter 2, this increased reflects the fact that existing staff were utilised to respond and administer the Government funded Afghan resettlement 'Bridging Hotel' programme and therefore are covered in the staffing budget.

119. A large majority of the Partnerships and Wellbeing budget comes from external grants from Central Government, including:

- Resettlement - £0.9m – funding to support the resettlement of refugees for example as a result of and in response to developments in Ukraine, Afghanistan and Syria
- Household Support fund - £11m – a programme to support vulnerable or struggling families that may be finding it difficult to meet essential costs such as energy or water bills, food, or other essential items
- Holidays and Activities Fund - £2.3m – a programme to coordinate and provide support to children through holiday periods including healthy food and enriching activities
- Supporting Families - £2.3m – funding for the transformation and development of the Early Help system. Staffordshire, by demonstrating its commitment and effective use of this funding is one of only a few authorities in the country that has been awarded 'Earned Autonomy' status and as such is guaranteed funding up front for the accelerated transformation of its services and positive impacts this will have on families. We have recently received confirmation that we have retained its Earned Autonomy status for the Supporting Families programme for the next two years and was recognised, through the Governments assurance process "for the standard of maturity in the development of its Early Help System of support".

120. Each of the above programmes have planned spend to utilise the above allocations and to deliver national programmes of work for the benefit of residents.

121. **Economy, Infrastructure & Skills** **Forecast - £0.108m saving**

122. Business & Enterprise Forecast – £47,000 saving

123. The service is forecast to save £47,000 which is a small increase from the previously reported position. This increase is related to project income and a few temporary vacancies. There is a forecast pressure in 2022/23 related to the Shire Hall Enterprise Centre due to project delays which has led to an extended period of the units being fully vacant. The Centre is now open and has tenants and enquiries coming in. This pressure is expected to be mostly subsidised by surpluses on other Enterprise Centre budgets.

124. Infrastructure & Highways Forecast - £45,000 overspend

125. The forecast for the service is a small overspend of £45,000 although there are various savings and overspends across the budget area.

126. There is a forecast saving of £0.2m on vacancies in the Community Infrastructure service which is offset by an income budget shortfall in the Highways Lab as well as a pressure on the land charges budget within the Sustainable Development area.

127. This forecast position assumes that any underspend on the additional investment monies in 2022/23 is used on priority work in the remaining months of this financial year, or early in the new year. It also includes a £50,000 increase to the bad debt provision in the Infrastructure & Highways service.

128. The situation around inflation and material supplies remains challenging for Highways budgets. Although a small saving is forecast against the additional inflation money in 2022/23, this is offset by a provision for the inflation pressures expected in 2023/24 and moving forwards.

129. Transport, Connectivity & Waste — Forecast - £0.156m saving

130. The Transport and Connectivity area is forecast to overspend by £0.381m. This position includes making a provision of £1m in the Concessionary Fares budget to mitigate expected risks in this area during the next financial year. In October, we changed our payments to actual patronage levels rather than pre-pandemic levels. This was following the Department for Transport (DfT) guidance, but future Government directives could change, and the impact of the DfT Toolkit remains unclear. It is also likely that any savings made will need to be ring fenced to be used to support the bus network in future years.

131. In other budget areas within Transport, the effects of inflationary pressures (along with the rising fuel costs) are still being felt. Terminated contracts that have had to be renewed at short notice are coming in at much higher costs which is contributing to the overall overspend position. These will need to be monitored closely to understand any impact in future financial years.

132. The forecast position also includes putting a further £0.2m aside for Local Transport Assessment Works in future years.

133. For Sustainability and Waste, there is a forecast savings position of £0.538m, which assumes that the £0.6m MTFS saving for Green Waste recycling credits will be achieved.

134. There is an overspend forecast within the Woodfuels budget. This business unit has been impacted by increased delivery costs due to the diesel price increase and also an increase in raw material costs due to global availability of resources impacted by the war in Ukraine.

135. There is a significant underspend forecast for the Waste budgets, partly due to strong commercial management of available waste capacity and Household Waste Recycling Centres (HWRC) material off-takers. This is offset by making a £1m provision into the Waste reserve. This is provision for the Hanford re-procurement expected in 2023/24 as well as provision towards the required Waste to Recycling (W2R) plant cost which is in response to changes in emissions legislations.

136. *Skills* *Forecast - £0.104m saving*

137. The Skills team are forecast to save £0.104m which is a small increase from the quarter 2 forecast of £64,000. The main reason for this increase is the recovery of some staff costs from Grant income and training providers in 2022/23.

138. *Culture, Rural & Communities* *Forecast - breakeven*

139. The quarter 3 position now includes the Culture, Rural and Safer Communities budgets that have temporarily moved over from Children & Families. This area currently has a break-even position forecast.

140. There is a forecast saving of £0.181m on the Culture and Communities budgets due to savings in staffing structures and against the resources budget offset by the under-recovery of income post Covid.

141. The Rural budgets have a forecast overspend of £49,000 due to one-off tribunal and legal costs, post structure set up costs and an underachievement of income, offset slightly by staffing savings.

142. The Safer Communities area has a £70,000 forecast overspend which is partly due to increased costs within the Joint Coroners service.

143. *EI&S Business Support* *Forecast – £0.153m overspend*

144. The service is forecast to overspend by £0.153m due to an increase in the bad debts provision.

145. **Corporate Services** **Forecast – £0.140m Saving**

146. The service is forecast to save £0.140m which is a small reduction from the quarter 2 position of £0.181m.

147. There are a number of savings due to vacancies across Corporate Services along with additional income in Registrars due to the higher number of weddings that are being booked now all Covid restrictions are lifted. These savings have been offset by moving money into reserves to ease one-off pressures arising in 2023/24 around EDRMS and the annual leave purchase scheme, and to allow investment into the Business Support areas.

148. The overall position assumes the delivery of the £0.460m Property rationalisation MTFS saving and an increase of £0.2m to the bad debt provision.

149. **Finance** **Forecast - £31,000 Saving**

150. Finance has moved out of Corporate Services and is its own stand-alone directorate. This directorate includes Corporate Finance, Decision Making Support, Accounting Services, Treasury and Pensions, Audit and Children's Financial Services.

151. At quarter 3, Finance is forecast to have a small saving of £31,000. This includes one-off additional income of £0.1m for staff recharges to capital projects as well as small savings on salary budgets due to in year vacancies which will be used to fund additional capacity requirements in other teams within the directorate.

152. **Centrally Controlled**

153. The forecast for centrally controlled is an overspend of £0.850m, the same as the position reported at quarter 2. This overspend is on the gas energy budget as prices have continued to rise as a result of global events. The forecast assumed that for the last few months of the financial year we are able to utilise a

price cap similar to the domestic price cap of 10.3p/kWh which Central Government have just announced. This budget will be monitored closely as more detail around the price cap for public sector organisations and other businesses comes forward. There is also a £0.480m overspend on the electricity budget as prices continue to rise in this area as well. This overspend is being funded from the remaining contingency budget in 2022/23. Finance are working closely with the service to forecast what might happen with energy prices in 2023/24 and future years, as they are currently extremely volatile.

154. There is a breakeven position forecast for landlords repairs and maintenance and insurances.

155. **Nexxus Trading Services Ltd**

156. Nexxus, like many Adult Social Care providers, continues to face difficult trading conditions, particularly around recruitment and retention of staff. This has affected the company's ability to deliver the full volume of contracted care services and slightly impacted profitability. Work is on-going to improve the position in the second half on 2022/23.

157. **Capital Forecast**

158. Appendix 6 compares the latest capital forecast outturn of £117.0m, a decrease from the quarter 2 position of £128.8m. The key reasons for this decrease of £11.8m are set out in the following paragraphs.

159. **Health and Care** **Forecast spend £1.262m**

160. There has been a rephasing of £1m into 2023/24 due to work on the market position statement and demand analysis for the new Nursing Homes at Hilston Hill and Rowley Hall.

161. **Children and Families** **Forecast spend £34.708m**

162. Maintained Schools *Forecast Spend £33.932m*

163. There has been a decrease of £2.423m since the quarter 2 report. There have been rephasing of budgets into 2023/24 for unallocated SEND of £2.5m, and Schools Capital Allowance of £0.850m and £0.132m across a number of projects.

164. There have also been increases over four projects – Anker Valley new Primary School, new Primary at Tamworth, Dunstall Farm Primary and Oldfield Middle Sports Hall and Teaching Spaces, totalling £1.2m.

165. *Vulnerable Children* *Forecast Spend £0.776m*

166. There has been a decrease in the forecast spend of £0.184m since the quarter 2 report, which is due to rephasing of budgets into 2023/24 for refurbishment and furnishing for In-House Children's Home Project totalling £0.197m, offset by small budget refinements for the In-House Residential Pilot programme of £13,000.

167. **Economy, Infrastructure and Skills** **Forecast spend £74.969m**

168. Economic Planning & Future Prosperity *Forecast spend £4.604m*

169. There has been a decrease in forecast spend of £0.592m due to reprofiling of budgets on i54 of £0.546m and on i54 Western Extension of £0.531m due to risk provision, additional remedial works and inflation issues. There has also been increases in forecast spend due to reprofiling of budgets into 2022/23 for Chatterley Valley of £0.467m and Eastgate Regeneration of £65,000, as well as other minor reductions totalling £47,000.

170. Highways Schemes *Forecast spend £68.589m*

171. There has been a reduction of £3.895m since the quarter 2 report. A reduction of £6m reflects the planned programme of works to better align with anticipated levels of work.

172. This reduction is offset by net changes in the Maintenance & Integrated Transport budgets, including – increases for inflation for Bridge works of £0.127m and increase of £3.5m for Minor Carriageway Maintenance for inflationary pressures, as well as slippage of Holmcroft and A34 Stone schemes – early indications suggest further slippage in these works is likely, the value of which is dependant in part on weather conditions, with the situation continuing to be monitored and any necessary remedial action will be reflected once the weather impact in known.

173. There has also been an increase of £1.730m for inflationary pressures and budget refinements for Integrated Transport.

174. *Connectivity* *Forecast Spend £0.275m*

175. There has been a decrease in forecast spend of £0.812m since the quarter 2 report due to reprofiling of the Gigabit Broadband project – there have been delays with BDUK, eligibility changes and voucher amounts in the process of being amended and refinements of the SFBB budget.

176. Tourism and Culture *Forecast Spend £0.768m*

177. The forecast spend has reduced by £2.525m since the quarter 2 report due to Tenders which have been submitted were higher than expected resulting in a need to increase the funding package – which required approval from both external and internal funders and this has taken some time to achieve, therefore the forecast spend for the scheme has been rephased predominantly into 2023/24 and onwards.

178. **Property, Finance and Resources & ICT** **Forecast spend £6.086m**

179. There has been a small reduction of £0.150m since the quarter 2 report, this is due to a delay in equipment procurement of £0.150m and rephasing of PSN Core Switch replacement in line with the latest business case timeline of £0.3m.

180. There has been an increase of £0.3m due to the introduction of the new Seabridge Centre Demolition. There has also been the introduction on the Kingston Centre Partial Demolition project with forecast spend of £0.410m, and a corresponding reduction of District Property Rationalisation budget.

181. **Financial Health**

182. Appendix 7 provides a forecast outturn performance against the key Financial Health Indicators approved as part of the 2022/23 budget setting process.

183. There have been 97.7% of invoices paid within 30 days of receiving them at the end of July, exceeding the financial health indicator target.

184. The estimated level of outstanding sundry debt over 6 months old is £19.415m, this is over the target of £14.7m by £4.715m. This is an increase of £2.201m since the quarter 2 report. 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.

185. The level of CCG health debt over 6 months old is now £1.936m, £1.964m below the target figure.

186. Client debt now stands at £10.572m and could potentially increase as a consequence of the pandemic. A working group has been established to look at why clients are not paying debts and to implement ways to avoid clients getting into debt in the first instance, this includes an initiative to encourage and assist clients with setting up direct debit instructions.

Debtor Type	**2022/23 Target**	**30/09/2022**	**31/12/2022**	**Increase / (Decrease)**
	£m	**£m**	**£m**	**£m**
Health Bodies & CCGs	3.900	1.100	1.936	**0.836**
Other Govt. and Public Bodies	2.000	1.590	2.220	**0.630**
Other General Debtors (Individuals & Commercial)	4.700	4.285	4.687	**0.402**
Health & Care Client Debt	4.100	10.239	10.572	**0.333**
TOTAL	**14.700**	**17.214**	**19.415**	**2.201**

187. The working group has made progress on reducing debt under 12 months old and this is now also progressing on debt aged between 1 and 2 years. The number of clients waiting more than 12 months for a review has now reduced significantly from the peak, however the net to gross initiative has resulted in over 1,140 more accounts being created.

188. **Prudential Indicators**

189. Appendix 8 provides a forecast outturn performance against the Prudential Indicators approved as part of the 2022/23 budget setting process.

190. The County Council operated within the limits and Prudential Indicators for Treasury Management as set out in the County Council's Treasury Management practices, except for the indicator relating to variable interest rates. This indicator is calculated based on the highest expected cash balance in year, but this was surpassed towards the end of last financial year when forward funding was received.

191. Given the current volatile economic situation, these indicators are being monitored even more closely than usual. At the time of writing it is considered that the Treasury Management Strategy does not need amending but this will be subject to regular monitoring and any changes will be reported to Cabinet as part of the Half Year Treasury Management report.