Cabinet meeting on 16 June 2021

Final Financial Outturn Report

2020/21

Council Leader, Alan White said:

“Coping with the Covid-19 pandemic continues to put extra pressures on our finances, but we continue to manage them effectively and target our resources where they are needed most.

“As a county council we will maintain our sound management, despite the challenges, to keep us in as strong a position as possible and ensure that we provide good value for money for our communities. In addition to supporting those who are most in need, we are looking to invest in reigniting our economy through investment in skills, training and supporting businesses to adjust to a post-pandemic world.”

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

“We were in a stable position financially before the pandemic hit but like all councils its impact has been significant. We have adapted and targeted our services, with many of our employees taking on additional roles and hours.

“Since the 2020/21 budget was set the Covid-19 pandemic struck, needing a combined response from the public sector to support health initiatives and the economy. We have had additional funds and grants worth over £110m from central government to help deal with the effects of the pandemic. These have been used to help reduce the additional pressures of continuing to provide vital services while protecting our residents and businesses.

"At the end of 2020/21, the financial outturn position is a saving of £1.9m, which is 0.4 per cent of our overall budget – a budget of half a billion pounds – and this has been achieved during a global pandemic. The capital programme shows expenditure of £132m as we have continued to make significant investment in Staffordshire, again achieved during a pandemic year."

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 request for £591,000 to be carried forward from the Health and Care underspend for future commitments.

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 – 16 June 2021

Final Financial Outturn Report 2020/21

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 request for £591,000 to be carried forward from the Health and Care underspend for future commitments.

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 2020/21.

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.

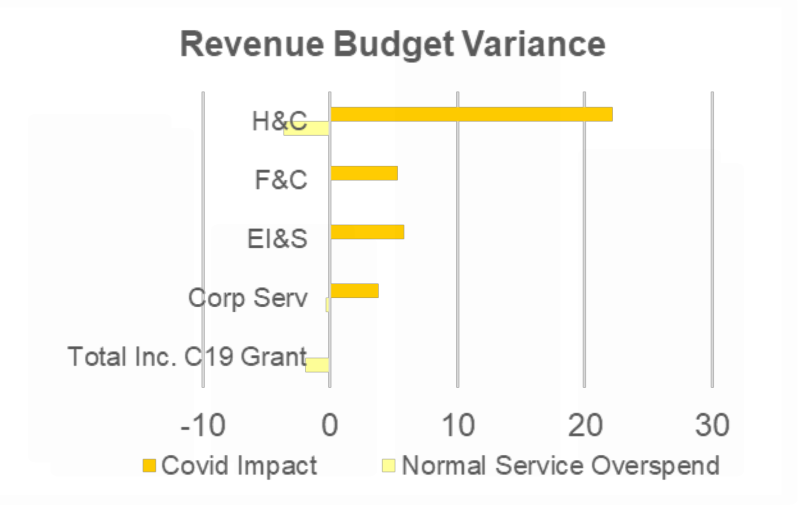
The graphs and charts are compiled using final outturn information.

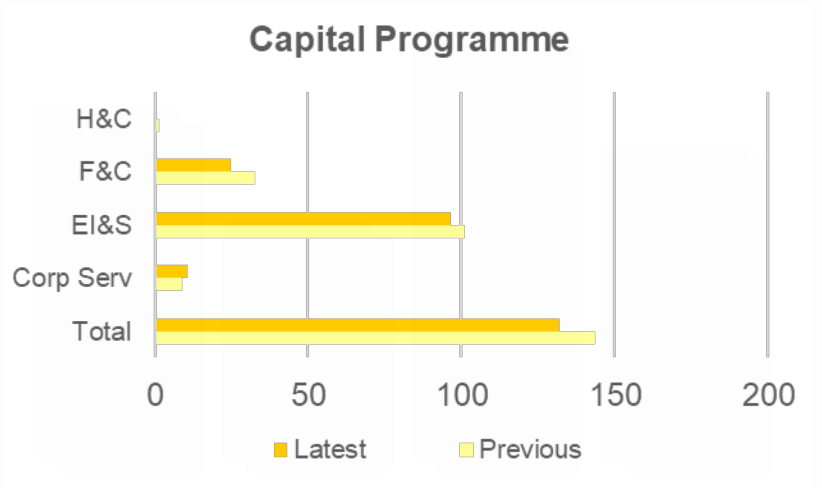
This report presents the final position for both revenue and capital budgets at the end of the 2020/21 financial year. The final revenue position is a saving of £1.924m across portfolio budgets (0.4%). This is within our Financial Health target of 2% variation on revenue budgets. The quarter 4 forecast was a saving of £1.770m.

Since the 2020/21 budget was set, Covid 19 has become a global pandemic requiring a combined response from public sector services, which is also having a sever 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 £132m which represents continued investment in schools, highways and economic regeneration. The capital programme has been fully funded. The final position includes £2.6m 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, £1.246m of repairs and maintenance spend has been capitalised.





County Council Financial Outturn

1. This report presents the final position for both revenue and capital budgets at the end of the 2020/21 financial year.

2. The final outturn position is a saving of £1.924m after allowing for carry forward requests . The quarter 4 forecast was a saving of £1.770m

3. Since the 2020/21 budget was set, Covid 19 has become a global pandemic requiring a combined response from public sector services and which is also having a severe impact on the economy. Central Government have issued four payments of general grant to local authorities, plus grant to compensate for lost income, totalling £48.6m 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	35.407
Lost income	2.680
Delayed savings	3.940
Sales, Fees & Charges Grant	(1.733)
Grant funding	(46.896)
Carried forward into 21/22	(6.602)

There was £0.680m of costs incurred in 2019/20 which has been funded from the grant.

All grants received by Staffordshire County Council regarding Covid 19 in 2020/21 are listed below. The General Covid Grant can go against all spend, the remaining grants are specific and go directly to services. As the pandemic is having an impact across more than one financial year, some of the grants below will be carried forward into 2021/22 and are committed to fund the County Council's continuing response.

	£m
General Covid Grant Funding (incl. SFC grant)	46.896
Test and Trace	8.233
Adult Social Care Infection Control	18.183
Lateral Flow Testing in Care Homes	2.463

Workforce Capacity Adult Social Care	1.771
Clinically Extremely Vulnerable	1.094
Food and Essential Supplies	0.823
Home to School Transport	0.661
Covid Winter Grant	2.316
Sales, Fees and Charges Funding	1.733
Contain Outbreak Management	22.114
Local Transport Authority Grant	0.314
Adoption Support Fund	0.225
Growth Hub	0.873
Schools Fund	0.644
Catch Up Premium	1.872
Mental Health Support	0.138
Other	0.332
Total	**110.685**

5. In addition, the unspent Contingency of £3.6m and the balance on the Investment Fund has been carried forward to 2021/22 in order to help fund the Highways Minor Capital Maintenance programme, as approved by Cabinet on 17th March 2021. A contribution of £5m has been made from Covid grant to the Local Taxation Loss Reserve which will be used to smooth out the impact of the pandemic on local taxation in future years. This will be used to fund the 25% of lost local taxation which is not being funded by the government, in addition to other impacts such as reductions in taxbase. Transformational spend of £2.6m has been capitalised and this is funded from capital receipts in accordance with the Capitalisation Direction issued by MHCLG.

6. The capital programme shows total expenditure of £132m. This reflects our continued investment in school places, highways, and economic regeneration. In 2020/21, £2.576m of capital receipts were used to fund transformational spend, this is included in the total expenditure above.

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

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

9. Health & Care **Covid Impact - £22.157m**
Normal Service Outturn - £4.272m saving

10. Public Health & Prevention Breakeven

11. Adults Public Health service has underspent by £4.017m which has been transferred to the Public Health reserve at the financial year end. Some of this funding is earmarked for commitments in the new financial year.

12. The Sexual Health contracts have underspent by £0.966m, an increase of £0.306m compared to the forecast at quarter 4. The main elements of this are an underspend of £0.224m against STI Test & Treat and an underspend of £0.317m on GP contraception and emergency contraception costs. These underspends have arisen from lower activity resulting from the impacts of Covid 19. In addition, there has been a transfer of costs from Sexual Health Commissioned Services of £0.424m to the Contain Outbreak Management Fund as a result of services being diverted to supporting the outbreak and for costs incurred in setting up vaccination centres.

13. The Drugs & Alcohol contracts have underspent by £0.534m, compared to the forecast of £0.174m reported at quarter 4 which has arisen because of lower activity due to Covid 19.

14. The Healthy Communities budget has underspent by £0.378m, an increase of £0.278m compared to the position reported at quarter 4. The underspend has mainly arisen due to a reduction in the work-place health (£89,000) and Stop Smoking (£0.191m) payment by results (PBR) costs along with a transfer of £98,000 of costs to offset Commissioned Services for Health Checks to the Contain Outbreak Management Fund as services have been diverted to supporting the outbreak and the creation of vaccination centres.

15. A significant amount of staff time has been redirected to supporting the council's response to the Covid 19 pandemic, resulting in a transfer of costs of £0.977m to the Contain Outbreak Management Fund.

16. There was a contingency budget of £0.825m held in Public Health, however this hasn't been required as activity has generally been lower than anticipated due to the pandemic and staffing costs have been charged to relevant Covid 19 grants. Other variances amount to a saving of £0.336m.

17. Adult Social Care & Safeguarding — Covid impact £0.385m
Normal service outturn - £2.973m saving

18. Overall, the final position for the service is a saving of £2.973m, compared to the forecast of £2.181m at quarter 4. Covid related costs of £0.385m were incurred during the year.

19. The restructure of the Adults Learning Disability Team (ALDT) was completed last year. There have been a number of vacancies in the new teams this year which has led to a saving of £0.915m which is slightly higher than the £0.753m forecast at quarter 4 due to lower than expected expenditure on agency staff. The £0.3m MTFS saving has been delivered in full.

20. A new Section 75 agreement for Mental Health South was agreed for the year and the costs were within the approved budget. There was a saving on the Mental Health North team of £0.141m arising from savings on the amount of agency staff used to deliver the service. This is in line with the forecasts made during the year. The £0.1m MTFS saving for the Mental Health North team was delivered in full.

21. There is an overspend of £0.246m in the Learning Disability In-House Residential services due to the vacancy factor built into the budget not being met in full during the year. This is a small increase from the £0.239m overspend forecast at quarter 4. There was a saving of £0.416m for the Specialised Day Opportunity Service which is an increase from the £80,000 forecast at quarter 4, this increase is largely due to some additional Covid 19 grant income which paid for additional costs faced by the service during the year as a result of the pandemic.

22. There is a saving of £0.273m for Business Support which is higher than the forecast of £0.150m at quarter 4. This saving is due to savings from the staff restructure and generating more income than originally forecast.

23. There is a saving of £0.269m for the Home Care System, which is slightly higher than the £0.2m previously forecast. The system is in the process of being retendered and further clarity on the new costs will be gained once the tender process is completed in 2021/22.

24. There is a saving of £0.373m from staff turnover and holding vacant posts within Social Care and Adults Safeguarding.

25. There is an underspend of £0.526m for Mental Health and Deprivation of Liberties Safeguarding assessments which is requested to be carried forward to 2021/22.

26. There is an underspend of £65,000 for Adult Mental Health Practitioner training, which is requested to be carried forward to 2021/22 as training could not take place in 2020/21 due to the pandemic. Other variances amount to a saving of £0.241m.

27. *Care Commissioning* *Covid impact £21.771m*
Normal service outturn - £1.299m saving

28. Overall, the final position for the service is a saving of £1.299m compared with a forecast saving of £2.018m at quarter 4. Covid related costs incurred during the year came to £21.771m. The assumption being that any addition costs related to the pandemic are met from Covid 19 funding allocations received by the Council.

29. The Mental Health placement budget has overspent by £0.3m which is slightly lower than the £0.348m forecast at quarter 4. The overspend is largely due to an increase in the number of supported living and nursing placements during the year along with increases in the cost of residential placements. However, this has been mitigated through the delivery of the £0.250m MTFS saving from care reviews and an increase in health income. The position has improved from earlier in the year when the forecast overspend was £0.569m. This is due to reductions in the cost of some supported living care packages following reviews and an increase in the Health income forecast. The placement overspend has been largely offset by savings on the Mental Health contracts of £0.232m which is in line with the forecast at quarter 4.

30. The Learning Disability placement budget has underspent by £5.110m which is an increase from the £4.436m forecast at quarter 4. Since quarter 4, the cost of residential placements has increased slightly but this is more than offset by lower transport, supported living and direct payments costs along with slightly more client income than forecast. The placement underspend for the year is largely due to the council experiencing the full benefit of increases in health income negotiated in recent years. We have experienced a small increase in the number of residential placements but there were reductions in the number of nursing placements and lower direct payment costs. We have also not experienced the general growth in the number of people supported that was assumed in the budget. Due to the Covid 19 pandemic, there was also lower transport, day opportunities and homecare costs during the year. However, the Community Offer and Reviews Programme MTFS savings were not delivered in full due to the impact of staff resources being diverted to respond to the Covid 19 pandemic. It is proposed that £4m of the Learning Disability placement underspend is earmarked to fund the planned future

investment into the Learning Disability In-House services to modernise them and release future ongoing MTFS revenue savings.

31. The council has continued to work with the local Clinical Commissioning Groups (CCGs) to support the discharge of people with learning disabilities or autism from specialist hospital to community-based settings under the Transforming Care Partnership (TCP). The government provided the Staffordshire and Stoke-on-Trent TCP grant funding of £0.467m for 2020/21 to support further discharges. However, as a result of the National Health Service England (NHSE) reducing the amount of funding the accompanied individuals, there has been a substantial cost pressure for the Staffordshire Health and Care economy in recent years. In 2020/21 the county council's total cost was £3.136m. There remains a significant risk of further cost pressures for the remainder of the MTFS period.

32. The planned recommissioning of the Carers service was delayed due to Covid 19 and the new service will now begin in 2021/22. As a result, the savings from last year occurred again this year resulting in a saving of £0.420m, slightly higher than the previously forecast £0.335m. There was also a saving on the Advocacy contract of £0.210m, unchanged from the quarter 4 forecast. Savings of £0.247m were also made on the Learning Disability & Mental Health Commissioning team as some of the costs of this team have been funded by the Contain Outbreak Management Fund. This is unchanged from the forecast at quarter 4.

33. There is a performance related saving on the reablement contract with the Midlands Partnership Foundation NHS Trust (MPFT) of £0.152m. This is because fewer reablement episodes were delivered than specified in the Section 75 agreement.

34. There is a saving in the Older People & Physical Disability Team of £0.268m which is a slight increase from the quarter 4 forecast of £0.224m. The savings have largely arisen as costs have been charged to the Contain Outbreak Management Fund for staffing time to support the council's response to Covid 19.

35. The final overspend on Extra Care Contracts was £42,000 which is an approved position compared to the forecast at quarter 4 which was an overspend of £0.187m.

36. Prisoners related care activities has saved £0.523m due to staffing savings and lower care costs, which is in line with the forecast saving of £0.518m reported at quarter 4.

37. Other centrally managed costs have overspent by £0.265m. This position has changed as we have taken the opportunity to pay other Health & Care redundancy costs in year. The previously reported savings of £0.865m at quarter 4 had arisen as several transformation programmes had been delayed due to Covid 19.

38. The Older Peoples placement budget has saved £12.907m, compared to the forecast of £11.104m at quarter 4. The residential and nursing placement budget has underspent by £10.625m. There was a final push to review clients that were discharged from hospital under the pathway 3 process in the final months, resulting in a reduction in the underspend of £0.680m compared to quarter 4. The forecast number of packages for the clients that were discharged from hospital under pathway 3 haven't materialised and overall client numbers continued to fall for the majority of the year as the number of leavers exceed the number of new starters.

39. Neither the reviews savings (staff resources have been diverted to respond to Covid 19) or the planned saving to be achieved by developing and using additional capacity at the Hillfield site (the pandemic resulted in project delays and changes in design requirements which have made the scheme financially unviable) have been delivered in full this financial year and have been reprofiled within the MTFS.

40. Uncertainty about the longer-term impact of the pandemic on the care market, which has resulted in higher costs and loss of income for providers, will continue for the foreseeable future. The latest funding settlement for Local Authorities was only for one financial year and there is a risk around future government allocations, particularly in light of the significant grant funding provided to tackle Covid 19. Furthermore, the latest indications are that society will be living with the virus for much longer than had initially been anticipated. It is clear that the level of grant support received in 2020/21 will not continue into 2021/22. To mitigate against this, a total care risk provision of £13m is proposed. This represents an increase of £1m compared to quarter 4.

41. The homecare budget has saved £1.076m, and increase compared to the previous forecast of £0.568m. This reflects the ongoing work to move as many packages as possible to contracted providers.

42. The direct payments budget has saved £1.930m. Actual costs were £0.267m lower than forecast at quarter 4, reflecting the general downward trend of residents in receipt of a direct payment.

43. There is a shortfall of £0.322m against the older people placement income budget, an improvement of £1.6m compared to the previous forecast. This is mainly due to additional income from residential and nursing placements of £1.247m plus additional health income of £0.201m Despite not achieving the forecast level of income during the financial year, this has been offset by a reduction in costs as the number of residential and nursing placements was lower than budgeted.

44. The Physical Disabilities placements budget has saved £1.210m. This is an improvement of £0.230m from the quarter 4 forecast. This is mainly due to further saving on direct payments and domiciliary care, which have been slightly offset by lower health income. Other variances amount to an overspend of £1.401m.

45. There has been a significant amount of work led by an officer task group throughout the year to analyse the debt recorded on the council's financial system. This has led to an improved understanding of the position and any areas of risk, resulting in a number of historic debts being written off. As a result of this ongoing analysis, further contributions of £5m have been made to the Health & Care bad debt provision during 2020/21. A final review of the latest information has been carried out as part of the year end process and it is proposed that a further contribution of £2m is made to the bad debt provision to mitigate the uncertainty of recovering all outstanding sums.

46. Staffordshire County Council wants to improve how colleagues work, refine processes and further improve interactions between the Council, its partners and Staffordshire's residents. The Council wants to use technology and data to develop relationships with our communities, enabling and encouraging more residents to help themselves and each other. In order to work towards this goal, contributions to the Corporate IT reserve of £3m have been proposed throughout the financial year.

47. Families & Communities **Covid impact - £5.338m**
Normal service outturn - £85,000 saving

48. *Children's Services* *Covid impact - £2.068m*
Normal service outturn - £1.617m saving

49. The final position is a saving of £1.617m, this is mainly a result of a saving of £2.0m within Children in Our Care due to staff vacancy savings in the Intensive Prevention Service, Family Group Conferencing team and Short Stay Residential teams, and also additional grant for Unaccompanied Asylum Seeking Children (UASC), partially offset by an overspend on placement costs.

50. There is also a saving of £0.6m in Early Help and Safeguarding arising through staff vacancies and Section 17 savings of £0.9m in the Early Help and First Response teams, offset by a £0.3m overspend in the Safeguarding Teams due to additional agency staffing costs.

51. There is an overspend of £0.3m for the Independent Conference Chair service due to additional staffing levels, and a saving of £0.1m in the Support Services due to staff vacancies.

52. The budget included additional investment of £2.570m for the continuation and progression of planned transformation works as outlined in the business case previously approved. This was fully spent in year and before the Coronavirus outbreak, was forecast to deliver in full the target savings this year of £4.7m. Unfortunately, due to the impact of Covid 19 planned savings this year have been delayed and have been reprofiled within the MTFS accordingly.

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

54. There is a saving within Children's Public Health of £0.379m, due to the transfer of Commissioned Services costs of £0.244m to the Contain Outbreak Management Fund as services has been diverted to supporting the councils Covid 19 response, and other small savings. As this service is funded from ring fenced government grant this has been transferred to the Public Health reserve at the year end, some of which is earmarked for commitments in the new financial year.

55. *Education Services* *Covid impact - £2.539m*
Normal service outturn - £2.473m overspend

56. Education Services has a final overspend of £2.473m a decrease of £0.102m from the previous forecast. This overspend is largely due to the continued pressure for SEND Transport which is £2.238m overspent as a result of both increasing transport costs and demand due to a greater move of pupils towards single occupancy taxis to manage more effectively any particular specialist needs or disruptive behaviour.

57. There is an overspend of £0.815m for additional investment in SEND stabilisation works, as approved by Cabinet earlier this year. There has been a saving of £0.716m on historic pension costs.

58. There is a £0.6m overspend for Flash Ley School following the temporary relocation and subsequent return – this will place the school in a sustainable position for the future. The one-off cost has been offset by other legal cost savings, staff vacancies and additional income across the service.

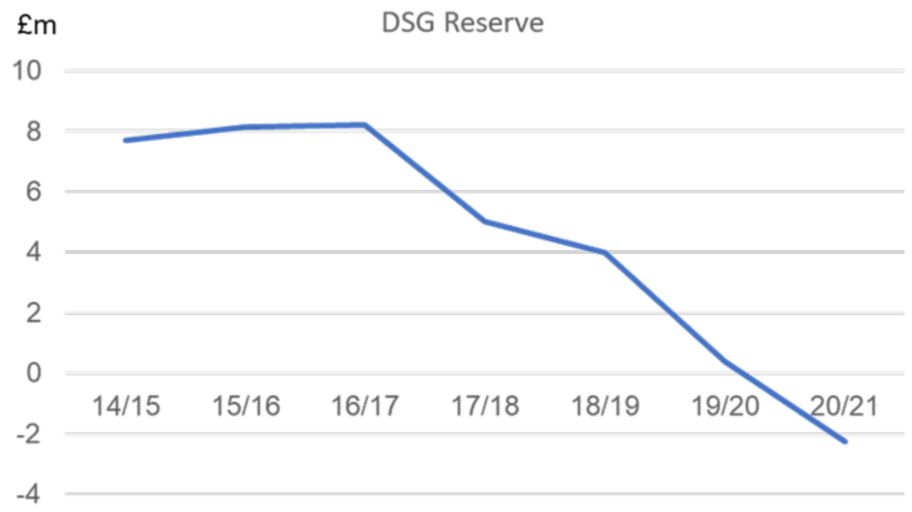
59. While the service faces further pressures of £0.5m as a result of the non-delivery of MTFS savings in SEND Assessment, this has been mitigated in 2020/21 by other service savings. However, in future years this will remain a pressure and will be addressed as part of the wider transformation programme.

60. There have been additional exceptional costs due to Covid 19 in relation to SEND transport and cleaning.

61. *SEND High Needs Block* *Overspend £5.9m*

62. The High Needs Block is overspent by £5.9m, this is £0.6m lower than previously forecast as a result of lower than forecast spend on Post 16 provision and district hub support.

63. As previously reported, the overspend this year reflects the additional demand for SEND support including pressures arising as the backlog of outstanding Education and Health Care Plans (EHCP) assessments is addressed through the SEND stabilisation programme approved earlier this year. This overspend will be charged against the Dedicated Schools Grant (DSG) reserve which, as expected, will now go into deficit at the end of 2020/21 by £2.0m.



64. Schools Forum, at its meeting in October 2020, approved a deficit management plan utilising surplus Growth Fund money that will be transferred to the DSG reserve. For 2020/21 this is £2.7m (which is included in the

current figures and chart) and it is forecast that a further £1m - £1.5m will be available in 2021/22.

65. This policy will be reviewed annually and until such time that accumulated DSG balances are returned to the target level of £4m which is equivalent to 2.5% of the annual DSG.

66. It is anticipated that the SEND transformation programme, with the imminent 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 within the overall resources.

67. *Culture & Communities* *Covid impact - £0.363m*
Normal service outturn - £0.337m saving

68. The service has an outturn saving of £0.337m, an increase of £99,000 from the previously reported position. This saving is due to staffing vacancies within Libraries of £0.163m and other savings of £0.211m as a result of reduced costs of service provision due to Covid 19.

69. There is an overspend of £0.246m with Archives due to undelivered MTFS savings however this has been offset by staffing vacancies held by the service saving £0.209m.

70. Covid 19 has led to reduced income for the service due to reduced trading activity.

71. *Rural County* *Covid impact - £0.368m*
Normal service outturn - £0.220m saving

72. The outturn saving of £0.220m is a £89,000 increase from the previously forecast position. This saving is due to staffing vacancies of £0.338m and other savings of £71,000. This are partially offset by the non-delivery of an MTFS saving of £0.250m.

73. The pandemic has led to a loss of income for the service due to reduced trading activity, parking, and penalty fines.

74. *Community Safety* *Covid impact – nil*
Normal service outturn - £0.384m saving

75. The final outturn position is a saving of £0.384m which is a reduction of £93,000 from the quarter 4 forecast. There is one off savings against the short breaks and aiming high provisions of £0.248m due to families shielding during

the pandemic. There are staffing vacancy savings of £0.316m and other small savings of £70,000. There is also an overspend of £0.250m due to non-delivery of an MTFS saving.

76. Economy, Infrastructure & Skills **Covid impact - £5.755m**
Normal service outturn - £49,000 saving

77. *Business & Enterprise* *Covid impact - £0.177m*
Normal service outturn - £23,000 saving

78. There have been savings across several areas during the year including Farms, Physical Regeneration, Inward Investment and Planning Policy. These savings have contributed to the purchase of the Stafford Magistrates Court of £0.325m as part of the Eastgate Regeneration Project.

79. The Covid 19 impact is largely unchanged from the previously reported position and is due to a loss of income in the following areas: Enterprise Centres, Newcastle Town car park, Staffordshire Business & Environment Network, and Farms.

80. *Infrastructure & Highways* *Covid impact - £0.835m*
Normal service outturn - £0.183m overspend

81. The final position is an £0.182m overspend, which is an improved position from the previous forecast overspend of £0.473m.

82. The change from quarter 4 is predominantly due to a higher than forecast increase in Traffic Regulation Order (TRO) income in the last few weeks of the year and a slight reduction in the final Winter Maintenance overspend position.

83. The small overspend of £49,000 on Lighting & Signals which is largely the non-achievement of the advertising MTFS saving has been mitigated by vacancies in the Street Lighting and Traffic Signals teams. Revised plans are being made to achieve this saving during 2021/22. As reported at quarter 4, withing Strategic Asset and Network Management there has been a significant increase in the anticipated income arising for the new permit scheme and licencing activities (e.g. traffic regulation orders). £0.750m has been set aside to transfer to reserve to cover for the possibility of reduced charges in future years as the County Council is only allowed to recover the additional costs incurred in setting up the scheme. This permit scheme is continuing to be monitored closely. The outturn position also includes £0.4m to increase the bad debts provision.

84. The impact of Covid 19 in the service is £0.835m and is largely the loss of parking income. This is broadly in line with the previously forecasted position.

85. *Transport, Connectivity & Waste* *Covid impact - £1.261m*
Normal service outturn - £78,000 saving

86. The outturn for the Transport & Connectivity are is a saving of £0.197m which is a slightly reduced position from the previously forecast £0.287m.

87. The change from quarter 4 is due to making an increased contribution towards the Transport Assessment work to support Local Plans in the period 2021 – 2026, where £1m in total was required. This work is necessary to support the economy and ensure that development is made acceptable in transport and environmental terms. Our contribution has doubled, from £0.2m to £0.4m, which has been possible due to careful financial management together with a consolidation on the bus market in the Cannock area, impacting on concessionary travel spend, so that the savings in this area were £0.597m.

88. The Covid 19 impact is £0.279m which is a small increase from quarter 4 due to increased cleaning costs for home to school transport contracts.

89. The outturn for Sustainability & Waste is an overspend of £0.120m, which is a £0.216m change from the saving reported at quarter 4. This change is due to an increase to waste tonnages for the final three months of the financial year impacting on the ability to sell any capacity to third parties and the Hanford Energy from Waste facility. In addition, material prices for the Household Waste Recycling Centre (HWRC) contract remain challenging and despite taking mitigation action, additional costs were incurred.

90. The Covid 19 impact has increased from a forecast £0.630m at quarter 4 to a £1.044m outturn position. This increase is due to the loss of income and increased costs due to volumes of general waste in the last three months.

91. *Skills* *Covid impact - £0.185m*
Normal service outturn - £0.108m saving

92. The service has an outturn position of a saving of £0.108m which is a small increase from the previous forecast. This saving is mainly due to Staffing Vacancies, Community Learning Groups savings and a small saving on the Entrust Information, Advice and Guidance contract.

93. *EI&S Business Support* *Covid impact - £0.937m*
Normal service outturn - £23,000 saving

94. The service has a small saving of £23,000 which is slightly reduced compared to the previous forecast. This outturn includes an increase to the bad debts provision of £0.230m which is offset by in year savings on the training and actuarial strain budgets.

95. There are £0.937m of Covid 19 related costs which is little change to the position reported at quarter 4.

96. Capital projects have incurred additional costs relating to Covid of £2.360m. These will be funded from the grant received from Government.

97. Corporate Services **Covid impact - £3.777m**
Normal service outturn - £0.317m saving

98. The service has a final outturn saving of £0.317m, which is a slight reduction to the forecast saving of £0.529m at quarter 4. This change is predominantly due to lower than anticipated income in Legal Services in the final few weeks of the year.

99. The outturn position includes a provision for Microsoft 365 costs in the Digital area of £0.250m, as well as a contribution to potential costs for the new recruitment system of £50,000. There is also a provision to cover estimated costs of £0.160m for the Electronic and Document Records Management System, £0.130m for the new Property system and £0.2m for the new Legal Services Client Management Recording system which are all needed in 2021/22. There is also a provision in the County Treasurers service for future capacity issues and a contribution to the increased external audit fee budget of £20,000. There is also a transfer of £0.6m into the ICT reserve for continuing Office 365 rollout in future years and it also assumes that the £0.278m Workforce Grant from DHSC is rolled into 2021/22, to be used to develop access to ThinkWell services for Independent Sector care staff.

100. The impact of Covid 19 is £3.777m, this is not a significant change from the quarter 4 forecast.

101. Centrally Controlled Items **£2.208m overspend**

102. Capital Financing £0.131m saving

103. The Bank of England's base rate has remained low during the whole of 2020/21 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 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.

104. Pooled Buildings and Insurances £0.220m overspend

105. The outturn for these services includes a £0.750m forecast liability for property charges. There is a small reduction to the Covid 19 costs due to rental income being received that was not previously anticipated.

106. There is a saving on the Landlords Repairs and Maintenance budgets as many sites have been operationally closed for much of the year. This outturn position includes the provision of £0.3m from this year's asset renewal budget to be used in 2021/22 for repair works that have been postponed to next year due to Covid 19.

107. Capital Outturn

108. Appendix 3 compares the final outturn for capital expenditure (£132m) to the forecast position at quarter 4 (£143.6m). In addition, the appendix also details how the Capital Programme has been financed. This includes the use of £18.5m of borrowing for 2020/21.

109. To enable us to provide future flexibility to finance the Capital Programme, £1.246m of repairs and maintenance spend has been capitalised.

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

111. Health & Care Spend £0.454m

112. The final position is £0.454m which is a decrease from the quarter 4 forecast of £0.927m, this is due to slippage of the Supported Living Scheme, Care Director Upgrade and the Lichfield Day Services into 2021/22.

113. Families & Communities Spend £24.263m

114. *Vulnerable Children Spend £0.466m*

115. There has been an increase of £0.464m since quarter 4 as a purchase of a property has completed in late March 2021

116. *Maintained Schools* *Spend £24.025m*

117. There has been a decrease since the quarter 4 report of £6.7m, mainly due to slippage of schemes into 2021/22, most significantly the Netherstowe High School, Anchor Valley, and the rolling forwards of unallocated funds within the programme.

118. Economy, Infrastructure & Skills **Spend £96.470m**

119. *Highways Schemes* *Spend £79.693m*

120. There has been a reduction of £0.804m since the quarter 4 report, this is due to slippage into 2021/22 due to the impact of Covid 19 and inclement weather causing flooding for Stafford Western Access Route plus some minor budget refinements for Lichfield Southern Bypass, a total of £1.417m.

121. There have also been various budget refinements reducing the in year spend for Bridge Maintenance of £0.237m, Carriageway Maintenance of £0.106m and Integrated Transport of £0.438m.

122. There has been an increase of £1.037m due to the refinement of a number of developers funded schemes including both rephasing and in year fluctuations.

123. *Economic Planning & Future Prosperity* *Spend £14.817m*

124. There has been a decrease in spend of £4.439m since the quarter 4 report, this is due to variances across a number of schemes including slippage on the A50 project of £0.262m, Forward Programme rephasing £50,000 to 2021/22 as well as budget refinements to Rural Enterprise Centres, Eastgate Regeneration project, Enterprise Centres as well as other smaller schemes which total £0.360m.

125. The outturn position includes a £0.388m spend on the Cannock Chase Enterprise Centre, £0.150m of this is being funded from the Joint Investment Programme with Cannock.

126. There have also been budget refinements to both the sale of existing Farms assets as well as the improvements being made to assets which are not subject to sale.

127. Corporate Services **Spend £6.669m**

128. *Finance, Resources & ICT* *Spend £2.012m*

129. There has been a small decrease of £33,000 since the quarter 4 report due to the refinement of the Network Switch Refresh project.

130. *Property* *Spend £3.256m*

131. There has been a reduction of £1.110m since the quarter 4 report due to the impact of Covid 19 on a number of projects including slippage into 2021/22 on Responding to Accommodation change of £0.104m, District Property Rationalisation of £1.748m and Family Contact Facilities Newcastle of £0.232m.

132. *Trading Services – County Fleet Care* *Spend £1.401m*

133. There has been spend of £1.401m on vehicles during the year.

134. Financial Health & Prudential Indicators

135. **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.

136. **Appendix 4** provides an outturn performance against the key Financial Health Indicators approved as part of the 2020/21 budget setting process.

137. The level of outstanding sundry debt over 6 months old at 31st March 2021 is £20.945m, this exceeds the target of £14.7m by £6.245m. This is an increase of £0.926m 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.

138. There are 21 organisations which each owe in excess of £0.1m that is over 6 months old, totalling £6.664m. The top ten largest debtors are four CCG's (£2.056m), three Local Authorities (£2.412m), two commercial organisations (£0.618m) and a central government department (£0.211m). In addition to these 21 bodies there are a further 47 who have outstanding balances over 6 months old between £50,000 and £0.1m totalling £3.1m. The Debt Recovery team are proactively chasing payment of these large debts.

List of Appendices

Appendix 1 – Corporate Checklist
Appendix 2 – Revenue Final Outturn 2020/21
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Appendix 4 – Financial Health Indicators 2020/21
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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

2020/21 Final Outturn

	Final Estimate	Final Outturn	Final Covid Impact	Normal Service Variation	Carry Forward	Final Variation
	£m	£m	£m	£m	£m	£m
Health and Care						
Public Health & Prevention	0.715	0.715	0.000	0.000		0.000
Adult Social Care & Safeguarding	38.422	35.449	0.385	(2.973)	0.591	(1.997)
Care Commissioning	183.695	182.396	21.771	(1.299)		20.472
Sub-total	***222.832***	***218.560***	***22.157***	***(4.272)***	***0.591***	***18.475***
Families and Communities						
Children's Services	114.824	113.207	2.068	(1.617)		0.451
Children's Public Health	0.000	0.000	0.000	0.000		0.000
Education Services	28.379	30.852	2.539	2.473		5.012
Culture and Communities	5.289	4.952	0.363	(0.337)		0.026
Rural	2.067	1.847	0.368	(0.220)		0.148
Community Safety	8.207	7.823	0.000	(0.384)		(0.384)
Sub-total	***158.766***	***158.681***	***5.338***	***(0.085)***	***0.000***	***5.253***
Economy, Infrastructure and Skills						
Business & Enterprise	1.081	1.058	0.177	(0.023)		0.154
Infrastructure & Highways	29.678	29.861	0.835	0.183		1.018
Transport, Connectivity & Waste	39.407	39.329	1.261	(0.078)		1.183
Skills	2.388	2.280	0.185	(0.108)		0.077
EI&S Business Support	1.073	1.050	0.937	(0.023)		0.914
Covid Related Capital Project Costs	0.000	0.000	2.360	0.000		2.360
Sub-total	***73.627***	***73.578***	***5.755***	***(0.049)***	***0.000***	***5.706***
Corporate Services	***34.041***	***33.724***	***3.777***	***(0.317)***		***3.460***
Trading Services	***(0.622)***	***(0.622)***	***0.000***	***0.000***		***0.000***
Total Portfolio Budgets	**488.644**	**483.921**	**37.027**	**(4.723)**	**0.591**	**32.895**
Centrally Controlled Items						
Interest on Balances & Debt Charges	33.665	33.575		(0.090)		(0.090)
Pooled Buildings and Insurances	14.043	14.263		0.220		0.220
Investment Fund	2.431	5.000		2.569		2.569
Contribution to Local Tax Loss Provision	0.000	0.000	5.000	0.000		5.000
Transformational Spend	0.000	2.576		2.576		2.576
Use of one-off resources	0.000	(2.576)		(2.576)		(2.576)
Contingency	3.624	3.624		0.000		0.000
Local Services Support Grant	0.000	(0.450)		(0.450)		(0.450)
Covid-19 Funding	0.000	0.000	(42.027)	0.000		(42.027)
Total Centrally Controlled	**53.763**	**56.012**	**(37.027)**	**2.249**	**0.000**	**(34.778)**
Grand Total	**542.407**	**539.933**	**0.000**	**(2.474)**	**0.591**	**(1.883)**

Appendix 3

Final Capital Programme 2020/21

	Quarter 4 Forecast	Enhancements to Programme	Final Outturn
	£m	**£m**	**£m**
Health & Care			
Care and Independence	1.381	(0.927)	0.454
Sub Total	*1.381*	*(0.927)*	*0.454*
Families & Communities			
Maintained Schools	32.216	(8.191)	24.025
Academy Conversion Residual	0.027	(0.027)	0.000
Other non Schools	0.000	0.002	0.002
Vulnerable Children's Projects	0.002	0.464	0.466
Rural County (Countryside)	0.213	(0.021)	0.192
Tourism and Culture	0.121	(0.183)	(0.062)
Sub Total	*32.579*	*(7.956)*	*24.623*
Economy, Infrastructure & Skills			
Economic Planning & Future Prosperity	18.119	(3.302)	14.817
Highways Schemes	80.497	(0.804)	79.693
Connectivity	1.850	(0.285)	1.565
Waste & Sustainability Projects	0.443	(0.048)	0.395
Sub Total	*100.909*	*(4.439)*	*96.470*
Trading Services - County Fleet Care	*1.700*	*(0.299)*	*1.401*
Property	*4.974*	*(1.718)*	*3.256*
Corporate Leased Equipment	*0.050*	*(0.050)*	*0.000*
Finance, Resources & ICT	*2.045*	*(0.033)*	*2.012*
Total Capital Programme	**143.638**	**(15.422)**	**128.216**
Asset Renewal			0.000
Capitalised Repairs and Maintenance			1.246
Transformational spend			2.576
Amount to be Financed after Capitalisation			**132.038**
Financed by:			
Borrowing			17.517
Government Grants			63.130
Capital Receipts			20.964
Reserve Contributions			1.613
S.106/ Voluntary contributions			28.814
			132.038

Appendix 4

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 – 0.4%, 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 – £20.9m, 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 – 97.4%, 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

Appendix 5

Prudential Indicators 2020/21

Indicator	Target 2020/21	Outturn 2020/21	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.*	8.19%	6.27%	The indicator has a slight decrease due to a small decrease 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.*	£1.33	£-1.36	The decrease in this indicator reflects the decrease in borrowing used to fund the total Capital Programme in 2020/21.
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.*	£111.565m	£132.038m	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.*	£565.523m	£564.136m	The outturn is reduced due to a decrease in borrowing in 2020/21.