

Corporate Review Committee

Medium Term Financial Strategy 2016 - 2021

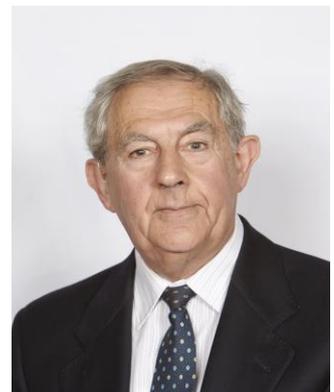
**Final Report of the Medium Term Financial
Strategy Working Group**

Chairman's Foreword

As in previous years the Working Group adopted a risk-based approach and concentrated its work on the two principal risks, ie Staffordshire and Stoke-on-Trent Partnership Trust and the Better Care Fund. Our analysis of the risks and recommendations are found in the Report. Following our caution last year against optimism edging out evidence as the basis for planning, we are pleased to see realistic forecasts for both costs and income. We would add that legacy commitments entered into when funds were more plentiful should be examined critically for (a) necessity and (b) value for money.

I am indebted to Members for their commitment and hard work and to our officials, Nick Pountney, Carol Bloxham, Rob Salmon and Rachel Spain for their unsparing assistance and advice.

County Councillor Philip E Jones
Chairman
Medium Term Financial Strategy Working Group
Corporate Review Committee



Conclusions and Recommendations

1. Overall, given the assurances we have had to date, we feel it has been demonstrated that the process of preparing the County Council's Medium Term Financial Strategy (MTFS) 2016 – 2021 and setting the 2016/17 Annual Budget and Council Tax has been robust. We have accepted assurance from the Leader and his Cabinet that they constantly monitor and review the assumptions made and we can conclude therefore that the proposals meet the principles of a good and balanced budget, subject to our comments, concerns and recommendations, which are set out in this report.
2. We note the key MTFS risk areas highlighted in the report to Cabinet in December 2015: Strategic Plan and Draft Medium Term Financial Strategy 2016/21 which need to be managed and that the majority of the risk continues to be around 'Care'. The County Council must continue to transform the way it delivers services to meet the increasing demand for care services, best practice and ensuring value for money and accept that this will entail some tough decisions.
3. We note that whilst the MTFS is forecast to balance in 2016/17, there are uncertainties and significant challenges around futures years and we urge Cabinet to be vigilant, to thoroughly test the credibility of all assumptions and keep pressure on partners to transform and deliver efficiencies.
4. At the time of the submission of our report there are still some uncertainties around key aspects of the MTFS. In particular, the Better Care Fund submission and the Staffordshire and Stoke on Trent Partnership Trust (SSOTP) contract.
5. The Government's Budget Settlement is disadvantageous to the County Council compounded by changes to the Care Act funding arrangements whereby this money has now been included in the RSG. This places an additional pressure on reducing funding into the medium term.
6. The County Council must be open to every potential income stream and will need to become self financing by 2020. The County Council have the ability to raise an additional 2% on Council Tax if that additional income is to be spent on care; maximise the value of their assets via the Penda Property Partnership and grow business in the county in order to increase the share of business rates income.
7. We have again adopted a risk based approach to our evidence gathering and by far the greatest shortfall, representing the greatest risk, continues to be around care, even after planning assumptions include the additional 2% precept for social care.

General

8. We note that the cost of care in Staffordshire has increased and we **recommended Cabinet to look at budget provision in significant service areas in other authorities** and where they find distinct differences to Staffordshire, these budget areas should be subject to peer review.

9. In terms of contract compliance monitoring within the County Council, we **urge the County Council's commissioners to improve service delivery and recommend that this be closely monitored by the Select Committees.**
10. We endorse recent changes in the Senior Leadership Team structure which better reflects a joined up approach to care: adults and children and this offers a real opportunity to be more efficient and add value.
11. Cabinet has assured us that they have capacity and capability to deliver the MTFs and we **urge them to robustly challenge** the two major risk assumptions: SSOTP and BCF and **take remedial action, promptly and when necessary. We recommend that we should continue to meet as a working group** to focus on the financial aspects of key risk areas.

Staffordshire and Stoke on Trent Partnership Trust and Better Care Fund (SSOTP and BCF)

12. The County Council is seriously exposed to risk around the care budget and must be vigilant in mitigating that risk. We are encouraged that the Cabinet Member for Health, Care and Wellbeing believes that there is scope for further efficiency savings so long as significant changes are implemented. We welcome that the Cabinet Member for Health, Care and Wellbeing and the Head of Care are actively working through issues which affect the deliverability of SSOTP and BCF and **urge them to take every opportunity to influence ongoing negotiations with partners.**
13. The Cabinet Member and the Head of Care are agreed on the importance of the BCF and **we urge the County Council as Commissioner, to maintain an influencing space in negotiations.** The County Council must be absolutely clear about transfer costs, duplication and apportionment.

Public Health

14. We asked the Interim Director for Public Health to demonstrate intervention which has led to successful outcomes: a return on investment. Evidence of effective and efficient budget allocation will support the Cabinet Member for Health, Care and Wellbeing in his negotiations with the CCGs. **We welcome the opportunity for efficiency savings which might be achieved by Public Health and Social Care working more closely together.**

Entrust

15. In terms of impact on MTFs, the County Council holds a 49% stake in Entrust and we **recommend** the Prosperous Staffordshire Select Committee be vigilant in monitoring whether that investment is delivering.
16. We are pleased that Entrust is showing potential in terms of growing its business externally. It is imperative that the quality, value and effectiveness of the service are marketed nationally.

17. We accept the assurance of the Cabinet Member for Strategy, Finance and Corporate Issues that the dividend will be produced in time and we are aware that it has not been factored into the MTFS.

Scope

18. The County Council's five-year MTFS provides the financial framework for the delivery of the Council's Strategic Plan. The MTFS Working Group of the Corporate Review Committee is responsible for providing challenge during the development of the Council's MTFS and the annual budget and council tax setting process. The work of scrutiny helps to ensure that the Cabinet develops a good and balanced budget. This year the working group have asked searching questions over the credibility of assumptions and forecasts.

19. A good and balanced budget is one where:

- It has a medium term focus, supporting the Leading for a Connected Staffordshire Business Plan.
- Resources are focused on Vision for Connected Staffordshire and priority outcomes.
- It is not driven by short term fixes.
- It demonstrates how the County Council has listened to consultation with local people, staff and our partners.
- It is transparent and well scrutinised.
- It is integrated with the capital programme.
- It maintains financial stability.
- Income equals expenditure.
- Savings targets and investment proposals are credible and achievable.
- Key assumptions are "stress tested".

20. In assessing whether the budget is good and balanced the Committee had reference to:

- financial strategy in the wider planning context;
- how the budget is constructed and decisions made;
- what criteria, information and consultation shape the budget; and
- resource allocation according to priority.

21. As in previous years, we have taken a risk based approach to MTFS scrutiny in 2016/17, and have focused on areas where spending is:

- more volatile,
- subject to significant external influence;
- heavily reliant on grant funding;
- impacted by national economic factors or
- where there is a consistent history of overspend.

22. The Chief Executive has established principles to apply to budget setting in 2016 - 17 and has encouraged radical questioning around every service area. Partnership

working must be effective and deliver results and the county council must plan to be self financing by 2020.

23. We have considered the detail around how Cabinet proposes to fund operations over the period 2016 - 21. The last five years have seen enormous change in the public sector and the County Council has worked hard to meet the challenges of increasing demand and reducing resources. The County Council must continue to be honest with partners and the community that transformation will continue and will necessitate more tough decisions.
24. The MTFS includes assumptions in the planning process about future levels of funding. There will no longer be Revenue Support Grant (RSG) by 2019-20. The County Council must encourage business and facilitate house building as well as manage spending pressures and is planning for a reduction of 25% each year which equates to a cash reduction of at least £22.3m in 2016-17. Identifying efficiency savings through innovation has featured strongly in recent years MTFS and will continue to be a fundamental part of the council's plans going forward.
25. The 2015 Government Spending Review confirmed the Chancellor's intention to allow local authorities to retain 100% of their business rates but the many complexities around this statement that need working through means it is unlikely that the new scheme will be implemented before 2019/20. Whilst repatriation and pooling will present challenges going forward, Staffordshire is well placed to maximise its opportunities in terms of transport, infrastructure, and a developing skill base. An additional council tax rise of up to 2% is permitted providing the income generated is ring fenced for adult social care, and the Better Care Fund (BCF) will be increased by a further £1.5bn nationally by 2019-20 with the intention of creating a fully integrated health and social care system.
26. We share the Cabinet's concern around areas of significant risk and uncertainty and accept their assurance that they continue to monitor them. In particular the BCF, and the SSOTP risk share agreement. The Government has announced a reduction in the specific grant provided for Public Health by 6.2% in 2015-16 (£2.4m for Staffordshire). Funding levels for the remaining four years of the MTFS period are extremely uncertain.
27. The County Council's commissioning priorities are identified within the Business Plan. The new approach to service delivery challenges service leads to be outcome focussed. The MTFS process introduces challenge at each stage of the commissioning cycle. We understand that this approach is still evolving and that the full impact of this challenge may take time to filter through.
28. We understand that Cabinet and the Senior Leadership Team regularly monitor whether identified efficiency savings are on track to be delivered. Individual Select Committees continue to hold Cabinet Members and commissioners accountable for implementation and impact on local communities. We welcome the changes to the County Council structure which facilitates a joined up approach to Health and Social Care services.
29. We decided again to interview commissioners separately from Cabinet Members to identify differences in priorities or approach between the two areas which could

potentially deliver savings but which had yet to be highlighted. We wanted to separate process from vision.

30. We recognise that the core role of the County Council is changing and the role of individual Members has changed. The recent period of significant transformation has meant huge changes to models of working and raised many challenges. There is now greater clarity especially around the mission critical items. The County Council has learned much and continues to learn about partnership working and innovative delivery models and realise the importance of the timeliness of effecting change, of maintaining a strong position to influence negotiations and the impact delays could have on the MTFS.

Method of Investigation

31. A risk based approach to our evidence gathering was used again this year, focussing proportionately more time on those services which had potentially the greatest impact on the deliverability of the MTFS. We decided to conduct five interviews:

- Mrs. Helen Riley, Director for People and Deputy Chief Executive and Ms Helen Coombes, Head of Care with Ms Sara Pitt, Strategic Finance Business Partner (interviewed in respect of the Staffordshire and Stoke-on-Trent NHS Partnership Trust and the budget for Care)
- Mr. Chris Weiner, the interim Director for Health and Care and Ms Jackie Small, Deputy Director of Public Health (interviewed in respect of Staffordshire and Stoke-on-Trent NHS Partnership Trust and the budget for Public Health)
- Mr Ian Parry, Deputy Leader and Cabinet Member for Strategy , Finance and Corporate Issues, Mr. Darryl Eyers, the Director for Place, and Mr. John Tradewell, Director of Democracy, Law and Transformation (interviewed in respect of Entrust)
- Mr Alan White, Cabinet Member for Health, Care and Wellbeing (interviewed in respect of Staffordshire and Stoke-on-Trent NHS Partnership Trust and the budget for Care)
- Mr Ian Parry, Deputy Leader and Cabinet Member for Strategy , Finance and Corporate Issues, Mr Philip Atkins, Leader of the Council and Mr Andrew Burns, Director of Finance (interviewed in respect of MTFS)

Budget Interviews

Date of Interview	Interviewee
12 October 2015	Helen Riley, Director for People and Deputy Chief Executive, Helen Coombes, Head of Care and Sara Pitt, Strategic Finance Business Partner
29 October 2015	Chris Weiner, Interim Director for Health and Care and Jackie Small, Deputy Director of Public Health

12 November 2015	Ian Parry, Deputy Leader and Cabinet Member for Strategy , Finance and Corporate Issues, Darryl Eyers, the Director for Place, and John Tradewell, Director of Democracy, Law and Transformation
2 December 2015	Alan White, Cabinet Member, Health, Care and Wellbeing
12 January 2016	Ian Parry, Deputy Leader and Cabinet Member for Strategy , Finance and Corporate Issues

Membership

32. The membership of the MTFs Working Group is:

County Councillor Phillip E Jones (Chairman)
County Councillor Brian Edwards
County Councillor John Francis
County Councillor Brian Jenkins
County Councillor John Taylor
County Councillor Kevin Jackson
County Councillor Martyn Tittley

Findings

Care Budgets

33. The importance of delivering within budget will be increasingly important in future years. We have given careful consideration to the Budget Monitoring Reports and note that whilst there is some risk identified around Waste and Transport, still the overall risk to the MTFs relates to Care. In conducting our interviews, we wanted reassurance from the Director for People and the Cabinet Member for Health, Care and Wellbeing; that they are managing their relationship with the Clinical Commissioning Groups; that Cabinet Members and Directors receive satisfactory budget monitoring information from individual budget holders and that alternative methods of service delivery are being explored. We hoped to gauge whether they consider their resources to be adequate, that they have plans for reacting to variances in spending and to what extent services are provided over and above the statutory minimum. We hoped to see that Partnership arrangements are offering value for money and continue to look for innovation.
34. We wanted assurance from the Director for Public Health that they are getting the best value for their budget and that spend on public health is supporting the wider health economy, for example by supporting e-cigarettes and smoking cessation.
35. The SSOTP agreement under Section 75 contains a risk share element and we believe the Partnership is likely to overspend with a potential cost to the authority. The contract was re-negotiated last year and the new contract assumes transformation savings.
36. We believe the disparity between the financial arrangements for the Health Service and those which the County Council were subject to set the County Council at a disadvantage. In terms of the BCF, the CCGs are challenged by their budget

deficits. We believe that there is merit in a formal enquiry by the Healthy Staffordshire Select Committee into the financial issues within the CCGs including prescribing policy.

37. The basis for the original agreement in 2011 was that through partnership, quality adult social care could be delivered at 2010 costs through better and more efficient delivery for four years and, in addition, would be able to deliver efficiency savings. We are concerned that this situation will continue even though numbers of recipients of the service have not increased in line with the expectations on which the original agreement was based.
38. The Head of Care is confident that transformation is progressing monitored by a Joint Programme, and will deliver transformation savings. The delivery plan focusses on reducing the cost of care and reducing the numbers receiving care, ie improving productivity and efficiency. The context however is of a very challenging environment with new pressures constantly emerging. The Head of Care told us that the first six months of the current year focussed on transformation projects: reviewing savings plans and pilots which had shown how individual projects work and could produce savings and the second six months expected to see resulting real change. A small sample of individual service user reviews have been completed and show that changes in practice could work.
39. The Cabinet Member for Health, Care and Wellbeing is impressed by the enthusiasm and innovation of front line social workers. He assures us that despite challenges in delivering the renegotiated contract, he is confident that he will be able to secure savings on integration and re-ablement. Cost savings from integration will emerge from lower operational cost and less overhead support as domiciliary teams are fused together. This process is behind schedule. Savings from re-ablement will depend upon a target cohort going into the process and a target success measure (elderly still at home and not needing social care 91 days following re-ablement). The cohort target of 72% met an actual of 63% but more worryingly the success target of 55% met an actual of 50% down from 55% in the previous year. It is worth noting that nationally success rate of 60% are frequently seen.¹
40. In terms of contract compliance monitoring the mechanisms have not been sufficiently robust. The Cabinet Trust Board has met infrequently and informally. In future it will be more rigorous. Compliance monitoring is an area which needs strengthening.
41. It is accepted that there has been pressures on the adult social care budget as there has been in every local authority, for a variety of reasons – workplace, market conditions, difficulties of working with existing service users in justifying changes to care packages – and that the changes required are reasonable but the profile and timing have needed to be adjusted and may need to be reviewed again.
42. The Head of Care assures us that the Trust is in a better position now than previously. The challenge is that the pace of change has not been sufficient. The contract has been re-negotiated in isolation but much of what affects adult social care happens in wider NHS spend, so the partnership has integrated on one level

¹ Reference: SSOTP Board Papers

but not on all levels. We agree that to gain pace, the partnership must not miss opportunities to address other elements of wider NHS spend.

43. Intermediate care and re-ablement are commissioned from the same provider but there is currently no clear pathway thereby negating any efficiencies. We are confident that the Head of Care is working through these issues. The County Council should explore different ways of purchasing in the residential and nursing home market to maximise efficiency.
44. The Head of Care has been working through these issues: integrated pathways *must* be achieved because neither organisation can afford for it not to. It is intended to accelerate the pace and the County Council must be clear what changes need to take place. The savings target for 2015-16 is just less than £2m and achievement depended on how fast changes could be accelerated, based on pilots.
45. With regards to domiciliary care, the Head of Care explained that bed delays are often wrongly blamed on social care assessments due to misinterpretation of the data. The partnership must arrive at a shared view of the data.
46. Domiciliary and residential care needs to be transformed; staff properly remunerated and with a progressive career structure in place. The Cabinet Member suggests that by changing the approach to commissioning (for example by re-configuring around block contracts), the County Council could create stability and certainty in the market thereby facilitating changes necessary in domiciliary care. Furthermore, by supporting the market to consolidate rather than operate in disparate units, the cost of overheads could reduce significantly.
47. There is evidence to suggest that re-ablement works in the first six weeks but it does not suit everyone. In Staffordshire, re-ablement and Intermediate care are disparate: re-ablement is for a 12 week period and yet there is evidence that it is not effective after 6. It is costly to provide and yet free to the user. The focus must be on where re-ablement sits in the pathway. Rather than intermediate care, domiciliary should care act in 're-abling' way. We welcome the changes planned by the Head of Care which should result in re-ablement being an integrated part of the process.
48. The Head of Care agreed with us about the importance of the BCF and we urge the County Council, as commissioner, to move into an influencing space where they can impact on cost. Local authorities are familiar with working in a mixed economy and so should be able to work constructively with GPs.
49. The Health and Wellbeing Board maintains an oversight of BCF which is disseminated at the discretion of the CCGs. The original concept, funding for projects undertaken in partnership, has not been borne out as not enough work has happened to generate the level of funds expected. Protracted negotiations in Staffordshire with the CCGs have attracted national intervention.
50. The County Council buys some residential nursing beds on block and some on spec and must get the balance right. The County Council must explore different ways of purchasing in the residential and nursing home market. They must

consider their pricing strategy and understand their consumers before developing a buying model.

51. We asked whether the Trust relies too heavily on costly agency staff and were told that these are mainly nursing staff and not social workers. Indeed a lack of social work staff is a national issue. All Trusts had received a directive to reduce the number of agency staff engaged and to develop progressive career structures.
52. The Trust's overspend in 2015-16 (£2m) – which does not relate to adult social care – reflects a very challenging year for the Trust. The Chairman of the MTFS Working Group sits as an observer at Trust Board meetings. We are assured that the Head of Care will robustly scrutinise any claim on the County Council by the Trust under the terms of the section 75 risk share agreement. The Head of Care has told us that the County Council now takes a more 'hands-on', controlling position and this must continue to be the case.
53. We are concerned that commissioning with CCGs exposes the County Council to significant risk. The County Council must be absolutely clear about transfer costs – about duplication and apportionment. It is important to establish a plan with clear timeframe and periodic targets in order to monitor progress. It is important that all parties understand the expectations. The County Council must articulate what adult social care should look like and then determine how best to procure it. Re-designing the process is key to success.
54. We were reassured from our interview with the Head of Care that there is a focus on improving service quality. Currently feedback from Healthwatch is not consistent or coherent. Adult social care will be monitored through an outcomes framework.
55. We are aware that the County Council, as such, operates under stringent financial expectations – it must balance its MTFS. Historically the NHS has been allowed to overspend but we believe this will no longer be allowed to continue.
56. In terms of value for money, we agree that there is scope to improve efficiency of domiciliary care. Providers do not fully appreciate the potential benefits of properly integrated resources. The way the County Council buys domiciliary care should be transformed necessitating some difficult decisions.
57. In terms of the BCF, a change in Government policy mid agreement encouraging the CCGs to procure in the acute sector destabilised the transformation process. Whilst £5m was forthcoming in 2015-16, the remaining £10m was predicated on there being changes in acute activity. There are indications that there has been some positive change in the acute sector, they have been unable to share savings due to pressures elsewhere. We have expressed concern around the deliverability of the BCF.
58. It seems the majority of people in receipt of adult social care are self funders and so the County Council is currently working with people it need not be. We were encouraged by the approach of the Head of Care, her understanding of the problem and her intentions.

59. The Cabinet Member acknowledges that the County Council is exposed to risk around the care budget and action must be taken to mitigate that risk. There is scope for efficiency savings if significant change is implemented.

Public Health

60. The Public Health function transferred to the County Council in 2013 with a ring-fenced grant. We believe that effective public health spend on prevention and awareness initiatives could impact positively on the County Council's MTFS by enabling some social care/ health spend to be offset against that budget.

61. The Interim Director of Public Health understands the role of Public Health is for intervention to improve residents' health thereby reducing demands they may otherwise make on the Health Service. There are statutory functions - to adequately protect people against infectious diseases and to provide expert population advice to the CCGs. Sexual health services and school nursing are recent additions which offer further opportunities for early intervention and prevention. Evidence from recent learning in South Wales showed how an investment of £400,000 on drug and alcohol prevention, focussed on people on the edge of care, realised £2m in savings. If Public Health could evidence measurable outcomes, that would support the Cabinet Member for Health, Care and Wellbeing in his negotiations with the CCGs.

62. Some outcomes are easier to evidence, for example, in terms of perinatal maternity rates and admission to neonatal units, but variations sometimes mask improvements. Further opportunities to make changes to core services have arisen now that the Health Visitor service has transferred to Public Health.

63. There is a focus on trying to change the culture of the nation so that exercise is integral to lifestyle – partly since it is unlikely that public funding will be available to provide sport and leisure centres in the future but equally, because obesity and type 2 diabetes are anticipated to become crippling to public funds. The Interim Director has made a bid to run a diabetes prevention programme to galvanise action. Closer working with CCGs will be essential.

64. We endorse the recent changes in the SLT team structure which better reflect a joined up approach to care: adult and children's and this offers a real opportunity to be more efficient and add value.

65. An evidence based approach is used in commissioning decisions and we asked the Interim Director for evidence of intervention which had led to successful outcomes. Evidence of effective and efficient budget allocation would be invaluable in negotiating around MTFS with the CCGs. Evaluating outcomes is not always straightforward for example, in terms of weight management - changes can occur quickly and are easily attributable, whereas the relationship between smoking cessation and lung cancer may not be known for many years.

66. We have asked to see the Public Health Outcomes Framework to identify how the ring fenced Public Health budget is allocated. The service has not always been explicit in identifying and collating the evidence. The County Council must be able to demonstrate return on investment.

Entrust

67. Entrust provides an education support service to Staffordshire but was formed as a commercial concern to compete for business outside of Staffordshire schools and to make a profit for its shareholders. The County Council retains a statutory duty as Local Education Authority.
68. We were concerned that we had not heard about the company's revised plans for growth which is necessary due to changing market conditions. Under the original business idea Entrust offset potential risk by the opportunity to trade outside of the County Council. No dividend was expected in the first four years.
69. In terms of impact on MTFs, the County Council holds a 49% stake in Entrust and must be vigilant in monitoring whether that investment is delivering.
70. The Director of Strategy, Governance and Change explained that the original business idea had been:
- to reduce the County Council's exposure to risk (a likely reduction in demand for service was anticipated given the new arena of academisation), which has been the case.
 - To encourage investment in the county as good business sense
 - To see improvement in education outcomes – which has been the case
 - To provide the opportunity to trade as a commercial business to offset financial difficulties facing all local authorities.
71. Previously elements of the services had been provided disparately. The business is only three years old and revenue was projected to be £89m (27% growth) in 2015 (representing an increase of £8m). Currently every school in Staffordshire buys at least some element of the service.
72. In terms of projections, Entrust original business plan was based on assumptions about certain levels of growth from outside the county area. The Business Plan has since been reviewed based on experience to date and although growth is much slower, still healthy growth is forecast. Whilst the dividend will likely not be paid in 2018, the Director remains confident that it will happen. Furthermore, he confirms that Entrust is making an operational profit, just not at a rate sufficient to pay off the investment.
73. The schools support market is worth £9bn nationally, consequently, the County Council need only a small share of that business to be successful. The Director is confident that Entrust is showing great potential in terms of growing business externally. It is imperative that the quality, value and effectiveness of the service are marketed nationally.
74. In terms of transfer pricing, the Cabinet Member said that Entrust can borrow money as part of its business case and pricing transfer is still being worked through. The County Council currently procures £22m of service under contract arrangements with the back office services in the main due to expire by 31 March 2016. Discussions are underway regarding the potential to continue to work in partnership for selected back office services.

75. The original business plan included a significant dividend and Board members are confident that by 2020, the County Council will see some return on its investment. Future dividends are likely but not guaranteed. The MTFs has not factored in any dividend from Entrust to support services directly although any dividend received will be used to replenish general balances.
76. We agree that the creation of Entrust mitigated risk to the County Council and provided an injection of £32m into the MTFs at a financially challenging time. The exit strategy allows the County Council to leave at any time and a guaranteed exit point at year 10 when the County Council could sell its shares.
77. As a commercial organisation, Entrust's marketing plan is confidential but the Cabinet Member has assured us that the marketing strategy now in place (and subject to independent validation) is based on market research and has responded to changes in the market place (particularly academisation). We understand that the original growth plans were predicated on buying wholesale local authorities but the market place has changed and activity now is around building business organically with individuals and groups of schools.
78. Where poor performing schools are identified, the County Council continues to intervene and recommend schools invest in the Improvement Service. Entrust's proven track record in school improvement is key to selling the service.

Implications

79. Resources and Value for Money – Consideration of the MTFs, annual budget and Council Tax, inevitably means that this review focused on the allocation of the County Council's resources. Considering the value for money delivered by services was a central theme of the evidence gathering process. Many of our conclusions and recommendations are focused on ensuring that the County Council is achieving value for money.
80. Equalities and Legal – Determining priorities is central to the MTFs and budget setting process, and we were conscious in our review that this means some services are identified as being a lower priority than others. Any decision to significantly change or reduce a service based on its priority level will need to be taken into account the impact on various groups (equality impact assessment). There are no specific legal implications to the report.
81. Risk - Our conclusions and recommendations draw attention to some of the key risks to the successful delivery of the MTFs. We considered the relationship between risk management and financial management and asked questions about the main financial risks to the authority and how these might be mitigated during the course of our work.
82. Climate Change - Taking action to reduce the County Council's Carbon Emissions has the potential to have a positive impact on the budget both in terms of avoiding financial penalties from Central Government and in terms of reducing energy costs. This is an issue which the Cabinet must continue to work on.

Acknowledgements

We would like to thank the following officers who supported the Working Group:

Rob Salmon	Chief Accountant, Corporate Finance
Rachel Spain	Principal Accountant, Corporate Finance
Nick Pountney	Scrutiny and Support Manager
Carol Bloxham	Scrutiny and Support Officer

The Working Group would like to thank the Cabinet Members and officers who participated in the budget interviews and responded to our written questions.

**County Councillor Philip E Jones
Chairman of the MTFS Working Group
and
Corporate Review Committee
January 2016**

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List of Appendices/Background Papers

- Strategic Plan and Medium Term Financial Strategy 2016-2021, Cabinet - 16 December 2015