Appendix 2

Recommendations of the Corporate Review Committee and Cabinet's response

Comments and Recommendations of the Corporate Review Committee	Cabinet's Response
We **note** that whilst the MTFS is forecast to balance in 2017/18, there are uncertainties and significant challenges in this and future years and we **request** Cabinet to be vigilant, to thoroughly test the credibility of all assumptions and keep pressure on partners to transform and deliver efficiencies.	The MTFS is now balanced in 2017/18, with a small gap in 2018/19, however larger gaps exist in the last three years. Therefore it is intended that the rolling MTFS process will continue in order to identify savings in those future years.
Following the Local Government Finance Settlement, it is **noted** that the authority has the ability to raise a precept 6% over three years, ring-fenced for social care at 3%, 3%, 0% instead of 2%,2%,2%.	The Government has permitted the adult social care precept to be increased to a maximum of 3% in any one year and not to exceed 6% over three years.
We **note** that the authority's intention is to raise £15m from the sale of capital assets, through the Invest to Save programme which can be used as revenue in transforming services and we **recommend** that any sale of assets takes into account their real value.	This is noted and the intention is to ensure that best value is obtained for all properties which are sold. Any consideration below best value will be clearly identified and articulated in the business cases for Cabinet to consider.
We **recommend** Cabinet as a whole to accept corporate responsibility for addressing savings issues which should not be restricted to Cabinet Members with social care portfolios and they should be able to demonstrate this.	The MTFS process clearly demonstrates that savings have been identified from all portfolio areas, see Appendix 4 of this report.
We **request** Cabinet and the Chairman of the Audit and Standards Committee to clearly identify any risk associated with the MTFS in the County Councils Risk Register and to regularly and robustly update the County Councils Risk Register focussing on areas where the County	Noted. The Risk section of the MTFS report sets out the main risks and these are monitored during the year.

Recommendations of the Corporate Review Committee and Cabinet's response

Comments and Recommendations of the Corporate Review Committee	Cabinet's Response
Council interface with Health and Care.	
We are **concerned** that the County Council has struggled to balance its MTFS in recent years and that the indications are that this trend will continue, and, in line with Audit Committee recommendations, we **recommend** that an individual Cabinet Member is given responsibility for finance only and able to focus all their attention on MTFS rather than service delivery.	The County Council has always produced a balanced budget in accordance with its statutory duty. There is an individual Cabinet Member in charge of Finance among other matters. Cabinet have a collective duty to ensure the MTFS is delivered.
We **note** with concern the Audit Letter (September 2016) in which external auditors identify a significant risk in that insufficient arrangements are in place to identify savings to bridge the gap between budget and income over the next three years**.**	Measures are in place to monitor the risks impacting on the MTFS and the external auditors will also review these risk factors and the County Council's approach to them. Cabinet are satisfied that there are sufficient arrangements in place to monitor and review the risks to the MTFS.
It is important that learning from previous years MTFS informs the process in assessing risk into 2016-17. Previous levels of ambition and expectation in the MTFS have proved misplaced and we **request** that in future, the County Council must balance ambition with a level of pragmatism. We were surprised to learn that some accountability letters were still not signed off as late as October and we recommend that this should be a greater priority.	There are always lessons learnt from each year's process and these are built into the assessments and challenges given to all savings options. Budget holders are made aware of their responsibilities through a range of process including the accountability letters. Greater emphasis will be placed on ensuring a complete return of letters is achieved for 2017/18.
Following the withdrawal of the former Audit Commission Inspection Framework, there is a greater emphasis for local authorities to self regulate. It is crucial that Cabinet closely monitor delivery of the recovery plan identified in the second quarter budget monitoring report, as	The budget, including the savings, is monitored monthly and reported to Directors Any significant issues are brought to the attention of Cabinet immediately. The Director of Finance and Resources will consider the text regarding VFM obligations of managers in his annual review of the

Recommendations of the Corporate Review Committee and Cabinet's response

Comments and Recommendations of the Corporate Review Committee	Cabinet's Response
additional pressures emerge. Managers should be absolutely clear about their budgets and savings targets. The Director of Finance and Resources should be **asked** to consider including an obligation towards obtaining Value for Money within letters of accountability.	accountability letters.
The County Council should **actively encourage** peer challenge reviews on Value for Money which can lead to efficiencies, especially on areas where the County Council compares unfavourably in terms of performance against spend. The County Council must aim to demonstrate that it is working rapidly to match the efficiency levels of the best performing authorities and we are recommend that we, on behalf of the County Council, arrange to undertake peer to peer review with another local authority in key areas.	Performance management is undertaken across all services and the County Council takes part in peer reviews from time to time. Cabinet grants the MTFS Working Group the option of engaging with another authority for a peer review but requests that all findings are reported accurately and promptly to the appropriate Cabinet member.
We are concerned that implementation of Care Director across the County Council has not worked as envisaged and that this has hampered progress towards integration in adult social care and we **request** the County Council to address this particularly in the light of installing the updated programme in 2018.	The upgrade to the CareDirector system will be managed as a project in its own right. Any issues with its implementation will be reported to Directors and Members as appropriate as part of existing governance and reporting arrangements.
Under the current partnership arrangement with SSOTP, we **ask** the Director for Health and Care to be vigilant that the County Council pays for just social care and does not pick up clinical costs.	The Director of Health and Care is concerned to ensure that the Section 75 agreement with SSOTP is managed and monitored effectively and arrangements are in place to ensure this happens.
We accept that the County Council is right under a duty of care to accept a fair share of unaccompanied asylum seeking children (UASC) but **agree** that the	Government is being lobbied on the financial situation and unaccompanied asylum seeking children are but one aspect of that situation.

Appendix 2

Recommendations of the Corporate Review Committee and Cabinet's response

Comments and Recommendations of the Corporate Review Committee	**Cabinet's Response**
Government should be lobbied to persuade more authorities to participate in a voluntary scheme for a more equitable distribution and for more realistic financial support.	
The draft Strategic Plan and MTFS Strategy 2017-22 is predicated on a savings plan which we believe is optimistic. We have noted that over the last three years, the County Councils savings plans had delivered at best, on average, 80% of targeted savings. Given that savings targets are an integral part of the plan and based on an assumption of achieving 80% of savings targets, we are **concerned** that this could leave a potential shortfall in 2017-18.	Savings not being achieved is highlighted as one of the risks to the MTFS as mentioned above. This is recognised by Directors and Members alike and progress is monitored on a monthly basis, with the largest transformation programmes receiving support from the Transformation Support Unit. Directors are required to identify compensating savings should savings fall below the planned level as evidenced by the Spending Controls exercise in 2016/17.