

Corporate Review Committee

Medium Term Financial Strategy 2017 - 2022

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

Chairman's Foreword

As in previous years the Working Group devoted most of its time to areas of greatest risk. Predominant in the minds of Members was the injunction from external auditors that Members must exercise oversight to ensure that value for money is achieved in all areas of service delivery. It is certainly true that in important areas the Council's efficiency bears favourable comparison with other similar Authorities but it is also true that some services have lessons to learn from better performing Councils. We therefore enjoin upon Cabinet colleagues the constant need to insist on *effectiveness, economy; efficiency*. As our income retreats and demands continue to increase, we believe that this is the only way to secure a sound forward financial plan.

Although the ever-present demands for social care understandably influence the Budget, The Working Group cautions against seeing the whole of the Council's activities through this prism. Prosperity and growth in business will provide the funding and business will come to us only if our infrastructure, amenities and quality of life, including our cultural offer, remain attractive.

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



Conclusions and Recommendations

Conclusions

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) 2017 – 2022 and setting the 2017/18 Annual Budget and Council Tax has been exhaustive. 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. *We have been assured by the Director of Finance that the Budget has been brought into balance by the identification of further savings and the Local Government Pay Settlement.*
2. The Local Government Finance Settlement announced in December, means the current shortfall in the MTFS plan for 2017-18 could be reduced from £14.7m to £4.7m. The Settlement enables local authorities to raise a higher precept, ring-fenced for social care – 6 % over three years – and we **note** that the County Council now have the opportunity to set this at 3%, 3%, 0% respectively.
3. It is important to continually challenge major risk assumptions within the MTFS and we believe that this should be the responsibility of the whole Council.
4. We note that whilst the MTFS is forecast to balance in 2017/18. However there are uncertainties and significant challenges around futures years and we **ask** Cabinet to be vigilant, to thoroughly test the credibility of all assumptions and keep pressure on partners to transform and deliver efficiencies. The County Council must be open to every potential income stream and will need to become self financing by 2020.
5. In terms of public health, Staffordshire's performance has been poor considering it's spend. We are aware that Corporate Review Committee have made recommendations to Heathy Staffordshire Select Committee around Obesity. For elderly peoples care (mental health, physical disability and Learning Disability), performance appears to have incurred low spend and low performance, especially around adults with learning disabilities. The County Council appears to be performing well in Children's Social Care but at high cost.
6. The CIPFA Value for Money (VfM) Toolkit has been a useful reference for the working group this year and gave us an indication of where to probe into the processes and procedures which sit behind the data. We used these therefor to establish our work programme for 2016-17.
7. We **note** the key MTFS risk areas highlighted in the report to Cabinet in December 2016: Strategic Plan and Draft Medium Term Financial Strategy 2017/22 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.

8. The County Council must continue to transform the way it delivers services to meet the continued increasing demand for care services.
9. We are aware that delivering on the savings targets is an ongoing and challenging issue but we understand from the Deputy Leader that he is confident that these targets are managerially achievable and politically acceptable. The County Council's core business will be to protect vulnerable children and adults and communities will have to step up to the mark in supporting and facilitating other functions. We are pleased to learn that all Cabinet colleagues are signed up to the savings plan and have made difficult decisions.
10. In 2015/16, finances at quarter 1 were dramatically different from those presented at the year end. **It is crucial to receive reliable and regular financial data on which to base judgements and decisions and to be transparent between under-receipt of income and overspend.** We have encountered circumstances where the reliability of extrapolated figures is questionable, where savings identified did not relate to actual expenditure but were in fact cost transfers within the organisation and across partnership budgets.
11. We have questioned whether all budget holders within the authority are sufficiently vigilant at identifying and implementing efficiencies. We are aware that savings are targeted on specific projects but we **asked** for reassurance that all service areas across all portfolios are stepping up to the mark and finding savings.

Recommendations

12. We **note** that whilst the MTFS is forecast to balance in 2017/18, there are uncertainties and significant challenges in this and futures 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.
13. 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%.
14. We **note** that the authorities 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.
15. 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.
16. 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 Council interface with Health and Care.
17. 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.

18. 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.
19. 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.
20. 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 additional pressures emerge. Managers should be absolutely clear about their budgets and savings targets. The Director of Finance should be **asked** to consider including an obligation towards obtaining Value for Money within letters of accountability.
21. 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 recommend that we, on behalf of the County Council, arrange to undertake peer to peer review with another local authority in key areas.
22. 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.
23. 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.
24. 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 should be lobbied to persuade more authorities to participate in a voluntary scheme for a more equitable distribution and for more realistic financial support.
25. 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.

26. The County Council will need to maintain a focus on the efficiency of its operation. Whilst it is difficult to control external forces and predict demand, it must be able to react quickly and positively. In order to work towards Value for Money, the County Council must endeavour to be an efficient and proactive authority and not a reactive one.
27. It will become increasingly important to ensure resources are allocated expeditiously and to their best advantage and the County Council must maintain vigilance in this respect. Although issues around social care will divert attention, this should not be to the detriment of other services of wider application.

Scope

28. 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 and over Value for Money performance comparisons with other local authorities.
29. 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.
30. 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.
31. 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".
32. 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;
- CIPFA Value for Money comparison graphs, and
- resource allocation according to priority.

33. 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.

Method of Investigation

34. 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:

- *Mr Richard Harling, Director for Health and Care 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 Steve Clark and Mr Mark SurrIDGE, Ernst and Young LLP, External Auditors to the County Council (interviewed in respect of Value for Money judgements and risk to MTFS)*
- *Mr. Robert Flinter, Head of Transformation and Mr John Tradewell, Director for Strategy, Governance and Change (interviewed in respect of Transformation Support Unit)*
- *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 Richard Hancock Head of Families First, Mrs Helen Riley, Deputy Chief Executive and Director for Families and Communities and Mr Mick Harrison, Commissioner for Safety (Interviewed in respect of Looked After Children)*
- *Mr Mark Sutton, Cabinet Member for Children and Young People (Interviewed in respect of Looked After Children)*
- *Mr Ian Parry, Deputy Leader and Cabinet Member for Strategy , Finance and Corporate Issues, and Mr Philip Atkins, Leader of the Council ((interviewed in respect of MTFS)*

Budget Interviews

Date of Interview	Interviewee
9 May 2016	<i>Richard Harling, Director for Health and Care Sara Pitt, Strategic Finance Business Partner</i>
10 October 2016	<i>Richard Harling, Director for Health and Care</i>
2 November 2016	<i>Steve Clark and Mark Surridge, Ernst and Young LLP, External Auditors</i>
11 November 2016	<i>Robert Flinter, Head of Transformation and John Tradewell, Director for Strategy, Governance and Change</i>
22 November 2016	<i>Alan White, Cabinet Member for Health, Care and Wellbeing</i>
12 December 2016	<i>Richard Hancock Head of Families First, Helen Riley, Deputy Chief Executive and Director for Families and Communities and Mick Harrison, Commissioner for Safety</i>
12 December 2016	<i>Mark Sutton, Cabinet Member for Children and Young People</i>
5 January 2017	<i>Ian Parry, Deputy Leader and Cabinet Member for Strategy, Finance and Corporate Issues, and Philip Atkins, Leader of the Council</i>

Membership

35. 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 Kevin Jackson (May 2016)
County Councillor John Taylor (May – November 2016)
County Councillor Sue Woodward (September 2016 – present)
County Councillor Martyn Tittley (May – September 2016)
County Councillor Charlotte Atkins (November 2016 to present)

Findings

General

36. Government has introduced a flexible use of capital receipts, which allow local authorities to use revenue from capital receipts for transformational projects. We sought assurance and clarification from the County Council's Asset Managers that the anticipated level of income can be achieved.

37. We are aware that other local authorities manage within their social care budget and this is borne out by the CIPFA Value for Money performance graphs in which, in some areas of social care, Staffordshire compares unfavourably. The County Council must aim to match the efficiency levels of the best performing authorities.

38. Managers must be absolutely clear about their budgets and savings targets and sanctions should be imposed when necessary. The Deputy Leader agrees that transformation and integration has not happened as originally envisaged and has proved more complex than anticipated.
39. Under the 'Invest to Save' opportunity, £15m of capital receipts can now be invested in regeneration projects or be used to release the County Council out of onerous contracts which are not delivering. We understand that properties to a value of £30m will be identified in order to secure receipt of the assumed £ 15m, in addition to the Penda partnership plans. We urge Cabinet to ensure any sale maximises potential income and that assets are not undersold for expediency. We are aware that receipt of the £15m is therefore, not a certainty.
40. Adult social care has been undergoing continual transformation but it has taken a long time to work through the complexities associated with partnership working. We are pleased that going forward, all partners are signed up to raising the Public Health agenda. Demographics do present significant challenges – people must be enabled to live healthier lives with less intervention.
41. The County Council will need to maintain a focus on the efficiency of its operation. Whilst it is difficult to control external forces and predict demand, it must be able to react quickly and positively. The spending controls introduced in July demonstrated a positive response to significant budget pressures. It will become increasingly important to ensure resources are allocated expeditiously and to their best advantage. The County Council must maintain vigilance in this respect.
42. We urge Cabinet Members to keep a watching brief on areas of risk and to exercise caution in anticipating income. The Deputy Leader is confident that all the identified income streams are secure and that areas of risk are those which are linked to external partners and these are being closely monitored.

Care Budgets

43. Following his appointment, the Director for Health and Care, advised us that with regard to spend on adult social care there may be some rebalancing needed across services. Social work productivity was low and eligibility criteria applied inconsistently. Furthermore, the market was unsustainable. He planned to restructure the service to produce a consistent operating model with a process which was clear to the public. The Director confirmed that the impact of the national living wage on care homes, had not been factored into the MTFS and it was hoped providers could be persuaded to manage the impact.
44. The Director said there will be reduction in net investment in public health by £4m. Undoubtedly some money spent on public health has a beneficial impact on the acute sector but these potential savings can not be recovered financially, and in any case, any 'saving' would be 'banked' to the NHS until such time as their books balanced.
45. The Director was clear that services identified as not delivering value for money must be redesigned.

46. We have continually referenced the CIPFA Value for Money graphs which show that in the two largest areas of spend in adult social care, other local authorities are able to perform much better at less cost. Within the MTFS, £8.4m of savings were identified in the Care and Health budget and the Director is confident that he can bring that up to £9.2m by negotiating with providers of services to reduce the cost of packages; by seeking additional income from CCGs and by working with clients and their families to reduce the intensity of care provided. Thus, over the next five years, he believes he can reduce total expenditure and improve the County Council's placement in the CIPFA graphs thereby demonstrating value for money.
47. A range of service reductions accompanied the in-year spending controls to mitigate the shortfall in income left by BCF non receipts and this gap has since been exacerbated by increasing costs. The Director agreed with us that the previous level of ambition and expectation was misplaced and we urge that in future, the County Council must balance ambition with a level of pragmatism. There appears to have been very little transformation of adult social care in the last five years. The new Section 75 Agreement includes a range of controls and the requirement for an adult social work transformation plan. We are pleased that long term care is being re-commissioned. The Director is confident in his plan and he intends to work with clients, supporting them through the process. He accepts that there is some risk around the plan and that some elements will be more challenging to deliver than others but has assured us that he will be continually monitoring its delivery.
48. We encourage the Director to make more use of families who have experienced positive outcomes from changes within the services, as advocates for others. Good practice should be evidenced and adopted elsewhere. The County Council has been complacent in transformation and integration but the Director for Health and Care is confident that by negotiating effectively with providers; maximising opportunities for income from the NHS; and diverting people away from expensive long term care, he will be able to deliver savings.
49. The effectiveness of Re-ablement lies with SSOTP who will continue to deliver the programme for three years. We endorse the view of the Director that he will be very clear around the County Council's expectations and will hold the Trust to account and enforce sanctions if necessary. Performance around a standard data set will be monitored monthly and soft data will also be considered. If performance appears to slip, dip sampling will be undertaken and cost neutral plans for remedial action will need to be established in case of need.
50. We have noticed that there are local differences and distinctions in social work practices and we believe more research needs to be done to determine why and encourage good practice for example, around commitment to re-ablement. A significant culture change is required across the county and we accept this will take time.
51. The renegotiated contract with SSOTP centres on:
- Assessment and case management – to remain with the partner
 - Brokerage – to come back in house
 - Management of long term conditions budget – to come back in house

52. The Cabinet Member for Health and Care has advised us that he is making sure that front line social workers are limiting themselves to social work. A standard package would take account of variability around the county. The Cabinet Member is confident he will be able to transform the service within his budget. The transition from children to adults' services currently encourages dependence and reducing this need must be a priority. We agree with the Cabinet Member for Health and Care that provision within the community which had been expected to replace day care centres, had not materialised as envisaged. The Working Group agree that changing culture and expectations amongst staffs and clients is difficult. The Cabinet Support Member for Social Care and Wellbeing has been tasked with stimulating the market in the way Direct Payments had been intended to but in fact had not.
53. In terms of adults with learning disabilities, the Cabinet Member identified £9m of savings (anticipating a five year profile) and plans to introduce 'dynamic purchasing' to be sure of the spot price of care at any time. There is a need to reconfigure around the frail elderly pathway. The focus at every stage should be how can a client be kept out of hospital rather than how can the hospital accommodate him. To distinguish between procedures of low clinical value and those which add value must be made and funds focussed appropriately.
54. The Cabinet Member advised that plans have been developed to deploy downward pressure on demand on his service area but these are slow to implement. Realistic conversations with people about the end of life and public health events will encourage healthier lifestyles. We agree with the Cabinet Member that there is good reason to lobby Government to ensure Health and Wellbeing underpins everyone's lifestyles. There is a responsibility on local authorities to ensure people are clear about the expectations the County Council will be able to deliver.

External Audit

55. The County Council's external auditors, Ernst and Young explained how they arrived at their conclusions in respect of the County Council's MTFs. We believe assessing value for money should be based in independent evidence. Beyond drawing a conclusion on the financial resilience of an authority, a national audit office consultation had resulted in a broadening of the scope of how value for money is measured. Ernst and Young had identified significant risk based on the size of the budget gap emerging, comparable to and consistent with the risks and themes emerging in many local authorities. They are equally aware of funding tensions within the Health Sector which have increased to an acute level. They look to see what procedures are in place to mitigate risk and whether these are adequate for the level of risk identified. Ongoing scrutiny by Select Committees is integral to ensuring value for money.
56. In 2015-16, Ernst and Young had concluded that there were insufficient arrangements in place for the identification and delivery of savings to secure the MTFs and they spent time with the County Council identifying and monitoring savings targets until they reached a position where they were more confident that the arrangements in place were sufficient and robust. In the current year, they have acknowledged that the County Council is achieving significant savings, but agree there remain pressures.

57. Ernst and Young have acknowledged the work of the MTFS Working Group to be a positive and sound mechanism in offering a check and balance to the MTFS process. The MTFS Working Group in 2015-16 made recommendations to Cabinet to be mindful of the significant risk around Health and Care and to take remedial action promptly and when necessary. In response, Cabinet assured us that they would manage areas of risk carefully and monitor them throughout the year.
58. Following the withdrawal of the former Audit Commission Inspection Framework, there is a greater emphasis for local authorities to self regulate. Individual budget holders must be clear about their budgets and be required to deliver within them.

Transformation Support Unit

59. Transformation Support Unit (TSU) was created to respond to a need to identify significant savings which could only be found by developing and delivering a series of projects. TSU has supported delivery of the most significant and complex transformation projects within the organisation. The Head of Transformation believes there is much transformation still to happen within the County Council and his unit will continually need to be innovative to respond to the challenges as they present.
60. While statutory duties constitute the foundation of the budget setting process, to start from zero across all services would be too great an undertaking for the Finance Department. The budget is constantly being reviewed in response to emerging pressures and when necessary, savings targets are identified. We remain unconvinced that culture change has been sufficiently embedded across the organisation and that by not starting from a zero base, there is a danger that the process perpetuates the inefficiencies of previous years. We accept however, that this process might also lead to the authority not being able to meet demands identified. The Head of Transformation assures us that all projects are subject to robust scrutiny at every stage and he believes TSU also have an important role in innovation around income generation.

Looked After Children

61. The Cabinet Member for Children and Young People who is also the Chairman of the Corporate Parenting Panel understands he has significant financial pressures to address. He is aware of the need to manage numbers of children coming into care and also that outcomes are much improved for children who remain in a family environment.
62. Staffordshire's rate of looked after children (LAC) per 10,000 as of March 2016 had risen from 55 to 58 which is below both the national and the West Midland average, and similar to statistical neighbours. Nevertheless, the LAC budget has overspent by £3.5 m and the Head of Families First described a range of actions which form part of a concerted focus on those children on the cusp of statutory intervention. Whilst it is difficult to affect the high cost of residential placements, his plan is to reduce reliance on residential placements. The number of foster carers has remained stable even though the market remains very competitive and the adoption service has performed well in the last year.

63. To address the projected £3.5 m overspend in the LAC budget, the Director for Families First plans to reassess the cohort of LAC coming through the system in February and adapt as necessary the range of activities in the Children's system designed to address emerging need. We agree that operational aspects of plans to mitigate this overspend should be subject to scrutiny by the Safe and Strong Select Committee but that corporate budgetary issues should be monitored by the MTFs Working Group.
64. There is a significant amount of work being carried out with children 'on the cusp' of care and various projects (such as Breathing Space, a targeted evidenced based programme designed to avoid repeat removal of multiple babies from the same mother and family) are already showing positive outcomes.
65. Deputy Chief Executive and Director for Families and Communities described a different model of 'place based' intervention. A pilot scheme is underway with two District Councils and Police and Health partners, to move away from the referral system to LSTs to a more local footprint with statutory partners and the third sector. This is a move to a more predictive model rather than reactive. There should be a greater focus on schools to ensure they feel empowered to address issues and to create an environment where all partners are 'on the front foot'. We endorse this approach and urge the County Council to take time to talk to communities and design solutions that work locally.
66. The Fostering Service were constantly recruiting to maintain the required number of approved Foster carers across all skill levels. Whilst a West Midlands consortium of local authorities works to drive down costs where possible, the Cabinet Member intends to explore whether more can be done to reduce unit costs further. In fact, without the addition of unaccompanied asylum seeking children (UASC) the number of children in care had remained stable.
67. In terms of the MTFs 2015-16, we note that the service had planned to reduce the Local Support teams (LSTs) staffing budget by £1 m in 2015-16 and a further £1.5 m in 2016-17, by building community capacity, but this had proved over optimistic. There has been some necessary rebalancing of MTFs commitments and the Cabinet Member must be realistic in setting his budget.
68. We asked for reassurance that intensive family support work around drug and alcohol misuse will be protected. The partnership work between Families First, Public Health and Staffordshire Drug and Alcohol Service provides a target and evidenced based intervention designed to address an area which underpins a large number of family circumstances and which require statutory intervention and contribute significantly to children's reception into the care system. The project is almost at capacity and the cost avoidance due to this support is estimated to be £1.2 m in a twelve month period. The Cabinet Member offered us his assurance that any cuts in alcohol and drug services would not impact on this project which shows positive outcomes. The Director for Families and Communities also assures us that work funded through Public Health will continue.
69. Unaccompanied Asylum Seeking Children (UASC) are a current and real pressure in as much as the grant received from Government for accommodating them is significantly less than their costs. The National Transfer Scheme had intended to share more equitably the numbers of UASC across all counties but many authorities

have not volunteered to take part. We accept that the County Council is right under a duty of care to accept a fair share of UASC but agreed that the Government should be lobbied to persuade more authorities to participate and for more realistic financial support.

70. The introduction of significantly more UASC had had an impact in 2015-16 (from circa 20-25 to 80-85 in the second half of 2015 and remaining at this level) with underfunding of £252,000. Government pay an allowance which continues until either the UASC reaches 18 years or gains asylum. Where the young persons asylum is denied, Government funding ceases and the local authority picks up costs until he is returned home. The Head of Families First advised us that all local authorities are actively lobbying Government to increase the support package for UASC.
71. The CIPFA VfM graphs show Staffordshire produces high level children's services but at high cost and we recognise that other authorities can perform at similar levels but at less cost. We recommend peer to peer challenge to offer robust and thorough scrutiny. The Head of Families First told us he is not complacent and is talking to other authorities to investigate what they are doing differently.

Implications

72. 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.
73. 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.
74. 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.
75. 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 2017**

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List of Appendices/Background Papers

- Strategic Plan and Medium Term Financial Strategy 2017-2022, Cabinet - December 2016