

Corporate Overview and Scrutiny Committee

Medium Term Financial Strategy 2022 - 2027

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

Chairman's Foreword

With the central government still dealing with the upheaval from the effects of the pandemic, on top of previous challenges emanating from its deficit budget situation, it has been particularly challenging and uncertain time for local government in relation to financial planning and strategy. The Working Group has been cognisant of these circumstances and has, hopefully, attempted to be constructive and understanding in its investigations and processes.

As this year has been a post-election one, we have been able to benefit from a strong input from the longer-served members but with some new intake from others who have been able to give some diversity. The new members have been able to pose the 'innocent' questions, with no pre-conceived views. Those with more experience have been able to home in on service areas that have previously been the subject of budget pressures. It has been helpful to have, in the group, all four standing committee chairmen represented, as well as the minority group lead member. This has provided for a widespread knowledge in the group and has helped avoid duplication in areas of investigation.

The MTFS Group agreed to focus on the key areas of Adult Social Care, Children's Services and Highway Maintenance as being the three areas with the greatest financial exposure. It added Digital Innovation as a fourth area because it had cross cutting effects on costs and efficiency of service and was key to the delivery of all of the other three areas.

In previous years, the MTFS group has benefited from the online availability of representatives of other local authorities or coordinating groups to assist with our findings and conclusions, where in-person meetings have been less practical. We have found in the previous year that online and hybrid meetings have allowed the input of those from a distant location, and this has again been a useful contribution to some of our thoughts and recommendations.

The Group is grateful to all the officials who administered the process, particularly Carol Bloxham, Nick Pountney and Rachel Spain. I would also like to thank Deborah Breedon who has been latterly involved in putting together minutes and reports as the other officers have ceased to be available. In addition, I thank Members for their enthusiasm, support, and insightful enquiries.

Colin Greatorex

MTFS Working Group Chairman

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) 2022 – 2027 and setting the 2022/23 Annual Budget and Council Tax has been thorough and robust, resulting in a good and balanced budget.
2. We feel that Staffordshire residents can have confidence that the County is well managed financially and has a budget strategy in place aligned to the to the ambitions and delivery of the principles, priorities, and outcomes of the Staffordshire Corporate Plan. The Council is developing strategies to address the issues and future proof services in the County which impact on residents, businesses, and some of the most vulnerable in our communities.
3. The presentation provided by the Corporate Finance Manager to the Working Group at the first meeting highlighted the budget gaps in 2022/23 and 2023/24 and the many risks inherent in the MTFS. The Group reviewed the issues and risks and agreed to focus on 4 key areas:
 - a. Adult Social Care Precept
 - b. Children's System Transformation
 - c. Highway Maintenance Liabilities
 - d. Delivery (capacity) – Digital innovation
4. Over the last two years the Covid-19 Pandemic has created uncertainty, necessitated flexibility and change which has impacted on the way services are delivered, the use of resources and on the MTFS. The impact of Covid is also likely to have had bearing on previous recommendations of this working group. In our review this year, we have considered best practice from other Local Authorities and interviewed Cabinet Members. This report presents our findings, conclusions, and recommendations.
5. Last year this group highlighted that over the years the County Council had significantly reduced its running costs, whilst demand in the care sector for both adults and children continued to grow. In Adult Social Care, this year we identified increasing demand and shortage of staff in services, this highlights the need to reduce demand on services to be able to allocate resource where needed most, and to focus on prevention of escalating need through early intervention. We identified the need to build up support mechanisms in communities for people to live independently, to use digital innovations to streamline tasks and to do this it was essential to appropriately support primary care network PCN and community and voluntary sector to carry out preventative work locally. We identified that the impact of the Covid-19 pandemic and of lockdowns has had significant impact on mental health and may have for years to come and highlight the need to build up social care in addition to work in the community. Public

Health is investing in supporting healthy lifestyle choices to keep people healthier longer.

6. In Children's Care we considered the number of children in care in Staffordshire to be high (around 1200), recent admissions to care on section 20 orders (at the family's request) are complex and costly cases. A place based early help strategy had been operating for 4 years and the committee were assured that it was working well, and the service offered value for money. The Building Resilient Families initiative has developed around keeping children out of care through effective early help. The current issues challenging families were around financial deprivation and domestic abuse. Children's Transformation had invested into more Family Support Workers to support the early help initiatives. Children's Service transformation went live on 25 October and progress monitoring would be required. We identified a need to reduce LAC costs, to look to early intervention to reduce the number of looked after children entering the care system and to work toward moving children out of care earlier, and to consider best practice models to achieve this safely. Children's Services Transformation – whilst recognising reasons for delay the WG would like to see pace continue and timelines to see when measures highlighted have been done. Also, would like to see an emphasis on what success will look like.

7. In Highways, the current delivery concerns were raised, and we were reassured and encouraged by the proposed investment strategy to commence in April 2022 to address issues with the condition of the road network and address customer service issues. There will be a need to monitor delivery to demonstrate value for money on its spend and that it has delivered desired outcomes in coming years. The risks to delivering transformation were engagement of demoralised staff in the process, availability of skilled staff, better team working between contractor and the Council and highways teams addressing working relationship with local members. We maintain the importance of informing District, Borough and Parish Councils on Highways Transformation, to have regard to minor and rural roads in any improvement strategy and stress the need to embed environmental matters and ambition for climate change in all aspects of their work. Highways Investment Strategy: that the WG support option 3 £15.5m as the increased amount. That the word re-assured be deleted and retain that the WG was encouraged by the Highways Investment Strategy.

8. Digital - 32 key digital projects were progressing, determining where to invest further was important in the overarching strategy for IT based on priority. We think there should be an elected member at Digital Programme Board to offer constructive challenge and support and that IT should be considered as part of the whole solution when addressing a challenge. It is important that new apps and access should be user friendly, and residents should not feel digitally excluded from support and services they require and that connectivity issues across the County should be investigated as a

matter of urgency. We feel that innovations in AI should be developed for adult social care to consider how it could help people retain independence longer and there is opportunity to horizon scan in terms of new technologies and to capture suggestions for improving IT from staff and partners.

9. Settlement Grant - The additional grant in 2022-23 is welcome. However, the 12 month nature of the settlement is disappointing, and we feel that the settlement grant should extend beyond one year. We understand and welcome the government's commitment to finally conclude the outstanding reviews of the funding system and welcome that SCC is part of a group of LAs to lobby Government but have a concern relating to the timelines to effectively complete the review. There are a range of cost pressures against some of the new funding streams, but, significantly, the costs of social care reform remain uncertain. We welcome the £'s in, £'s out principle and the MTFs three phase approach used in Staffordshire County Council (SCC).

Recommendations

Cabinet Member for Health and Care	
R1	That the voluntary sector must be appropriately supported in Communities to support people to live independently.
R2	That public health be requested to focus messages of healthy lifestyle choices to residents in the County to encourage living healthier longer and deflect from increasingly expensive care costs.
R3	The working Group would support the efforts to introduce consistency and best practice in digital innovations in adult social care where some care centres would benefit from this (e.g., some are less innovative or are using paper-based systems where technology could help).
Cabinet Member for Children and Young People	
R4	The Working Group highlight the importance of progressing work towards moving children out of care towards permanency whether by returning them home, or to adoption or fostering families and that this should be done with immediate effect to address the rising cost of Looked After Children. It is recommended that Staffordshire Children's Services carry out a review of processes to consider the continued suitability of placements and that best practice identified by the Working Group be considered to develop a placement team to look at exit strategies to move children out of care, when appropriate.
R5	To assist with early detection of potential care issues, Worcester CC look at school exclusion records, targeting families with missing school attendance issues and have a vulnerable learner team. Staffordshire should review its early detection trend data availability in this way.
R6	That the Children's Transformation Programme progress be monitored and measured, and that a report be requested to

	Corporate Overview and Scrutiny Committee in 6 months to update on actions and timelines for implementation.
Cabinet Members for Highways and Transport, and Commercial Matters	
R7	That appropriate measures are put in place to mitigate the identified risks to delivering transformation relating to availability of skilled staff, regaining control over quality, and fully engaging front line staff in the process.
R8	To ensure that processes are in place to ensure Highways teams work proactively with local members on highways enquiries. It was suggested that best practice identified by the Working Group be considered to work with the communications team to provide elected members a weekly bulletin of planned activities for each member. It was considered this would be very useful in reducing the cost of dealing with enquiries.
R9	That Cabinet give consideration to good practice to potentially reduce operational costs. Surrey CC operates a Find and Fix scheme with its contractor and Staffordshire might want to consider something similar to reduce the costs of revisits to locations.
R10	Staffordshire should review whether greater quality checking would have cost benefits. The target for Surrey CC is to have 5% quality control checking of completed works, also requesting before and after pictures from its contractor.
R11	That effective communication is in place to inform District, Borough and Parish Councils on matters relating to Highways Transformation.
R12	That the Cabinet Member gives consideration to minor and rural roads in any improvement strategy.
R13	That the Cabinet Member champions embedding environmental matters and climate change in all aspects of highways and transport work.
Cabinet Member for Finance and Resources	
R14	That the Cabinet Member consider innovations and best practice developing in artificial intelligence AI to transform social care and the potential financial benefit associated.
R15	That Cabinet agree to carry out horizon scanning to identify new and up to date technologies and applications, and to note the importance of consulting residents when developing new apps such as MyStaffs to ensure they are user friendly and have attraction to being used.
R16	That the Digital Programme Board invite an elected member to attend meetings to offer constructive challenge and support to the Board, and that the Board also give consideration to suggestions and feedback from front line staff and partners.
R17	Consider having a user group of residents to trial new applications or software and give feedback.

R18	Consider an employee reward scheme for new innovation or cost saving ideas suggested.
To Cabinet	
R19	That Cabinet monitor risk of uncertainty around future funding from central Government and where possible lobby the Government to extend the settlement grant for a three year period.
R20	That Cabinet give approval for an initial one-year investment of £15.5m (£5.5m high priority areas plus £10m i.e. 50% of DfT gap) and revenue (£1.0m initial investment in new model plus contract management capacity plus an element of community teams capacity) with December 2022 Review Point.

Scope

10. We are mindful of the Council's vision and the pledge: 'to deliver value for money for residents and businesses and live within our means'. The largest proportion of the Revenue budget continues to be allocated to the care sector. The council must maintain a lobby on Government and must continue to develop their thinking around community and digital. We understand the £ in/£ out policy continues so that a service wanting to invest needs to evidence savings to the same value.
11. There remains so much uncertainty around the MTFS – the level of funding, the Fair Funding Review, and the Business Rates Reform. The aim must continue to be to live within our means and set reasonable expectations in line with the current year. 2020/21 had resulted in a small underspend which has been added to general funds and balances (total £47m). Any future underspends will be moved to bolster the balances so that any funding gaps in the short to medium term can be bridged (anticipated to be £40m over next 5 years).
12. We agreed to focus on the budgetary areas where we could exert influence. We believe the 'steady ship' approach precludes the council from embarking on alternative, radical or ambitious strategies: how can we use our capital budget to greater effect.
13. This year, we agreed an approach to our work programme to learn from best practice in other local authorities and to hear from external guests. We identified the following areas of focus:
- Digital
 - Highways
 - Climate change (this theme is the focus of another working group of Corporate Overview and Scrutiny Committee)
 - Social care

Method of Investigation

14. To scope this work, we received an overview of the current position including the revenue budget and capital programme 2021/22, short and medium term planning, key issues and risks, and the revised MTFS three phased approach to scope their work within timelines. We focused on four budgetary areas (themes) we could influence where capital budget may be used to greater effect.
15. From research on local authorities demonstrating best practice, we identified an exemplar for each theme and agreed that our meetings should constitute an interview with an external guest which would inform an interview with our appropriate Cabinet Member to follow. We intended this approach to be constructive and outcome focussed.

Adult Social Care

- Professor Graeme Betts, Director of Adult Social Care at Birmingham City Council
- Cabinet Member for Health and Care and Director for Health and Care

Highways Maintenance

- Lucy Monie, Director of Highways and Transport, Surrey County Council
- Cabinet Members for Commercial Matters and the Cabinet Member for Highways and Transport

Children's Care

- Tina Russell, Director of Children's Services, Worcestershire County Council
- Member for Children and Young People, Mark Sutton and Deputy Chief Executive and Director for Families and Communities, Helen Riley

Digital Innovations

- Interview with Head of Strategy and Digital and Cabinet Member for Finance and Resource

Budget Interviews: table

Date of Interview	Interviewee/s
2 September 2021	Scene setting meeting with County Treasurer
1 October 2021	Adult Social Care impact on MTFS - Professor Graeme Betts, Director of Adult Social Care at Birmingham City Council
5 October 2021	Cabinet Member for Health and Care and Director for Health and Care
19 October 2021	Recruiting to a Highways Maintenance Contract - Impact on MTFS Lucy Monie, Surrey CC
29 October 2021	Children's Social Care - impact on the MTFS - Meeting with Tina Russell, Director of Children's Services, Worcestershire County Council

3 November 2021	Children’s Social Care Cabinet Member for Children and Young People, Mark Sutton and Deputy Chief Executive and Director for Families and Communities, Helen Riley
25 November 2021	Cabinet Members for Commercial Matters and the Cabinet Member for Highways and Transport
30 November 2021	Digital Innovations Interview with Head of Strategy and Digital and Cabinet Member for Finance and Resource

Membership

16. The membership of the MTFS Working Group is:

County Councillor C Greatorex
County Councillor B Peters
County Councillor C Atkins
County Councillor J Pert
County Councillor G Heath
County Councillor S Thompson
County Councillor J Oates

Findings

GENERAL

17. The County Council has changed significantly over the last decade and can no longer afford all the things it used to do or would like to do. The pandemic has accelerated change and the need to look to find different ways of working and new technologies. That pace of change must accelerate in the changing financial landscape. If we succeed in this and reduce demand on public services, the County Council can target the reducing resources where there is most need.

SOCIAL CARE

Adults:

18. Best Practice: Birmingham City Council

The council’s journey of improvement. Where services were delivered on a local footprint and had a strength-based approach, this draws on strengths from wider family and communities. The City had invested into neighbourhood networks and community/voluntary groups with a focus on prevention of escalating need through early intervention. Commissioning was focussed on quality and co-production to ensure that clients help shape services. Multi-disciplinary teams worked in an integrated way with the NHS. In terms of MTFS, the plan had been delivering against its savings targets since 2018, but now the greatest risk was workforce.

19. Findings:

a.	There were higher numbers of people coming through the system with learning disabilities, poor mental health in young people, as well as young people with complex cases attributed to Child sexual exploitation CSE, grooming and county lines.
b.	There was evidence that would suggest traditional services were inadequate and local authorities were ill equipped to respond.
c.	An impact of Covid had been the emergence of community groups but it had also highlighted and exacerbated existing inequalities.
d.	In terms of costs associated with integrated care, the City Council developed a programme to examine how people progress through the system. The process has been revolutionised with a focus on better outcomes for individuals. Delays through bed blocking have reduced by 20,000 over the course of a year which is hugely beneficial to hospitals. Currently 90% of people are regularly discharged with either no or a very small care package.

20. Staffordshire County Council

The Cabinet Member for Health and Care explained that in the last 18 months, the service had received additional one-off funding and seen demand reduce but that now they were experiencing a significant surge of people wanting assessments. As experienced nationally, the recruitment and retention of care staff was an ongoing challenge. The Cabinet Member constantly reviews how she commissions services. She believes the absence of bed blocking at care homes has offered stability to providers and better value for money to the county council.

21. We understood that pre covid the service had a good handle on predicting expenditure and forecasting budget despite uncertainties in Adult Social Care and it had achieved its savings targets. The immediate effect of the pandemic had been to reduce demand which had resulted in significant underspend in last year and the current year.

22. The service identified 3 key current risks:

1. Demand – both the NHS and social care anticipate a significant increase in demand as the pandemic has left an elderly population who are more isolated and fragile and now presenting with problems which have been 'stored' for 18 months.
2. Price – this had held up during the pandemic but since restrictions have been lifted care homes are losing staff to other sectors which translates into a real pressure.
3. Legal – Government increasing liability on the state to pay for people's care and support. Some funding has been promised but it is not clear whether it will be sufficient.

23. Findings:

a	<p>Ambition</p> <p>There is a difference in geography and demographic between Staffordshire and Birmingham authorities. The Cabinet Member maintains her longer term vision was to facilitate and encourage people to lead as independent and fulfilling a life as they can. There is a need for a clear direction of travel but in the light of the last 18 months, a flexible approach is essential.</p>
b	<p>Digital</p> <p>Care homes need to become more innovative in light of workforce in short supply and need to have a flexible approach. Technology may provide some answers, for example minimising the time staff spend on record keeping to free up more face to face time.</p> <p>We asked for clarity around digital innovations. The Cabinet Member explained that it would be increasingly important to use staff in the most productive and creative way, make the most of human contact and streamline other tasks.</p>
c	<p>Voluntary and Community</p> <p>There needs to be re-connection and engagement with the community and voluntary sector, and she is working with the primary care network to encourage this. During the pandemic the value of the voluntary sector had been demonstrated. Social prescribing is known to have far better outcomes for individuals, whilst not over-burdening the voluntary sector. We stressed the need for the voluntary sector to be appropriately supported.</p> <p>The Cabinet Member agrees the voluntary sector must not be overwhelmed but rather they must feel a valued and integral part of the solution. She referred to a programme of support for communities and a variety of community self-help websites, libraries, and community settings where support is provided. It will be crucial to reduce demand on services so to allocate the resource where it's really needed. In particular, she anticipates mental health services will be swamped – community resilience must be strengthened in this area – and people must not be over-medicalised. Social interaction must be used appropriately at an early stage of intervention.</p> <p>We asked whether the notional monetary value of voluntary care had been evaluated that might otherwise have fallen to the local authority and whether more funds are being allocated to public</p>

	<p>health to bolster the message of healthy lifestyle choices to deflect from increasingly expensive care costs.</p> <p>The Cabinet Member is aware that with an aging demographic, costs will inevitably rise even given the public health message. She believes that under these circumstances, achieving an even keel would be a success.</p>
d	<p>Funding and care costs:</p> <p>The Government plan for Social Care post 2023 addresses some issues but shifts the burden onto local authorities when clients have used up their own funds. Funding around the Plan is still not clear. In the short term, the authority will have to live within its means and the service will have to be creative around recruitment, no sector should be excluded, and all opportunities explored.</p> <p>We recognise the real challenge presented by increased demand on the service notwithstanding shortages of staff. The problems facing adult social care are not dealt with by the Government's Plan and all local authorities are lobbying hard for additional short term funding. Staffordshire is well placed being a well run and efficient organisation with a low spend. However, demand is unpredictable, and we are concerned that if it continues on the current trajectory there will be greater challenge ahead.</p>
e	<p>Care Homes</p> <p>In terms of domiciliary care, we understand care homes operate on small profit margins and workforce challenges will get worse. Some small initiatives are helping in the short term – subtle changes to shift patterns, retention of bonuses – but there is a significant systemic and strategic problem which will need Government funds to address as local authorities do not have the resources to manage it.</p>
f	<p>Care home providers</p> <p>There is a balance of care home providers needed in the marketplace – if we contract with too few – it makes us vulnerable to the risk of provider failure but if too many, we reduce the economies of scale. There are still inefficiencies, and the service is working with providers to allow them flexibility to deploy their resources to best effect.</p>

The Cabinet Member is confident she will manage the MTFs in 2022 as the service is in a strong and efficient place financially, to address the risks and challenges ahead.

Children:

24. Worcestershire Children First – Best Practice

The Chief Executive and Director for Children’s Services gave an overview of their budget and how they manage demand given high cost placement pressures. Worcestershire County Council has been identified as demonstrating best practice in their delivery of children’s social care. Following a poor Ofsted, Worcestershire Children Social Care service had undergone a fundamental review and re-development of the service including the organisational structure, management and leadership approach, the practice standards, tools, and the social work practice model of intervention and importantly the development of a child centred culture of practice. Changing the culture of the organisation in terms of putting children at the heart of everything they do and having accountability for finance have been key in the transformation of their services.

25. Staffordshire County Councils Cabinet Member for Children and Young

People said that for the past 4 years, the service had been operating a place based early help strategy - intervention as soon as need was identified by any agency (including the voluntary sector). Children’s Transformation went live on 25 October 2021.

Findings:

a	<p>Place based early help strategy</p> <p>The is approach is working well in Staffordshire and the number of referrals into children’s social care is lower than for their statistical neighbours. The same approach he believes was also building resilient families and communities. The service in Staffordshire uses a mix of hard and soft intelligence to identify children in need.</p>
b	<p>Children in Care</p> <p>The number of children in care in Staffordshire was high. Staffordshire needs to perform better in returning children to their families where it is safe to do so. The Restorative Practice ideology was about working with children in a family setting, this service was focussed on preventing children coming into care where it was safe for them to remain at home and if they do need to come into care, to immediately work towards permanency whether returning them home, or to adoption or fostering families.</p> <p>We understood that increased numbers of children coming into care in Staffordshire had reflected the national trend over the last 10 years. This had been principally driven by a risk averse culture. We understood that every option was explored before the decision to take a child into care.</p>

	<p>There had been a number of challenging teenagers admitted to care recently on Section 20 orders (at the family's request) – these were the most complex and consequently the most costly cases. If there had been effective early help six years ago, it was likely these cases wouldn't have escalated. The Building Resilient Families initiative had developed around this.</p>
c	<p>Thresholds for care</p> <p>The thresholds belong to the Safeguarding Partnership – of Police, Social Services, and the CCGs. It is a referral based service and those that don't meet the threshold are offered low level support and those who need protecting are brought into care. The quality assurance framework is thorough, and a Quality Assurance Steering group ensure consistency.</p>
d	<p>Placements</p> <p>In response to a question on whether the placement team assess on quality or cost, we are told that the market is very difficult and there is often little or no choice around placements especially for the most complex cases. Providers can name their price and often are reluctant to take the most challenging cases. More inhouse facilities would give the service more control.</p>
e	<p>Transformation of care</p> <p>Whilst it is too soon to measure progress on Transformation, we are assured the service is working hard to improve work on reunification and exit planning and exploring all alternatives to care – kinship care, Special Guardianship Orders etc. Integrated teams on a local footprint are now delivering children's social care and a District lead is in place in each District and Borough.</p>
f	<p>Workforce</p> <p>In terms of staff retention and recruitment, Staffordshire has always had a good record for training, developing, and supporting social work staff and their turnover rate for staff is amongst the lowest regionally. Pay compares favourably across the region. Nevertheless, a national campaign for the recruitment of social workers would be useful in addressing the national shortage.</p>

Highways Maintenance

26. Surrey County Council

Director of Highways and Transport demonstrated identified best practice in terms of their approach to recruiting to a new Highways Maintenance contract.

27. Findings:

a	The areas of focus were to move from a balance of planned and targeted reactive work to a more targeted model accepting some risk and incorporating flexibility.
b	The new contract demonstrated value for money for Surrey residents and included innovations and incentives.

28. Staffordshire County Council

Highways Maintenance is a significant issue for all members and affects all constituents and our Cabinet Members for Highways and Transport and for Commercial concur. The Council is looking at how to deliver highways maintenance from 2024 when the current contract finishes. However, the contract refresh in 2022 is an opportunity to take action ahead of that. We agree the County Council needs to take back control and bringing elements of the service back in-house will afford greater control and greater flexibility. The Cabinet Member for Commercial Matters believes there is room for improvement around attention to detail and quality of workmanship. The focus of a future Highways Maintenance contract will shift to customer service.

29. Findings:

a	<p>Transformation</p> <p>Cabinet intends to move beyond delivering the minimum statutory highways maintenance service to delivering excellent customer service and to improve the quality of the county's roads. The Future Highways Research Group (employed by Surrey County Council in preparing for their negotiations) will advise on the first phase of the Highways Transformation programme. The Cabinet Members shared their plans which include three key elements of the programme:</p> <ul style="list-style-type: none">• Developing a new highways delivery model that better meets the council's vision and ambitions for post 2024• Changing the current operating arrangements now by strengthening the authorities control and flexibility by returning key accountabilities and resources in house.• Additional investment from April 2022 <p>Additional investment is needed.</p> <p>We maintain the importance of informing District, Borough, and parish councils on Highways Transformation.</p>
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	<p>We urge Cabinet not to disregard minor and rural roads in any improvement strategy.</p>
b	<p>3 Year Investment Strategy</p> <p>The Cabinet Members were confident that the 3 year Investment Strategy:</p> <ul style="list-style-type: none"> • would bring tangible and visible improvements in the network and excellent customer service as well as demonstrating value for money. • The extent of the deterioration in the road network, over many years, would be reversed through this investment. • The proposal would be for the investment strategy to include capital investment of £35m pa for the next three years (£105m) and was intended to 'halt the decline'. In addition, revenue investment of £3.2, pa is ongoing. <p>We were encouraged by what we heard and agree the need to reverse the deterioration of the road network and deliver visible improvements whilst giving central Government time to find a more sustainable funding model for the country's highway network. The Investment Strategy will reinvigorate the workforce and their capacity to deliver will be mitigated by regaining control over quality. We accept that HS2 had taken up many resources, but the Cabinet Members remained optimistic they can deliver according to the plan.</p>
c	<p>Risks</p> <p>Currently public perception of highways maintenance is low. The Cabinet Members have assessed risks to delivering transformation and hope there is sufficient capacity to deliver, a major risk is uncertainty around future funding from central Government. There is a risk around availability of skilled staff and front line staff need to be fully engaged in the process.</p> <p>The Cabinet Member for Highways and Transport accepted that the reputation of the council around highways maintenance was an issue and that Highways teams must work closely and proactively with local members (currently there are frustrations that this does not happen). A Highways Communications Officer will manage the message through to the public and members</p>
d	<p>Performance and Quality</p> <p>We asked about the milestones to monitor progress and we stress the importance of learning lessons from previous and current practice regarding the deterioration which has occurred due to disinvestment. The Cabinet Member Commercial confirmed that performance will be measurable in key areas. He said that additional funding must be focussed into the right areas - those which customers will see. Concentrating funding on specific jobs will make a real and identifiable difference. The quality of the main roads will be much improved, and people will see the results of the investment.</p> <p>We expressed concern about the quality of workmanship which currently is variable. We maintain the importance of working closely with local members under the new arrangements. The Cabinet</p>

	Member has assured us that any incidence of poor workmanship will be addressed.
e	<p>Climate Change</p> <p>We are mindful of the impact of the climate change agenda and are concerned over problems with traffic flow; active travel; green busses and electric charging points. The Cabinet Members agree the need to embed environmental matters in all aspects of their work and said that Cabinet are aware and ambitious regarding climate change. We feel Cabinet must show clear leadership on these matters. In terms of electric charging points, the Cabinet Member Highways and Transport said it was challenging working with many different providers, but he is committed to achieving a realistic offer for Staffordshire people. The Cabinet Member agreed the need to improve air quality especially in urban areas.</p>
f	<p>Technology</p> <p>We asked Cabinet Members whether they had explored application of AI and how that could impact positively. The Cabinet Member Highways and Transport acknowledged that he was considering AI and is ready to embrace any technology which could help – he could see potential around communications. It is accepted that there is scope for innovation and the use of technology applied to highways maintenance.</p>

Digital

30. We asked the Cabinet Member for Finance and Resources whether the authority is prioritising its IT investment into the big spend areas to alleviate issues. He firmly believes that it is wrong to look at a piece of software or IT and see how it can be applied. Rather, it should only be considered as part of the whole solution when addressing a challenge and can clearly be identified as part of a solution.

31. Best Practice

We encourage the Cabinet Member to take note of best practice in IT. The service is linked into the Association of Councils Chief Executive Officers Digital Group which is a useful forum for sharing good ideas. We suggest there is a place for horizon scanning in terms of new technologies to keep up to date and aware of what is possible and available.

32. Findings:

a	<p>IT work streams</p> <p>IT work streams are ongoing around the council and further investment will be prioritised and focussed. This is complex in an organisation as large and diverse as the council. The Cabinet Member agrees that AI will be the next 'game changer' and will be applied to many areas of work.</p>
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	<p>We warn against digital exclusion and assurance was given that services will not transition if it means leaving people behind – no one will be excluded from the support or services they require.</p>																				
b	<p>IT investment</p> <p>There is an overarching strategy for IT investment based on these three priorities:</p> <ul style="list-style-type: none"> • There must be demonstrable return on investment • Clear link to the council’s key priorities • Impact positively on MTFS <p>Investment will be cautious and well thought out as there are huge demand pressures in many areas.</p>																				
c	<p>Digital Programme</p> <p>Across the original 32 identified projects that formed the digital programme agreed by Cabinet in February 2021, four priorities had been identified: Digital Care; Digital Citizen; Digital Council and Digital Economy.</p> <p>One project ‘History Centre online’ had an MTFS target against it and delivered £309k.</p> <p>External Consultancy Support: A number of projects within the digital programme engaged with and utilised external consultancy support. Of the 32 projects 4 reached out externally, whilst 1 priority project (EDRMS) intends to do so in the next financial year. There was a total cost of approx. £44k spent to provide this support.</p> <table border="1"> <thead> <tr> <th>Project</th> <th>Delivery Lead</th> <th>External Consultancy</th> <th>Cost</th> </tr> </thead> <tbody> <tr> <td>Digital Archives</td> <td>Joanna Terry</td> <td>Preservica Digital Archive System</td> <td>£4,208pa</td> </tr> <tr> <td>Digital Community Learning Programme</td> <td>Amanda Darlington</td> <td>HOLEX Digital Ace Project</td> <td>n/a (within annual subscription cost)</td> </tr> <tr> <td>Assistive Technology</td> <td>Lucy Hegarty</td> <td>Living Made Easy (Shaw Trust)</td> <td>c.£30k</td> </tr> <tr> <td>History Centre Online</td> <td>Joanna Terry</td> <td>Audience Research</td> <td>£9,950 (supported by</td> </tr> </tbody> </table>	Project	Delivery Lead	External Consultancy	Cost	Digital Archives	Joanna Terry	Preservica Digital Archive System	£4,208pa	Digital Community Learning Programme	Amanda Darlington	HOLEX Digital Ace Project	n/a (within annual subscription cost)	Assistive Technology	Lucy Hegarty	Living Made Easy (Shaw Trust)	c.£30k	History Centre Online	Joanna Terry	Audience Research	£9,950 (supported by
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			Heritage Fund grant)
	<p>Progress against 8-9 identified key priorities will be monitored throughout the year in the Digital Programme Board.</p> <p>The Cabinet Member sees technology an enabler and not a driver for change. There must be an appetite and reason to transform a service and not just add on a piece of software or technology because of its availability. Sometimes new software is not compatible with what is already in use. He urged a cautious approach.</p>		
d	<p>Risks</p> <p>We share the Cabinet Members concern about security given that cyber security is one of the greatest risk areas for all authorities.</p> <p>There are still areas of the county with poor connectivity, and we are assured that such gaps are being addressed and specialist capacity around digital infrastructure has been recruited from the private sector for this purpose.</p>		
e	<p>Connectivity</p> <p>We suggest a minimum standard of connectivity could become a prerequisite of planning consent in co-operation with District and Borough colleagues. We wonder how far AI can be applied to alleviate issues in the care sector and urge the Cabinet Member to explore all options. We understand a programme for independence has been launched – ‘Happy at Home’. We feel there could be a significant financial impact if AI were applied carefully to adult social care. If innovations are not being developed in this sector, then local authorities should take a lead. Current staffing issues in the care sector make it even more important; necessity being the mother of invention!</p>		
f	<p>Developing Apps</p> <p>The authority must be fleet of foot in terms of identifying and applying apps. We note that MyStaffs app is not perfect but found to be useful. It is important to talk to residents when developing new apps such as MyStaffs to ensure they are user friendly and have an attraction to being used</p>		
g	<p>Digital Programme Board</p> <p>We think there should be elected member presence at the Digital Programme Board to offer constructive challenge and support.</p>		

We hope suggestions from front line staff and partners are being captured. The Cabinet Member acknowledges the value of learning from employees especially in this post pandemic period. He agrees that learning from every opportunity should be captured. Another member encouraged an employee reward scheme for idea contributions which ensures employees feel valued. We understand that the Digital team tend to be a young demographic who are keen to come forward with ideas and the service has worked hard to create a culture in which that can happen.

Provisional Local Government Finance Settlement 2022/23

33. The Provisional Settlement was announced on Thursday 16th December 2021 by Secretary of State, Michael Gove. This settlement followed the Spending Review announced in October. The Settlement is for **one year only** which does not assist longer term planning.
34. The Settlement included additional funding for social care alongside the continuation of some existing funding streams. Revenue Support Grant and the Improved Better Care Fund both continued at 2021/22 levels with an uplift for inflation. The social care funding consists of an increased Social Care Support Grant which can be spent on both Adults' and Children's social care. The allocation for Staffordshire is £34.6 million. In addition to this there is a new Market Sustainability and Fair Cost of Care grant for adult social care and that allocation is £2.4 million. The Settlement also included a one-off Services Grant of £7.0 million which is unringfenced.

35. Staffordshire

36. The County Council's allocations are shown in the table below which also indicates whether this is an increase or reduction against our prior assumptions.

	Assumed	Settlement	(Additional Funding) / Reduction
	£m	£m	£m
Revenue Support Grant		(11.256)	(11.256)
Core Services Grant		(6.976)	(6.976)
New Homes Bonus	(0.803)	(2.026)	(1.223)
Better Care Fund	(31.737)	(32.708)	(0.971)
Social Care Support Grant	(20.809)	(34.634)	(13.825)
Market Sustainability and Fair Cost of Care		(2.391)	(2.391)
Total	(53.349)	(89.991)	(36.642)

Grant conditions will apply to some of these funding streams and more will be known on those in the coming weeks. In addition, some of these grants (iBCF, Market Sustainability and Fair Cost of Care) will need to be earmarked for Health and Care.

37. Council Tax

The Settlement confirmed the referendum thresholds as announced in the Spending Review. The threshold for the general council tax precept will be 2% in 22/23 whilst the Adult Social Care precept threshold is set at 1%. The MTFs had assumed an increase in the Adult Social Care precept of 2% and therefore this represents a reduction in income of £3.9m a year. In 22/23 this reduction has been offset by increases in tax base.

38. Conclusion

The additional grant is welcome. However, the 12 month nature of the settlement is disappointing but understandable given the government's commitment to finally conclude the outstanding reviews of the funding system. There are a range of cost pressures against some of the new funding streams, but, significantly, the costs of social care reform remain uncertain.

39. Interview with the Leader, Cabinet Member for Finance and Resources and County Treasurer.

The Leader and Cabinet Members welcomed the scrutiny process as an important part of the MTFs process. The Leader of Staffordshire County Council has recently worked with Leaders of 20 Local Authorities (LAs) to consider Fair Funding for the less well funded LA's, the group had sent a letter to the Secretary of State before Christmas to make representation about Fair Funding. The Leader would also continue to meet MPs to discuss fair funding. The Cabinet Member for Finance and Resource advised that post settlement some of the proposed plans in the draft MTFs had to be revised in order to be more prudent. He advised that some Councils had got into difficulty financially and highlighted the importance of adjusting the MTFs to take the medium term view of the financial risks and difficulties for this Authority.

A Cabinet Workshop had taken place on 5 January 2022 to consider the revised MTFs. The County Treasurer provided a presentation to the Working Group highlighting the position:

- Strategic Plan refresh:

Priorities: Supporting economies; climate change; fixing more roads.

Pledge: to live within our means and to deliver value for money.

- MTFS three Phase Approach.
- Local Government Finance Settlement 2022/23 more uncertainty from 2023/24. Additional grant welcome but future years uncertain
- Risks - commitment to early identification and mitigation more important than ever.
- Risks – inflation:
- Changes since February – pressures
- Changes since February - general funding
- Highways Investment - 3 Scenarios
- Conclusions

40. Findings:

a	<p>Fair Funding Review:</p> <p>The Government had announced that outstanding reviews of the funding system were to be considered in spring 2022. There were some concerns about time scale to effectively carry out a Fair Funding Review and that it may be rushed but acknowledged that it would get more money into the system and close the gap in funding. We considered that the one year settlement for 2022-23 would be to ensure that fair funding review findings were taken into account in next year’s settlement as part of levelling up agenda.</p>
b	<p>Pressures and General Funding:</p> <p>There would be no additional Covid grant.</p> <p>Social Care Support Grant: £20.809m – this was mainly distributed through Adult Social Care, the grant had been raised by £13.8m in recognition of pressures, but this was a one-off allocation, a multi -year grant would be preferable.</p> <p>Services Grant (extra): This is shown as £6.79m across all years in the table provided, it was a one-off grant, but it is likely it will be repeated and has been built into the MTFS and highlighted as a risk in future years.</p> <p>We feel that the settlement grant should be beyond one year to be able to plan and invest in future services.</p>
c	<p>Three Phase Approach</p>

	<ul style="list-style-type: none"> • Live within approved budget • Strategic Plan and MTFS • Targeted Use of General Balances (to be repaid in future years) - Well Run Council & £in £out Principle <p>Significant cost pressures are to be funded. We feel the three phase approach works very well in Staffordshire. In particular the £in £out Principle to encourage invest to save and improve services.</p>
d	<p>Social Care Reform:</p> <p>In relation to social care reform risks and plans to meet social care demands the Leader advised that:</p> <ul style="list-style-type: none"> • there was a move to more block contracts for social care; • to address the fragmented care market in areas of the County consolidation was being looked at, there may be a way forward through Nexus, however other issues are also highlighted; • the Leadership Board (9 LAs exc. Stoke on Trent) was considering how the County and Districts can work between them to address a range of issues and solutions – evaluating the tools available and how to better use what they have.
e	<p>Children in Care:</p> <p>Children’s Transformation had been progressing at a steady pace, there had been some industrial issues and virtual negotiations but was now moving forward. There were risks around the repercussion of last year cases and a response by the courts had not been seen yet. There was a need to progress Children’s transformation to ensure children are looked after well and safety. We feel it is important to support social workers and to look to other ways to achieving VFM. The Leader advised a residential property had been bought by the Council, to staff it and make ready for children to occupy, this project was new and was based on work carried out in Lincolnshire to provide homes for looked after children, they had up to 20 houses of this type. A bid would be prepared for submission to try to get more funding for other houses.</p>
f	<p>Highways Investment:</p> <p>It was confirmed that the options for investment were in addition to the base grant of £25.1m. The Authority had anticipated a three-year settlement to commit to the £35m capital investment to deliver the three-year highways investment strategy. Due to the one-year settlement option 1 was deemed not financially viable. The second option to invest £25m would still require the Council to</p>

	produce a savings programme for £4m and given the pressures this was not considered an option at this stage. The third option to invest £15.5m was the preferred option and considered a good start, it would add to the base allocation and enable improvements to be made. Plans would be adjusted accordingly. first step now with a review point in December
g	Risk of section 144 notice: The County Treasurer gave assurance that SCC was not considering a section 144 notice but advised of the process for information.
h	Council Tax: Council Tax limits per Spending Review (2% + 1%). The Council tax increases less than planned but offset by taxbase growth.

Community Impact Assessment – MTFS

41. A high-level overarching CIA on the MTFS - a cumulative assessment of impact which identifies key issues and includes plans for mitigation - has recently been updated to consider additional savings proposals, key Covid-19 impacts and reflects the refreshed CIA priorities for the upcoming year.

Implications

42. 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.

43. Equalities and Legalities - 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.

44. 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.

45. 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

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

Rachel Spain	Corporate Finance Manager
Nick Pountney	Scrutiny and Support Manager
Carol Bloxham	Scrutiny and Support Officer

The Working Group would like to thank the Members and officers who participated in the budget interviews.

County Councillor Colin Greatorex
Chairman of the MTF Working Group
Chairman of the Corporate Review Committee
January 2022

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List of Appendices/Background Papers

Presentation: Strategic Plan and Medium-Term Financial Strategy 2022 -27