

**NORTH LINCOLNSHIRE COUNCIL**

**CABINET**

**BUDGET REVIEW JUNE 2008**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 The report summarises the council's current financial position and how this affects its overall financial strategy.
- 1.2 It gives an update on the budget review requested by council in February
- 1.3 The key findings are :
  - That more work is needed to produce financially robust action plans for the new Local Area Agreement and community strategy
  - That action plans are needed for those areas where budget pressures are emerging
  - That development monies allocated in the plan 2008/11 fit with strategies priorities and can proceed
  - That an additional contribution from the PCT for continuing care costs should be set aside and its use determined when LAA implementation planning is complete.

**2. BACKGROUND INFORMATION**

**Financial strategy**

- 2.1 At its meeting In February the council approved a financial strategy for the three years 2008/11. This
  - Considered the robustness of estimates
  - Set spending and council tax levels- firm for the first year, indicative for the next two
  - Approved a three year capital investment programme
  - and agreed a policy for the use of reserves.
- 2.2 It also commissioned a further budget review to incorporate the effects of the new Local Area Agreement. This was necessary as the deadline for signing the agreement with government was 30 June 2008.
- 2.3 This report provides an opportunity to consider the budget implications of the agreement. Any funding decisions need to be set against the background of the council's financial strategy.
- 2.4 The financial strategy anticipated potential additional costs in 2007/08 on flood recovery, an unforeseen inquest and adult social care. In the event this was not needed. In closing the accounts for 2007/08

services have in fact delivered a £0.3m underspend and there is £0.6m additional income from the PCT to cover the costs of continuing care.

2.5 For future years the council will continue to benefit from additional PCT funding. A national framework on continuing care was issued by the Department of Health in October 2007. This clarifies who should fund the costs of continuing NHS care. An assessment of eligible individuals in North Lincolnshire provisionally identifies £1.1m of continuing care costs now to be met by the PCT each year. This releases resources which could potentially be used to support LAA priorities.

2.6 However, current monitoring shows some emerging pressures:

- There are pressures of £0.5m to £1m on residential and homecare in the older people's service. Last year these were contained by redirection of grant, budget savings and deferred spending.
- The increase in the cost of fuel is projected to increase waste collection costs by £0.1m and is likely to impact on other service areas as well
- There is a fall off in planning fees as developers unable to sell existing properties curtail further developments (£0.1m), although the service intends to contain these within existing budgets
- In addition the integration and realignment of the Children and Young People's Service needs to continue the process of identifying budgeted savings of £0.3m over the plan period. The opportunities for cost efficiencies are expected to emerge as the exercise proceeds and a clear picture should be available by October.

2.7 Subject to these costs being contained within cash limited budgets the financial strategy remains on track.

### 3. **OPTIONS FOR CONSIDERATION**

3.1 The initial outcomes of the budget review which council agreed at its February 2008 meeting are considered. The aim of the exercise is to ensure that resources going into the LAA and the Community Strategy are adequate and appropriately deployed.

3.2 It is an opportunity to confirm development monies allocated in the 2008/11 plan but deferred to July 2008 until the LAA was agreed.

3.3 Emerging budget pressures and the use of continuing care savings are considered.

### 4. **ANALYSIS OF OPTIONS**

#### **Local Area Agreement and Community Strategy**

4.1 Services were asked to identify the core service budgets which will underpin the actions in the community strategy and the PIs agreed as

part of the Local Area Agreement. Where appropriate they were also asked to identify how development monies, specific grants and capital schemes in the 2008/11 programme will contribute.

- 4.2 Given that the LAA has only recently been finalised, the exercise is not yet complete. More time is needed to comprehensively map service contributions and to finalise financially robust action plans. Further discussion is needed with partners on their financial contribution towards shared objectives.
- 4.3 Actions in the community strategy have now been allocated to named service directors. An action plan is needed for each one, encompassing the related indicators in the LAA. These should identify which resources from existing budgets will be applied. This exercise can report to cabinet in October and propose any necessary budget virements. A working group may be needed to co-ordinate the exercise and to ensure robust action plans are developed.

#### **Developments**

- 4.4 Work to date has confirmed that development monies allocated in the budget do fit the new LAA priorities. Subject to the further exercise in 4.3 services can implement these approved developments.
- 4.5 £50k of development funding was allocated for neighbourhood management. This was to support roll-out across the North Lincolnshire area. The council already receives funding for a pathfinder project in Crosby and for the more recent Acorns initiative. This funding is no longer ring-fenced but is part of the new Area Based Grant. It is proposed to close the Crosby pathfinder and use £200k of resources and the expertise of the team to roll out neighbourhood management across the area. The £50k development funding is not required.

#### **Continuing care savings and budget pressures**

- 4.6 There is an estimated benefit to the council of £1.1m from the national framework for fully funded NHS care. This is for 60 clients supported in care settings by the council. The final figure depends on the conclusion of a joint-review of existing cases with the PCT.
- 4.7 For the future the on-going benefit will depend on the eligibility of a changing caseload. This will be closely monitored. In the meantime it is appropriate that the £1.1m benefit should be set aside.
- 4.8 While there are pressures in a number of service budgets the first strategy must be to contain costs within cash limits in the normal way. Cabinet in October can consider the appropriate use of continuing care savings when action plans for emerging budget pressures and to implement the LAA/community strategy have been finalised.

## 5. **RESOURCE IMPLICATIONS**

- 5.1 There will be resource implications if pressures identified in the current year budget are not contained within cash limits.
- 5.2 A transfer of £1.1m is required from the adult budget to contingency and of £50k from Community Planning and Resources (CPR).
- 5.3 A transfer of £200k has been made from the corporate budget to CPR.
- 5.4 The exercise to determine the resources required to implement the LAA and community strategy may have implications.

## 6. **OTHER IMPLICATIONS**

- 6.1 Actions to deliver the LAA and community strategy may have other implications.

## 7. **OUTCOMES OF CONSULTATION**

- 7.1 The LAA and Community Strategy are the result of wide consultation with services and LSP partners, who support the broad strategy.

## 8. **RECOMMENDATIONS**

- 8.1 That the budget review for the LAA be concluded, and that lead service directors for each of the community strategy actions and associated LAA targets prepare robust delivery plans, with a working group to be established to coordinate the process
- 8.2 That a further report be brought to October cabinet to confirm the resource implications of the LAA and request any necessary virements
- 8.3 That action plans are prepared for areas of emerging budget pressure, in particular for adult and children and young people's services.
- 8.4 That services proceed with developments approved in the 2008/11 plan, with £50k transferred to contingency
- 8.5 That the transfer of £200k for the Crosby pathfinder from the Corporate budget to Community Planning and Resources is noted
- 8.6 That a transfer of £1.1m be made from the adult budget to contingency.

### SERVICE DIRECTOR FINANCE

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**Background Papers used in the preparation of this report**  
Budget Monitoring Summary Report 2008/09, Period 2