

Overview and Scrutiny Committee*On* 21 November 2005

Report title:	Budget scrutiny - Pre business plan review documents	
Report of:	The Director of Social Services and Director of Finance	
Wards affected:	All	
5. Purpose		
5.1	To update Members on the financial planning process and to consider the pre business plan reviews for the following business units: <ul style="list-style-type: none">•Adult Services•Older People's Services	
6. Recommendations		
6.1	To note the latest financial planning position as set out in the report.	
6.2	To consider the pre-business plan review documents, in particular the new savings and investment proposals, for the purposes of the budget process.	
Report authorised by:		
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3. Executive summary

3.1 The report provides an update on the financial planning process and pre-business planning documentation for scrutiny.

5. Reasons for any change in policy or for new policy development

5.1 None

5. Access to information: Local Government (Access to Information) Act 1985

5.1 The following background papers were used in the preparation of this report:

- Report of the Director of Finance to the Executive 5 July 2005 – Financial planning 2006/7 to 2008/9
- Report of the Director of Finance to the Overview & Scrutiny Committee 25 July 2005 – Budget Scrutiny
- Report of the Director of Finance to the Executive 1 November – Financial planning 2006/7 to 2008/9 (including the detailed PBPR documents)

For access to the background papers or any further information please contact Gerald Almeroth on 020 8489 3743.

6 Background

1.0 The Council has an agreed five-year financial strategy covering the period to 2008/09. The issues to be considered as that strategy is updated leading up to budget-setting for 2006/07 were set out in a paper to the Executive on 5 July 2005. For the most part, this confirmed the decisions already taken as part of the existing strategy. A further report was considered by the Executive on 1 November 2005 to release the pre-business plan reviews for scrutiny and a number of national and local updates were considered.

2.0 The overall position at 1 November 2005 is as follows:

	2006/07	2007/08	2008/09
	£m	£m	£m
Budget gap/(surplus) b/fwd	0	0	0
Inclusion of 2008/09 in financial planning – inflation, capital financing and estimated resources	0	0	2.25
Increase in waste disposal costs	0	0	0.50
Revenue implications of investment fund items in 2005/06	0.24	0.25	0
Increase in pension contributions	0	0	1.05
Position at 5 July 2005	0.24	0.25	3.80
Other changes and variations	0	0	0
Budget gap 1 November 2005	0.24	0.25	3.80
LBH council tax £	1,095	1,122	1,150
LBH increase %	2.5	2.5	2.5
GLA council tax £	274	295	317
GLA increase %	7.5	7.5	7.5
Total council tax £	1,369	1,416	1,467
Total increase %	3.5	3.5	3.5

3.0 The above position does not at this stage reflect any budget savings or investment proposals beyond those already agreed. The overall funding gap over the three-year planning period is £4.3m.

4.0 As part of the pre-business planning review process, targets were set for individual business units to identify potential savings opportunities. The targets took account of the level of savings already identified in current financial plans and previous years. These savings targets were aligned to the governments Gershon efficiency targets of 2.5% per annum. Ring-fenced funded services were excluded from this process. These savings

opportunities will be needed to fund any budget gap resulting from the level of Council Tax increase that is eventually agreed, and any additional investments that are agreed as part of this budget setting process. The final budget proposals will depend on the level of formula grant received from government, which will be announced in early December.

5 Pre business plan reviews

6.0 Members will recall that the purpose of the pre-business review process is to:

- ensure that the financial planning process is clearly linked with, and reflects, the full strategic agenda of the Council;
- ensure that all budget options support the achievement of community strategy objectives;
- ensure that proposals are considered in conjunction with the impact on service performance;
- ensure that budget options enhance the achievement of value for money;
- identify efficiency savings and investment opportunities both within and between business units;
- support consultation activity with key stakeholders;
- support the budget scrutiny process;
- gather information to support a number of planning processes.

7.0 The process for the 2006/07 budget was improved in respect of two key areas:

- Value for money – the documents make specific reference to demonstrating value for money in services, which is a new key part of the CPA process;
- a new section to capture ‘non-cashable’ efficiency savings;
- a section to review the impact of previous years investment proposals.

8.0 The reviews have now been prepared in conjunction with Executive Members and are released for scrutiny.

9.0 To assist members in the scrutiny process we have attached to this report in appendix 1 extracts of the PBPRs by business unit in respect of new proposals:

- section 13 – new capital investment proposals;
- section 14 – new revenue investment proposals;
- section 15 – new cashable efficiency savings.

10.0 Members are asked to consider these proposals in relation to 7.1 above.

11.0 Appendix 2 provides an overview of the 2005/06 budget by business unit across the Council and shows the existing and new proposals to give members a view of the overall scale of the proposals.

12.0 The following section in the report summarises the key service issues and objectives by business unit over the planning period.

13 Social Services

- 8.1 The importance of good, flexible adult social care is assuming greater national priority as more and more people can expect to use services at some point in their lives. Demographic and cultural change means greater demands for social care, and subsequently a need to promote independence and control by moving the current focus of social care from acute to preventative services, designed around the needs of individuals.
- 8.2 Services to Adults and Older People are being delivered against a background of:
- rising numbers of people aged over 65
 - rising numbers of people with dementia
 - rising numbers of people with complex disabilities
 - increased life expectancy of people with disabilities
 - rising expectations for individualised packages of care and more care at home
 - recruitment difficulties in the social care market.
- 5.1 As a result of these the Social Services budget in 2005/06 is experiencing a number of financial pressures and is projected to be overspent by £0.6m as at 30 September 05. The proposals included within the pre-business plan include strategies for dealing with these issues in the forthcoming planning period.
- 5.2 The Social Services General Fund budget in 2005/06 is £44m (net) of which £19m is Older People's Services, £22m Adult Services and £3m funds other Social Services expenditure across both Adults and Older People's Services. In addition community care services to the value of £3.4m is funded by the Housing Revenue Account (HRA). The services funded by the HRA are being dealt with separately as part of the PBPR process for the HRA.
- 8.5 The Council's current four-year financial strategy includes savings targets for Social Services of £1.419m in 2006/07 and £0.283m in 2007/08. These are summarised for each business unit in section 5.3 of the Pre-Business Plan Reviews. The table at 6.2 assumes that these savings will be achieved.
- 5.1 Section 15 of the PBPR documents sets out each business units' proposals for *additional* savings to contribute to both the council's overall funding gap and to fund priority investments across the council. The additional savings identified for Social Services are summarised:

	2006/07 £000	2007/08 £000	2008/09 £000
Older People's Services	0	0	837
Adult's Services	0	303	543
Total	0	303	1,380

- 8.7 The main priorities and issues for each business unit over the planning period and the implications of these proposals are summarised below.

Older People's Services

- 8.8 A key priority for Older People's Services is the continued implementation of the Community Care strategy, which seeks to implement the government's policy of moving away from residential care to the provision of extended and enhanced community care alternatives. The proposed investments to support this strategy are detailed at section 14 of the plan and include:

- Investment in day services linked to the developments at Osborne Grove and the Hornsey central hospital
- Expanding preventative services for vulnerable older people
- Maintaining the market position for nursing beds
- Supporting the community care strategy with a one off investment in residential care.

- 5.1 Older People propose to achieve its savings targets through

- Maximising its income within the guidelines set by the Fairer Charging Policy
- Reconfiguring day services to better meet the diverse needs of Haringey.

Adults Services

- 5.2 Adult Services include services for people with learning disabilities, physical disabilities and mental health problems. All services are working within the Partnership agenda, and further integration with Health is a theme that continues to be developed. A pooled budget exists for the Learning Disabilities assessment and provider services and for the joint equipment store, and further pooling arrangements are being considered. There are a number of pressures in these areas within both the Local Authority and the PCT that will need to be carefully managed as part of this process.

- 5.3 There are a number of known pressures in this budget and these have been built into the PBPR process. The proposed investments to support this strategy are detailed at section 14 of the plan and include:

- Development of an early intervention service in mental health
- Building in additional capacity in mental health services to help to achieve service development targets
- Improving the adaptations service in line with the recommendations of the scrutiny review of the service
- Investing in the physical disabilities service to meet the pressures of increasing costs and numbers of people needing to be supported

It must be recognised that the two mental health revenue investment bids (section 14, numbers 6 and 7, appendix 1) is dependent upon equivalent match funding from the Primary Care Trust.

- 5.4 The proposed efficiencies for Adult Services continue to develop the objective of reducing dependency on residential care and providing more services in the community. Social services will also review its use of transport in the planning period.
- 5.5 The Supporting People budget is also located within the Adults Services business unit. This is wholly funded by grant of £22.1m in 2005/06. The government is in the process of reviewing how this grant is allocated and it is likely that the grant will be reduced in future years. Strategies are being developed to manage the implications of these changes over the planning period.

9 Grants

- 9.1 The Government has indicated two new specific grants from 2006/07 within the national resources for Social Services that will be available to assist the strategy. At this stage it is unclear what the allocation to Haringey will be. The new grants will be:
- Assistive Technology – a new ring fenced grant for piloting new financial incentives across health and social care that promote cost effective preventative services for Older People
 - Prevention Pilots – a non ring-fenced grant to stimulate the provision of smart alarm and other preventative technology services to vulnerable older people

10 Capital Investment

- 10.1 The supported capital expenditure (Revenue) SCE(R) to fund Social Services capital programme in 2005/06 is £143k. The allocation for 2006/07 likely to be at the same level and is already fully committed to fund schemes within the current programme for Social Services. The programme is supplemented by specific funding through
- Ringfenced SCE(R) for mental health
 - Ringfenced SCE (R) for AIDS/HIV
 - Improving Information Management Grant.

The indications are that these funding sources will remain at current levels over the next two years up to 2007/08. An additional grant from 2006/07 will be available for Extra Care Housing.

11 The Adaptations Service

- 5.1 The Scrutiny and Review Committee undertook a wide-ranging review of the council's adaptations service in 2005. The review identified significant performance issues in terms of the end to end process from assessment through referral and delivery and shortfalls in resources available to achieve

improvement in performance. The review also identified a backlog of referrals that had not been assessed.

- 5.2 In responding to the recommendations of Scrutiny, the Executive on 14th June 2005 decided that the recommendations of the Scrutiny Review of the Adaptations Service be accepted in general. The Executive agreed that approval be granted in principle to the establishment of a single 'end to end' adaptations service to be led by the Social Services Directorate. Additional one-off resources of £320k were agreed by the Executive to help with the pressures on the service in this financial year.
- 5.3 Recent government announcements on changes to the regime for supported capital expenditure (SCE) indicate that the council will lose £2.249m that currently supports the adaptations programmes for both council and private sector housing. Current performance is in the 3rd quartile. A loss of resources will be detrimental even to this level of performance. Members will need to consider the implications on performance of a significantly reduced budget.
- 5.4 Plans are being developed across the Social Services, Housing and Environment Directorates to develop a single end to end process for this service. The resourcing implications are being dealt with as part of this process.

5 Consultation

This is part of the consultation of the business and financial planning process.

6 Summary and conclusions

The conclusions will be for the committee to decide before agreeing a report back to Executive as part of the budget process.

7 Comments of the Head of Legal Services

The head of Legal Services has read this report and has no specific legal comment to make.

8 Equalities implications

This is considered as part of the individual pre-business plan review documents.

9 Use of appendices

- 5.1 Appendix 1 – extracts from the pre-business plan review documents showing:
- section 13 – new capital investment proposals;
 - section 14 – new revenue investment proposals;
 - section 15 – new cashable efficiency savings.
- 5.2 Appendix 2 – summary budget analysis document (2006/07 to 2008/09)

12.1 Pre-business plan review documents (circulated separately)