

Report to the Warwickshire Public Service Board

25 September 2007

2008/09 Budget Planning Framework

Recommendation

That the Public Service Board approves the 2008/09 Budget Planning Framework outlined in paragraph 4.3 and requests that the Themed Blocks comment on the potential use of LAA Pooled Grant in 2008/09 and 2009/10 in light of the framework, reporting back to the meeting of the Public Service Board at their meeting on 29 November 2007.

1 Introduction

- 1.1 The report "Mid Year Review and the Development of the New LAA" elsewhere on today's agenda seeks agreement to the process for developing the new LAA for 2008 onwards. If the process is agreed the PSB will receive reports to its November meeting on the responses from blocks and partnerships on their views for the new LAA priorities. Closely linked to this is the consideration of any resource requirements for the delivery of the new LAA priorities. November is also the time when individual partner organisations will be beginning detailed consideration of their budget plans for future years.
- 1.2 Both of these requirements mean the PSB will need to begin to develop its initial views on the use of any available LAA Pooled Grant to deliver the LAA in 2008/09 and beyond at its November meeting, allowing partners to build this into their local planning processes.
- 1.3 To ensure this is done in an informed and effective way, this report seeks the PSBs approval to a framework of budget principles against which each of the Block Leaders and partners should commence consideration of the financial issues they face in delivering the LAA priorities.

2 Current Financial Planning Arrangements

- 2.1 In this the first year of the LAA the approach adopted by the PSB to financial planning was as follows:
 - Automatically pooled funds were re-divided back into the previous funding streams along the lines of the pre-LAA allocations.
 - The PSB would not seek to pool additional funds through the LAA at this transitional stage until governance issues were more firmly established.

- LAA pooled funding could not be guaranteed beyond 2007/08 and therefore no additional contractual commitments reliant on LAA pooled grant should be entered into.
- In signing up to the outcomes in the LAA partners were implicitly confirming that they had sufficient mainstream/aligned funding to meet the agreed outcomes.

2.2 This minimalist approach had the advantage of transparency, helping to maintain and develop partnership relationships. It also meant the LAA did not need to develop an over-arching bureaucracy that would oversee partners' use of their own resources to deliver the LAA outcomes. On the more negative side it did however mean there was limited opportunity to consider how resources could be best applied to meet any shared emerging priorities.

3 Resources Available to the PSB

3.1 In the current year the LAA Pooled Grant is £9.371 million. In addition partners are using their own resources to support the delivery of the LAA outcomes. For 2008/09 there is currently no certainty over the level of LAA Pooled Grant. It is known that grant funding for the former Safer and Stronger Communities Fund (now part of the LAA Pooled Grant) was only guaranteed until the end of 2007/08. Also there are indications that the pooling of additional government grants will be announced as part of the Comprehensive Spending Review in October.

3.2 It will be the November meeting of the PSB before any detailed assessment of the likely level of resources is possible. It is at this point that the PSB and blocks will be able to begin more detailed consideration of the financial planning and budgetary issues for the new LAA. However, at the time block leaders/partners are beginning to think about priorities for the new LAA it is worthwhile giving some initial thought to the likely resourcing issues.

4 Financial Planning Framework

4.1 The core of the New LAA will be the 35 indicators, together with 18 statutory educational and early years targets, based on local partners' assessment of priorities. The purpose of the LAA Pooled Grant is to support the delivery of these priorities and the financial planning framework needs to promote this. However, it needs to be recognised that the operation of the LAA is still in its infancy and partners have traditionally been using some of the grants now included in the LAA Pooled Grant to provide mainstream services.

4.2 It is therefore proposed that in considering the development of the new LAA the PSB also considers a new financial planning framework that would support its delivery. The framework needs to balance the level of development of the partnership, the desire for the LAA to make a real difference alongside concerns about the potential impact locally of the PSBs resourcing decisions.

4.3 It is therefore proposed that the PSB adopts a medium term financial planning framework as follows:

- Priority for the allocation of Pooled LAA Grant will be delivery of the priorities/outcomes of the new LAA.
- By agreeing to the outcomes of the new LAA partners are implicitly confirming that they will continue to use existing aligned/mainstream resources to meet the agreed outcomes.
- The pooling of additional funds through the LAA will be considered on a case-by-case basis in light of the views and comments from the blocks/partners.
- A flexible approach to the redirection of resources to the delivery of new priorities/outcomes will be adopted to ensure:
 - Partners have time to plan/manage any redirection of resources.
 - Partners are able to meet pre-existing contractual commitments. (This is especially important for any new grants that may be pooled as part of the 2007 Comprehensive Spending Review).

5 Implementation of the Framework

- 5.1 As has been outlined above it is expected that by the November meeting of the PSB a full assessment of the likely level of resources available to the PSB will be possible. At this time the PSB will also be considering the first draft of the 35 priorities for the new LAA. It is therefore necessary to collect some baseline data on which the PSB can begin to consider the allocation of resources towards the delivery of the new LAA.
- 5.2 Therefore as well as considering the priorities for the new LAA block leads and block lead finance officers are also asked to consider:
- What are the proposals for considering the redirection of LAA Pooled Grant to deliver the priorities?
 - Are there any areas where the redirection of LAA pooled grant cannot be considered?
 - Are there any areas where additional resources could provide measurable stretch outcomes?

In each case a brief explanation of why is needed.

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