

NORTH YORKSHIRE COUNTY COUNCIL**CARE AND INDEPENDENCE OVERVIEW & SCRUTINY COMMITTEE****9 December 2010****BUDGET SAVINGS – ADULT & COMMUNITY SERVICES****Report of the Corporate Director – Adult and Community Services****1.0 PURPOSE OF REPORT**

- 1.1 To advise Members of the Committee on the latest proposals for how the Adult and Community Services Directorate intends to deliver its contribution towards the County Council's required budget savings over the period 2010/11 to 2014/15.
- 1.2 To seek Members' views on the merits or otherwise of the savings proposals in the context of the financial prospects of the County Council following the Comprehensive Spending Review.

2.0 BACKGROUND

- 2.1 The County Council approved the annual Revenue Budget (for 2010/11) and its associated Medium Term Financial Strategy (MTFS) for the period 2010/13 at its meeting on 17 February 2010. Both the Revenue Budget and MTFS include a number of assumptions about necessary cost reductions if expenditure is to be matched to anticipated resources.
- 2.2 Since February 2010, a General Election has been held. The new Coalition Government has made it clear that significant reductions in public expenditure will be necessary if the financial position of the UK is to be addressed. The first evidence of this was the announcement in June 2010 of cuts to local authority revenue and capital grants which resulted in a £10.80m "loss" to the County Council.
- 2.3 The Government announced the results of its Comprehensive Spending Review (CSR) on 20 October 2010 and whilst this does not yet provide details of funding at individual local authority level, it does give an indication of the overall scale of government cuts. Announcement of the Local Government Finance Settlement is anticipated in early December, at which point the detailed impact on the County Council will be clearer.

3.0 COMPREHENSIVE SPENDING REVIEW

- 3.1 A full explanation of the possible impact of the CSR on the County Council's financial position is contained in section 10 of the Quarter 2 Performance and Budget Monitoring Report circulated for the meeting of the Executive on 16 November 2010.

- 3.2 In essence the assumptions made by the County Council when preparing its Budget in February 2010 (a 10% reduction in grants over the 2 years 2011/12 and 2012/13) and following the June announcement (6% reduction of grants in each of the 4 years commencing 2011/12) fall short of the possible situation emerging from the CSR. In essence the grant reduction over the four years is now estimated to be of the order of 27% and it is heavily frontloaded with nearly half falling in Year 1 and 75% in the first 2 years. For the information of Members the two schedules included in the Q2 report to the Executive that illustrate these figures are attached as **Paper A1** and **Paper A2** respectively.
- 3.3 Following the June Budget and the Q1 report (in August 2010) the Management Board began to prepare savings programmes for each Directorate based on the indicative figures shown in **Paper A1**. In the light of the CSR and based on the preparatory work undertaken by Management Board since the Q1 report, Corporate Directors are now currently assessing the scope to:
- (i) bring forward planned savings proposals from Year 2 (ie 2012/13) into Year 1 (ie 2011/12) and Year 3/4 into Year 2
 - (ii) accepting that (i) may not be sufficient and/or cannot be realistically implemented in time due to consultation requirements etc, to identify any budgets that can be “turned off/turned on” at short notice. Thus a “turned off” budget in 2011/12 will help generate the required cash saving in Year 1 whilst other savings are initiated – as these other budget savings materialise the relevant budget can be “turned back on”. Examples of such budgets are highways maintenance, property planned maintenance and ICT infrastructure.
- 3.4 Based on the percentages quoted in **Papers A1/A2** and maintaining the indicative pro rata approach at this stage the year on year profile of savings required from the Adult and Community Services can be summarised as follows:

Financial Year	ACS	
	Pre CSR £k	Post CSR £k
2011/12	4,644	10,051
2012/13	4,644	5,900
2013/14	4,644	918
2014/15	4,644	3,715
Total	18,576	20,584

4.0 SAVINGS PROPOSALS

- 4.1 Given that the Care and Independence Overview and Scrutiny Committee has oversight of Adult and Community Services budgets, the detail of the Directorate’s budget is set out in Papers B1 and the savings proposals detailed in B2.

5.0 BUDGET CONSULTATION

- 5.1 A series of public budget consultation events are currently being run throughout the County. In addition, other stakeholders are being asked for their views about the savings that have been proposed and the relative priorities of services in order to inform future plans. All Members are invited to attend these meetings.
- 5.2 As Members will be aware, a Budget Workshop was held on 1 September 2010 and further Workshops are scheduled for 10 December 2010 and 2 February 2011 in order to ensure that all Members are –
- aware of the overall funding position for the County Council
 - able to express views on service priorities
 - able to express views on savings proposals and
 - advise on other opportunities for savings
- 5.3 It is intended that all Overview & Scrutiny Committees will have had an opportunity to review the savings plans of their respective directorates in advance of the Budget Workshop scheduled for 10 December 2010. Plans have also been made in order to ensure that each Overview and Scrutiny Committee has an opportunity to address the Workshop (through the Chairperson or other nominated individual) on the thoughts of the Committee.
- 5.4 In reviewing the savings proposals, Members' attention is drawn to the scale of the savings requirement for the County Council as outlined in **paragraph 3** of this report. Given this challenge, it is essential that should Members wish not to pursue some of the proposals put forward by ACS, alternative proposals will need to be identified.

6.0 RECOMMENDATIONS

- 6.1 Members of the Care and Independence Overview and Scrutiny Committee are asked for their views on the savings proposals for adult and community services as identified in Paper B2 of this report.
- 6.2 Members of the Care and Independence Overview and Scrutiny Committee are asked to provide brief feedback on their views (through the Chair or other nominated individual) to the Budget Workshop scheduled for 10 December 2010.

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25 November 2010

MTFS SCOREBOARD AS REPORTED TO Q1 (AUGUST 2010)

	Balance of VFM			MTFS	June 2010	MTFS 2010/13 with additional years to 2014/15					
	2009/10 Excess (-)/ Shortfall(+)	2010/11	Total	2010/11	Savings Req'd	2010/11 + VFM + "June 2010"	2011/12	2012/13	2013/14	2014/15	Total
	a	b	a + b = c	d	e	c + d + e = f	g	h	i	j	f + g + h + i + j
	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k
ACS	-900	4,783	3,883	3,800	289	7,972	4,644	4,644	4,644	4,644	26,548
BES	-7	2,370	2,363	480	553	3,396	2,311	2,311	2,311	2,311	12,640
CYPS	366	2,718	3,084	1,540	2,762	7,386	2,730	2,730	2,730	2,730	18,306
CEG	-37	270	233	0	58	291	484	484	484	484	2,227
FCS	-46	376	330	0	0	330	458	458	458	458	2,162
Corp Misc	0	223	223	0	0	223	0	0	0	0	223
TOTALS	-624	10,740	10,116	5,820	3,662	19,598	10,627	10,627	10,627	10,627	62,106

**COMPARISON OF EXISTING MTFS PLAN AND CSR ASSUMPTIONS
CUMULATIVE TARGET (£m)**

(a) 4 X 6%	2011/12	2012/13	2013/14	2014/15	Total cash	Recurring c/fwd
	(a)	(b)	(c)	(d)	(a + b + c + d)	4 X (a)
ACS	4.6	9.2	13.8	18.4	46.0	18.4
BES	2.3	4.6	6.9	9.2	23.0	9.2
CEG	0.5	1.0	1.5	2.0	5.0	2.0
CYPS	2.7	5.4	8.1	10.8	27.0	10.8
FCS	0.5	1.0	1.5	2.0	5.0	2.0
TOTAL A	10.6	21.2	31.8	42.4	106.0	42.4

(b) CSR	%	2011/12	2012/13	2013/14	2014/15		
	11/12	13	23.0	23.0	23.0	23.0	92.0
12/13	8		13.5	13.5	13.5	40.5	13.5
13/14	1			2.1	2.1	4.2	2.1
14/15	5				8.5	8.5	8.5
TOTAL B	27	23.0	36.5	38.6	47.1	145.2	47.1

Shortfall B - A	-12.4	-15.3	-6.8	-4.7	-39.2	-4.7
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PAPER A2

ADULT & COMMUNITY SERVICES BUDGET

PAPER B1

AREA OF SPEND	10-11 REVISED BUDGET £000
Social Care Operations	
- Staff	
- Direct Service Staff (home care workers etc.)	30,874
- Social Work, Assessment & Other Staff	16,438
- Care Spend	
- Residential and Nursing Care	58,147
- Home and other non-residential care	50,622
- Transport	
- Client Transport	2,651
- Staff Travel	1,876
- Other Costs	
- Client Meals	1,054
- Grants to organisations	652
- Other Spend	3,548
- Income	
- Joint Arrangements	-9,839
- Client & Other Income	-29,957
Sub-total	126,065
Library & Community Services	
- Libraries (incl. School Library Service)	7,434
- Archives	371
- Registration	1
- Coroners	681
Sub-total	8,487
Commissioning & Contracting	551
Strategic Commissioning & P'ships	761
Performance & Change Management	2,145
Resources Unit	8,682
Director & Cross-Directorate	909
Government Grants & LD transfer	-16,477
Pip Funding	1,236
TOTAL ACS 2010-11 REVISED ESTIMATE	132,359

Summary of ACS budget saving proposals for 2011-15

PAPER B2

Description of Service	2011-12 £000's	2012-13 £000's	2013-14 £000's	2014-15 £000's	Total £000's
Libraries and Community	1,049	500	500		2,049
Residential Placements (Older People)	2,600	2,600			5,200
Closure of NYCC EPH's	570				570
Domiciliary including reablement and night sitting service	1,739	1,500	1,500		4,739
Reduce support to carers	457				457
Day Provision/Meals	371				371
Voluntary Sector	1,390				1,390
Management and Support	1,923	1,885			3,808
Learning Disabilities	2,000				2,000
Total	12,099	6,485	2,000	0	20,584
CSR2010 Pro Rata Control Totals	10,051	5,900	918	3,715	20,584

Description of Service	Lead in time from decision to implementation	Consequences of the proposals (number of people this would impact upon, where available)
Libraries and Community	6 months	<p>Removal of 10 mobile libraries delivering a county wide service, excluding the supermobile.</p> <p>Accelerated timetable would require closure or transfer to the local community approximately 13 libraries and closure of a further 11 libraries.</p> <p>The shortened timescale would eliminate opportunity for NYCC to mitigate negative effects of closures which could be achieved by working in partnership with District / Town & Parish Councils and Voluntary / Community Groups / organisations to develop 'community ownership' model of service delivery with support from the County Council.</p>
Residential Placements (Older People)	Immediately	<p>This is a continuation of savings in 2010-11 have been realised through quota and intensive panel management.</p> <p>This equates to 20 placements in a 4 week period which equates to 44% of those currently approved. This assumes that these services can be 'turned off' and no additional costs incurred. In the 2nd year this would require a further reduction to 15 placements available in every 4 week period for the County. However the ability of ACS to manage this position is dependent upon the number of self funders who require financial support once their capital resources have been depleted.</p> <p>Accelerating these savings would have a dramatic impact on the residential market and lead to market failure in some areas.</p>
Closure of EPH's	2 years straight closure 5 years when linked to extra care programme	<p>These EPH's currently provide homes for 229 people and 256 people receive day support per week. Those receiving day time support will require reassessment to determine their ongoing needs</p> <p>Purchasing residential placements in the independent sector may mitigate the impact on market sustainability.</p>

Domiciliary incl reablement and night sitting service	<ul style="list-style-type: none"> • Reablement already being implemented. • Night care; clients will require reassessment and reprovision, staff given notice implementation Jan to June 	<p>To achieve these savings would require the scaling back on Intensive Personal Care (START) which would have a knock on effect on the ability to reduce and divert care packages. An alternative approach would require 100,000 less hours to be purchased which equates to c1200 people no longer receiving a service per week.</p> <p>Work is underway on to establish the needs of people receiving a night service. Savings will be delayed and only partially realised as reviews of individuals will mean many will continue to require a service and some may need an increased service. The exploration now is whether more cost effective approaches can be commissioned including development of a responder service.</p>
Reduce support to carers	<p>Consultation over a three month period. Additional reduction in funding to carers grant funded services would require a notice period (probably six months) which reduce the full year saving.</p>	<p>In the first instance the efficiencies are to be targeted to contracts that will be subsumed into a new specification for the carers resource centre or contracts that are identified with General Managers as not providing good value on the investment. To achieve this scale of saving will require the removal of the carers direct support grant which would impact upon c1200 people.</p> <p>There is likely to be a consequential increase in spend on direct services to the people receiving direct services.</p>
Day Care and Meals provision	<p>8 weeks effective from Feb 2011 This is subject to number of individual reviews and impact.</p>	<p>236 people receive meals only provision. 600 plus others receive meals and another service. A letter is being sent to providers and clients to advise them of the changing arrangements with effect from Feb 2011.</p> <p>The proposals in relation to day care will require commissioning alternative provision and reassessing client's needs.</p>
Voluntary Sector	<p>A minimum of six months from notification. £1.3 million would take a full twelve months to deliver.</p>	<p>Non statutory services already on alert for 3%. Now statutory services provided by voluntary sector would be required to deliver 10% efficiency. Meanwhile all non critical open access services would be terminated. Also would target under –utilised services, cease to support infrastructure organisations. It is estimated that some 40 organisations may be impacted upon whom directly employ 50 plus staff (This needs further validation) Some services organisations would cease either as a direct decision to withdraw services or as a result of withdrawal of core funding by Council placing other funding at risk.</p>

Management and Support	6-12 months	<p>There are proposals to reduce the number of areas to 3 and staff managing the localities to 15 from 31. This proposal will save c£1m and would result in further administrative savings. Although structures are dependent on the shape and form of the council in broad terms this would equate to c60 staff in 2011-12 and c90 staff in 2012-13. It would also entail the loss of capacity at AD and Senior Management level and some front line support. Furthermore it would reduce resilience and capacity to support the change agenda and deliver the required savings.</p>
Learning Disabilities	1-2 years	<p>Individual local negotiations are taking place across the county, which will result in reduction of packages and or more cost effective ways of delivering services. However, in order to make a significant impact, we would need to move to a full re-procurement approach.</p> <p>If a procurement approach is being considered this will result in a lead in time of at least 12 months with further implementation timescales to be considered.</p> <p>Running concurrently to this approach we have commissioned feasibility studies with a number of day occupation activities. If it is considered successful then this would enable people to receive services but not from mainstream.</p> <p>However, regardless whether it is a local or global change this will meet significant resistance from users and carers. It would also require significant reviewing capacity as any change in service statutorily needs to be undertaken by a re-assessment under the NHSCCA 90 Act and will be open to judicial challenge. It needs to be raised that any judicious challenge will result in no service change if the High Court deems this, until a court decision is made.</p>