**Budget savings proposals for 2015/16 to 2017/18 relevant to Health & Adult Services Select Committee**

**REPORT OF CABINET MEMBER FOR ADULT SOCIAL CARE & HEALTH**

**OPEN REPORT**

<table>
<thead>
<tr>
<th>Wards Affected: All</th>
<th>Key Decision: No</th>
</tr>
</thead>
</table>

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**Accountable Divisional Director:** Glynis Rogers, Divisional Director, Commissioning & Partnerships, and Bruce Morris, Divisional Director, Adult Social Care

**Accountable Director:** Anne Bristow, Corporate Director of Adult & Community Services

**Summary:**
The Council is facing significant challenges due to the shortfalls in budgets and the reduction in Local Government Funding. Savings of more than £53million are required over the 3 year period covering 2015/16 to 2017/18.

To bridge that budget gap, a range of savings proposals have been developed towards the amount required in each financial year to 2017/18. A gap still exists for each year and savings proposals to address this are being developed.

Those savings proposals that come specifically within the remit of the Health & Adult Services Select Committee total £3.53m and are detailed within the report.

**Recommendations**
Members review and analyse the options and issues presented in this report and provide their comments and recommendations to Cabinet for consideration in the development of budget proposals and decisions for setting the budget in February 2015.

**Reasons**
The budget savings proposals are designed to meet or contribute to the challenging budget shortfall and enable the Council to achieve a balanced budget while having regard for the Council’s key priorities and its statutory obligations.
1. **Introduction and Background**

1.1 In March 2014, the Chancellor of the Exchequer made his 2014 Budget announcement. In line with previous announcements, Budget 2014 confirms that government expenditure will continue to fall at the same rate as over the current Parliament.

1.2 By the end of the current parliament the Council will have made over £90m of savings. Based on Budget 2014 it is likely this scale of savings will be required over the next three years.

1.3 Past 2015/16, no detailed information on how government funding reductions will impact local authorities is available. Based on announcements in Budget 2014 and analysis from London Councils, an assumed funding reduction has been included in the budget for 2016/17 and 2017/18. The actual reductions could be significantly different due to uncertainties such as:

- How total government spending reductions impact individual government departments (e.g. protection for Health and overseas aid);
- The termination of Council Tax Freeze Grants;
- Changes to the New Homes Bonus;
- Impact of a new Parliament;
- Schools transferring to Academies, reducing the Education Services Grant.

1.4 Although recent economic forecasts have shown a stronger than predicted recovery for the UK there has been no indication from government that planned funding reductions will be scaled back, as the government aims to return the Country to surplus by 2018/19.

1.5 The Council is faced with making some very difficult decisions about how to reduce service costs and whether to continue to provide some services at all. In this context, the Council will seek to make funding decisions where they will have least impact on its policy priorities, and without affecting its ability to meet its statutory obligations.

1.6 In February 2014, Assembly approved the budget for 2014/15 which included a £1m contribution from reserves. This gap is carried forward into 2015/16.

1.7 In addition to the gap carried forward from 2014/15 and funding reductions there are also service pressures that further widen the gap. The current budget gap over the next three years and the pressures that make this up are shown below.
Medium Term Financial Strategy 2015/16 to 2017/18

<table>
<thead>
<tr>
<th>Medium Term Financial Strategy Pressures and Adjustments</th>
<th>2015/16 £000</th>
<th>2016/17 £000</th>
<th>2017/18 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget gap from 2014/15</td>
<td>1,044</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Funding changes</td>
<td>17,279</td>
<td>8,584</td>
<td>7,800</td>
</tr>
<tr>
<td>Children’s caseload pressures</td>
<td>3,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Staff pay award &amp; pension fund deficit</td>
<td>1,650</td>
<td>1,650</td>
<td>1,650</td>
</tr>
<tr>
<td>Implications of the Children and Families Act</td>
<td>1,250</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution from the Collection Fund Reserve</td>
<td>1,143</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Implications of the Care Act 2014</td>
<td>1,000</td>
<td>1,500</td>
<td>-</td>
</tr>
<tr>
<td>ELWA levy increase</td>
<td>700</td>
<td>400</td>
<td>-</td>
</tr>
<tr>
<td>Investment in the capital programme</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Employer National Insurance increases</td>
<td>-</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td>Potential changes to Parking Enforcement</td>
<td>-</td>
<td>-</td>
<td>1,500</td>
</tr>
<tr>
<td>End of Waste Reduction Initiative</td>
<td>-</td>
<td>(135)</td>
<td>-</td>
</tr>
<tr>
<td>Delaying of Interest Costs</td>
<td>(3,000)</td>
<td>-</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Budget gap</strong></td>
<td><strong>24,566</strong></td>
<td><strong>14,499</strong></td>
<td><strong>14,450</strong></td>
</tr>
<tr>
<td><strong>Cumulative 3 year budget gap</strong></td>
<td></td>
<td></td>
<td><strong>53,515</strong></td>
</tr>
</tbody>
</table>

2. Proposal and Issues

2.1 Savings proposals have been developed by each of the Council’s directorates for the consideration of Members. Further ideas may come forward during the consultation period, as a result of further consideration by Cabinet Members and directorates, as well as through the feedback from public consultation and scrutiny.

2.2 As part of the process of public consultation relating to the budget proposals, the Select Committees are able to scrutinise budget proposals relating to their area of focus. The Committee is asked to consider issues such as the deliverability of the proposals, and their impact on the Council’s agreed policy priorities. There is an opportunity for members of the public to attend the meetings and it is part of the remit of the Committees to ensure that the views of local people are taken into account. The Select Committee can make recommendations to the Council’s Cabinet, and these recommendations will be taken into account, when taking the final budget decisions. Recommendations may or may not be accepted.

2.3 If as a result of feedback from Select Committees or elsewhere, it is decided not to proceed with any of the savings proposals included in this report, it will be necessary to find alternative savings, in respect of the remit of this and/or other Cabinet Members and Select Committees.
2.4 Savings identified to date are shown under the relevant Select Committee below:

<table>
<thead>
<tr>
<th></th>
<th>2015/16 £000</th>
<th>2016/17 £000</th>
<th>2017/18 £000</th>
<th>TOTAL £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children's Services</td>
<td>3,119</td>
<td>1,389</td>
<td>2,478</td>
<td>6,986</td>
</tr>
<tr>
<td>Health and Adult Services</td>
<td>2,196</td>
<td>959</td>
<td>375</td>
<td>3,530</td>
</tr>
<tr>
<td>Living and Working</td>
<td>2,611</td>
<td>792</td>
<td>125</td>
<td>3,528</td>
</tr>
<tr>
<td>Public Accounts and Audit</td>
<td>3,567</td>
<td>1,705</td>
<td>1,093</td>
<td>6,365</td>
</tr>
<tr>
<td>Safer and Stronger Community</td>
<td>966</td>
<td>1,577</td>
<td>0</td>
<td>2,543</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12,459</strong></td>
<td><strong>6,422</strong></td>
<td><strong>4,071</strong></td>
<td><strong>22,952</strong></td>
</tr>
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</table>

2.5 A summary of the savings proposals relevant to this Committee appears below. The full set of proposals for the three year period 2015/16 to 2017/18 is set out in Appendix A. In addition to the general impacts, the impacts of each of these proposals have been considered for equalities groups. The assessments are noted in the background papers and will be available at Select Committee meetings.

3. Specific savings proposals

3.1 **ACS SAV01 – Adult Social Care Workforce**
This proposal responds to both the Care Act and the Council’s success in personalising adult social care services, in particular the rapid expansion in the local market in personal assistants. It will see the deletion of a number of posts from management, occupational therapy, the in-house personal assistant team, and support planning. An additional care budget allocation will be made to ensure support continues to be provided from the local market in care services. The Community Learning Disability Team and the Complex Needs service will continue to be operated as separate functions, but with merged management. The total staff saving will be £584k.

3.2 **ACS SAV06a – Personalising Learning Disability Services**
This proposal concerns the day services provided at the Maples, under the Council’s own management, and the Osborne Partnership, currently under contract for a particular group of service users, although it does also provide services to personal budget holders. The proposal would see the existing service users of both the Maples and the Osborne Partnership block contract moved to a personal budget through which they could choose the support that they would like. The building currently occupied by the Maples would be closed and an alternative use found for it, and the Council’s in-house learning disability day services would be focused at Heathlands where services for people with higher levels of need are provided. The two groups of service users would be assessed to determine their need for specialist support through a personal budget, and supported to move into the new arrangements; in some cases it is anticipated that this will be through more mainstream services rather than specialist. The eventual total savings will be £334k.

3.3 **ACS SAV10 – Double-handed calls for personal care in the home**
If a service user requires lifting during home care visits, the current policy of home care agencies is to send two carers to the appointment (doubling up). This reduces privacy and dignity for vulnerable people. A number of factors suggest that there
are an excess of such ‘double ups’, and that the use of equipment, supported by individual risk assessment, can potentially reduce the costs associated with providing this care. Through the provision of hoist equipment, service users can receive more personalised and individual care and support, at a saving of around £8,500 per service user for the first year (net of equipment cost), and total overall projected saving of £130k.

3.4 **ACS SAV09 – Independent Living Fund**  
This proposal would ensure a fairer and more equitable distribution of resources for people currently receiving separate funding through the Independent Living Fund (ILF). The ILF closed to new applicants some time ago, and now the funding and responsibility for meeting the needs of recipients' transfers to local authorities on 15 June 2015. The proposal is to reassess all 39 recipients and transfer them to a new personal budget allocation from April 2016, which will bring their support into line with the Council’s standard resource allocation system. It is expected to save £250k from a current spend of around £550k per annum.

3.5 **ACS SAV 11 – Passenger transport**  
As the Council works to reconfigure day service provision, particularly for people with learning disabilities through the Fulfilling Lives programme, it is proposed to also reconfigure the Passenger Transport Service (PTS) to reflect more individualised transport choices made by service users, with an expected saving of £400k. As the Care Act is implemented in 2015 adults with social care needs will, where appropriate, have transport costs included in their personal budgets, therefore reducing the need for this service.

3.6 **CEX SAV50 – Taxicard Scheme**  
Taxicard is a scheme which provides subsidised door-to-door transport for people who have mobility impairments. Through changes to eligibility which will see an anticipated 60% reduction in the number of those eligible for the taxicard scheme, it is anticipated to save £160k per annum. The focus of the reduction will be on those who have the least pressing need for the service. The Council’s current taxicard budgets are the second largest of all the London boroughs.

3.7 **ACS SAV 12f – Commissioning Supported Living provision: The Foyer**  
It is proposed that the short term accommodation for single homeless young adults (18-15) is not retendered when it ceases on 3 July 2015. The service provides 116 beds and tailored life skills programmes seeking to reduce the risk of these young people may cause to themselves or the community. This will be a 100% reduction in the service provision at a saving of £367k.

In ceasing the supported living aspect of the accommodation other services delivered from the facility, particularly commissioned by Children’s Services, may be impacted. In addition there may be an impact on homeless referrals locally. However, arrangements will be put in place to ensure young adults of working age are supported to live more independently, wherever possible in ordinary houses in ordinary streets.

3.8 **ACS SAV 12g – Commissioning Supported Living provision: The Vineries**  
This proposal concerns the Vineries, which provides low level supported accommodation for 16-18 year olds to enable them to live full and independent lives. There are 31 units available for a tenure of up to 2 years. The contract ends
on 6 August 2015 and it is not intended to recommission. The anticipated saving is £210k. Support will be put in place for the transition to alternative accommodation and support.

3.9 **ACS SAV 12i – Commissioning Supported Living provision: Bevan House**

It is proposed that the short term accommodation based support for families and single people aged 25+ is not retendered when the current contract ceases on 30 September 2015. The service provides 47 beds and tailored life skills programmes. This will be a 100% reduction in the service provision at a saving of £195k.

In ceasing the funding of this service there will be a reduction in the opportunities to refer from the housing and homelessness teams within the Council and this will impact on other housing provision and the ability to offer provision to families locally. Support will be put in place for the transition to alternative accommodation and support.

3.10 **ACS SAV 12a – Generalist Advice and Hate Crime reporting contract**

It is proposed to remove the generalist advice, enhanced welfare rights advice and hate crime reporting to residents in the borough by ceasing the commissioned service as the contract comes up for extension or retendering on 31st March 2015. This is an 89% reduction in the commissioned service which supports 5,000 residents annually to access advice locally. The current cost of the provision from commissioning budget is £280k.

There is an additional contribution from Children’s Services of £35,000 for advice through children’s centres and with the reduction this service will be impacted too, as the core service support will no longer be available to deliver additional outreach through children centres.

3.11 **ACS SAV39 – Introduction of a charge for the Active Age Programme**

The Council delivers a health improvement activity programme for older people in the borough, which has two elements: Active for Life, principally the free leisure offer in the borough’s leisure centres; and Active Age, activities provided at locations across the borough. It is proposed to bring these two strands into an overall programme and to introduce a charge of £1 per week for overall membership. It is expected that this will raise £120k.

3.12 **ACS SAV 15a – ACS administrative and commissioning posts**

The proposal concerns 8 individual posts across the Directorate, which are put forward for deletion. A number are administrative, whilst others are in commissioning functions. As the Council considers how to meet the new duties under the Care Act, further consideration will be given to the resourcing of commissioning functions. The projected saving is £200k.

3.13 **ACS SAV08 – Mental Health services**

This proposal concerns the integrated mental health service, through which North East London NHS Foundation Trust (NELFT) manage the Council’s mental health social care service. It proposes a reduction in the budgets for residential and supported accommodation, and would require care co-ordinators to find ways in which to keep people independent and/or at home for longer, as well as moving the balance of support packages from high-cost residential into lower-cost supported living environments. It would involve the service working with commissioners on the
future configuration of supported living services that would be needed. Given work that is underway on the future of the joint arrangements with NELFT, and how they will be configured, this is proposed as a year 3 saving (2017/18 onwards) of £250k.

4. Consultation

4.1 The Council has produced a consultation plan to ensure the consultation process is meaningful and accessible for members of the public and staff. Staff and trade unions will be consulted on proposals outlined in Appendix A. In addition to face to face meetings for staff with the Leader and Chief Executive, a number of other online methods have been used to communicate with and involve staff.

4.2 Public consultation for the savings proposals outlined in Appendix A will commence with the publication of the papers for the first select committee taking place on 29 October. In total five select committees will be held to allow councillors the opportunity to scrutinise budget proposals. These are public meetings so residents are encouraged to attend. Five public sessions will also be taking place during which the Leader will be taking questions from members of the public. Detailed information on how to get involved in the consultation process will be provided on the Council website and through posters and literature at Council sites across the borough.

5. Financial Implications

Prepared by Jonathan Bunt, Chief Finance Officer

5.1 This report is one of five similar reports which are being presented to each of the Council’s Select Committees and is entirely concerned with the Council’s finances and the implications for residents and services in reducing the Council’s budget.

5.2 This report concerns those savings proposals as they relate to the areas within the remit of this Committee. Other savings proposals that do not relate to this Committee’s remit will be presented to those Select Committees which are most appropriate for the saving type.

5.3 All financial implications are laid out in the main part of the report and in the specific savings proposals.

6. Legal Implications

Prepared by Fiona Taylor, Head of Legal and Democratic Services

6.1 This report provides a range of options to deliver savings that are required to meet budget pressures as detailed in the body of the report. Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This report contributes to that requirement although specific legal advice may be required on the detailed implementation of any agreed savings options.

6.2 Where there are proposals for the closure or discontinuance of a service or services, appropriate consultation will need to be carried out. The savings proposals that affect staff will require consultation with Unions and staff. In addition to that
Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet.

7. **Other Implications**

7.1 **Risk Management** – in order to manage the risk of not balancing the Council’s budget, the Council has developed a range of savings proposals in good time to allow for their scrutiny, decisions to be made, and for their implementation. Any specific risks are set out within individual proposals at Appendix A.

7.2 **Contractual Issues** – any contractual issues will be addressed by the relevant service as part of the implementation of savings proposals if and when agreed. Appropriate timescales have been factored into savings proposals to allow for any contractual issues to be addressed.

7.3 **Staffing Issues** – there will of course be very significant implications for staff if the budget savings targets are to be achieved. The Trade Unions have been fully briefed on the budget challenge facing the Council. Staff are currently being consulted around the implications of these specific proposals, in line with the Council’s change management policies and comments from staff and Trade Unions will be taken into account in the final decision-making process.

7.4 **Customer Impact** – the equalities impacts of each savings proposal has been considered by the relevant service. An overarching equalities impact assessment will be conducted of the cumulative impacts of the proposals and the findings of that assessment, with any proposals for mitigation, will be presented to Members for consideration alongside the final proposals in February 2015.

7.5 **Safeguarding Children** – where relevant, any implications for safeguarding children have been addressed within the relevant savings proposals which appear in Appendix A.

7.6 **Health Issues** – where relevant, any implications for health inequalities have been addressed within the relevant savings proposals which appear in Appendix A.

7.7 **Crime and Disorder Issues** – where relevant, any implications for crime and disorder have been addressed within the relevant savings proposals which appear in Appendix A.

7.8 **Property / Asset Issues** – where relevant, any implications for property and assets have been addressed within the relevant savings proposals which appear in Appendix A.

**Background Papers Used in the Preparation of the Report:**

- Medium Term Financial Strategy
- Equality Impact Assessments for each savings proposal

**List of appendices:**

Appendix A: Savings proposals relevant to Health & Adult Services Select Committee