

Leeds Health & Wellbeing Board

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Report of: The Director of Adult Social Services

Report to: The Leeds Health and Wellbeing Board

Date: 20th January 2016

Subject: Council Funding Position – Adult Social Care, Children’s Services and Public Health

Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report provides an outline of the Council's financial position since 2010 with particular reference to Adult Social Care, Children’s Services and Public Health. It also outlines the Council’s Initial Budget Proposals for 2016/17 and identifies the potential impact of those proposals on Health and Wellbeing services.
2. The Council has successfully dealt with very substantial reductions in Government funding over the last five years and faces further significant reductions in the next five years. Whilst Adult Social Care, Children’s Services and Public Health continue to be prioritised by the Council, these services have played, and continue to play, their part in meeting the overall challenge of funding reductions for the Council, by delivering major savings to support their own spending pressures and contribute to the overall financial solutions for the Council.

Recommendations

3. Health and Wellbeing Board is asked to:
 - a) Note the financial position of the Council and particularly for Adult Social Care, Children’s Services and Public Health since 2010 as set out in this report
 - b) Note the Council’s Initial Budget Proposals for 2016/17 as set out in Appendix 1 and consider the potential impact of those proposals on Health and Wellbeing services.

1. Purpose of report

- 1.1 This report provides an outline of the Council's financial position since 2010 with particular reference to Adult Social Care, Children's Services and Public Health. It also outlines the Council's Initial Budget Proposals for 2016/17 and identifies the potential impact of those proposals on Health and Wellbeing services.

2. Spending Review 2015 and 2016/17 Initial Budget Proposals

- 2.1 The Spending Review 2015 signalled a continuation in reduced government funding for local government over the period to 2019/20, with a forecast reduction in the Revenue Support Grant of 56% in real terms. Provision is included for councils to increase Council Tax by up to 2% per annum in addition to the referendum limit to be spent exclusively on Adult Social Care. This shifts some of the burden of Adult Social Care funding from national to local taxation. The Spending Review also included average real terms savings in local authority public health spending of 3.9% over the next 5 years. This will manifest itself in reduced public health grant to councils.
- 2.2 The Spending Review national figures extrapolated for Leeds indicate a £24.1m reduction in the Settlement Funding Assessment for 2016/17. The 2% Adult Social Care precept would generate £5.1m. The 3.9% real-terms cut in Public Health grant implies a reduction in funding of around £3.9m in 2016/17 with a total estimated reduction to the Council's grant allocation of £7.3m by 2019/20. This will effectively mean that the Council will have £25m less to spend on public health priorities between 2015/16 and 2019/20. The Department of Health will announce the specific allocation for Leeds only in January 2016.
- 2.3 The attached report is an abridged version of the 2016/17 Initial Budget Proposals report submitted to Executive Board on 16th December. It provides more detail on the Council's financial position and focusses particularly on the implications for Adult Social Care, Children's Services and Public Health.
- 2.4 In addition to general inflationary pressures, the National Living Wage will significantly impact on the cost of care packages commissioned by Adult Social Care with an estimated cost in 2016/17 of £5.2m. Adult Social Care is also facing significant demographic and demand pressures in 2016/17, with the estimated additional cost being £5.8m. There are increasing demographic and demand pressures in Children's Services through the increasing birth rate, net migration and an increasing number of children with special and very complex needs. In Public Health, the one year benefit of the carry forward of £0.8m underspend from 2014/15 falls out as well as an anticipated reduction in funding from the Police and Crime Commission of £0.6m.
- 2.5 In the context of the council-wide funding reductions and directorate specific spending pressures, significant savings are included in the 2016/17 Initial

Budget Proposals for Adult Social Care (£14m), Children's Services (£9.7m) and Public Health (£5.3m). These are set out in more detail in Appendix 2 of the attached report and the majority reflect changes to services.

- 2.6 Whilst savings have been required from Adult Social Care, Children's Services and Public Health, the Council has continued to prioritise these services. In 2010/11 Adult Social Care and Children's Services accounted for 49% of the Council's budget, but by 2015/16 this had risen to 60%. This prioritisation has meant higher savings being required from other Council services than would otherwise have been the case.
- 2.7 The 2015/16 budget included £10.4m of health funding on a non-recurrent basis, £9.9m of which relates to Adult Social Care. The 2016/17 budget proposals are predicated on this funding continuing, but currently £4m remains to be agreed and this represents a significant risk for the Council. It is acknowledged that financial pressures are increasing in the health sector, but without sustainable funding for Adult Social Care services the pressures on hospital admissions and delayed discharges could significantly increase.
- 2.8 The financial challenges outlined above are in addition to the significant financial challenges for the Council over the last five years. Between the 2010/11 and 2015/16 budgets, the Council's core funding from Government has reduced by around £180m and in addition the Council has faced significant demand-led cost pressures. This means that the Council will have to deliver reductions in expenditure and increases in income totalling some £330m by March 2016. Over this five year period to March 2016 the Council's workforce will have reduced by around 2,500 full-time equivalents, generating savings of £55m per annum.
- 2.9 Adult Social Care and Children's Services have made a significant contribution to the savings delivered over the last five years. The following examples illustrate the reduction in costs:
- A real terms reduction in staffing costs of £12.5m for Adult Social Care from 2010/11 to 2014/15
 - Savings of £6.9m from the closure of 8 residential homes for older people
 - Savings of £5.8m from the closure of 13 day centres and the Roseville Laundry
 - Reductions in the directly provided community support service saving £9.2m between 2010/11 and 2015/16
 - Reduced numbers and costs of Looked After Children saving £15m over the last three and a half years
 - Reducing the number of in-house children's homes and reducing bed numbers to provide smaller homes saving £2.1m
- 2.10 In addition to providing the services that transferred into the Council in 2013/14, the Public Health grant is also used to fund existing Council Services which in 2015/16 amounts to £4.725m, including Children's Centres £1,488k, Neighbourhood Networks £750k, Healthy Schools £222k, Substance misuse £591k, Active lifestyles £369k and Sexual Health Skyline project £289k.

3. Health and Wellbeing Board Governance

- 3.1 The attached report (Appendix 1) outlines the position with regard to consultation and engagement, equality and diversity/cohesion and integration, Council policies and Best Council Plan, resources and value for money, legal implications, access to information and call-in, and risk management.

4. Conclusions

- 4.1 The Council has successfully dealt with very substantial reductions in Government funding over the last five years and faces further significant reductions in the next five years. Whilst Adult Social Care, Children's Services and Public Health continue to be prioritised by the Council, these services have played their part in meeting the overall financial challenges faced by the Council, by delivering major savings to support their own spending pressures and contribute to the overall financial solutions for the Council.

5. Recommendations

- 5.1 The Health and Wellbeing Board is asked to:
- a) Note the financial position of the Council and particularly for Adult Social Care, Children's Services and Public Health since 2010 as set out in this report
 - b) Note the Council's Initial Budget Proposals for 2016/17 as set out in the attached report and consider the potential impact on Health and Wellbeing services.