

Outcome and recommendations following consultation with 3rd sector organisations regarding a proposal to reduce their funding by 10% recurrently

Date: 19th January 2022

Report of: Deputy Director of Integrated Commissioning

Report to: Director of Adults & Health

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Appendix 1 - Organisational profiles and service impact assessments

What is this report about?

Including how it contributes to the city's and council's ambitions

As part of revenue and savings proposals for 2022/23 to 2024/25 presented at the Executive Board meeting held 22nd September 2021, it was agreed that the Adults and Health Directorate would commence a consultation process with five Third sector organisations regarding a potential 10% cut to their funding as part of the response to budget pressures faced by the authority. The five named organisations represent funding arrangements that were not included in the previous savings exercise covered under the report 'Adults & Health Recurrent Third Sector Cost Savings 2020/21 (older adults and working age adults)' published as a key decision on the 30th March 2021. The organisations provide support to older and disabled people across the City. The organisations affected can be seen in Table One.

Organisation	LCC annual funding value	10% reduction (full year)	LCC annual funding value with 10% reduction
Age UK Leeds	£42,399	£4,240	£38,159
Trinity Network	£86,996	£8,700	£78,296
Community Links (LCC component)- Young Dementia service	£180,500	£18,050	£162,450
Touchstone - Sikh Elders	£63,248	£6,325	£56,923
Advonet (non-statutory element)	£337,000	£33,700	£303,300
Total	£710,143	£71,014	£639,128

Table One. Affected third sector organisations and the proposed 10% funding adjustments

If agreed, the proposed savings would be implemented six months from agreement to ensure the savings were in line with the Leeds Third Sector Compact.

The proposals equate to total savings in 2022/23 of a minimum of £35,507 (subject to when the six month notice is served to affected providers) and a full year effect in 2023/24 and beyond of £71,014 per annum. The proposals are part of the Leeds City Council (LCC) Financial Challenge Savings Programme focused on identifying robust and sustainable savings not just to help close the gap for 2022/23 but also future years.

This report highlights to the decision maker the impact of the proposed funding reductions to enable an informed decision to be made.

Recommendations

Following assessment of the impacts on service users and the budget pressures requiring savings to be made, the Director of Adults and Health is recommended to:

- a) Implement the proposed 10% savings on the following three services:
 - Age UK Leeds resulting in a new annual grant value of £38,159 and a full year saving of £4,240 (subject to six-months formal notice)
 - Trinity Network resulting in a new annual grant value of £78,296 and a full year saving of £8,700 (subject to six-months formal notice);
 - Advonet (non-statutory element) resulting in a variation to the contract value from £337,000 to £303,300 giving a full year saving of £33,700 (subject to six-months formal notice).

The Community Links (LCC component) – Young Dementia service and Touchstone Sikh Elders proposals are not recommended to progress, the resultant £24,375 gap in the directorates proposals will be met from general efficiencies from across the directorate.

- b) Authorise the serving of formal written six months' notice period of changes to funding to the affected providers, Age UK Leeds; Trinity Network; Advonet (non-statutory element) as soon as this delegated decision is implementable.

Why is the proposal being put forward?

Between 2010/11 and 2021/22 budgets, the Council's annual core settlement funding from Central Government has reduced by around £263m (60%). Additionally, the Council has faced significant demand-led cost pressures in relation to fulfilling statutory duties, especially within Adult Social Care and Children's Services in addition to the increased service costs and reduced income for the Council due to COVID.

The Medium-Term Financial Strategy estimates a budget gap of £146.5m for the five-year period across all council services, of which £65.4m relates to 2022/23. Adults & Health proposed savings going forward are:

- £10m- 2022/23
- £4.6m - 2023/24
- £1m - 2024/25
- Overall a cost saving of £15.6m is to be made between 2022-2025

£71,014 of these savings have been identified through a 10% reduction across the five Adults and Health grants and contracts covered by this report. This report goes on to make recommendations about these savings based on the outcome of the consultations undertaken.

1 What impact will this proposal have?

Wards Affected:

Have ward members been consulted?

Yes

No

Ward Members were party to the proposals as part of the process in the lead up to the proposals going to the Executive Board on the 22nd September 2021 where the decision to commence the consultation was agreed. Following the meeting there was an opportunity for Ward Members to 'Call-In' the decision for further discussion. This was not taken up. The Deputy Director of Integrated Commissioning also provided responses to ward members as and when any direct queries arose with regards to the funding reduction and the services named.

2 What consultation and engagement has taken place?

Affected organisations were contacted by email and phone prior to the Executive Board papers being released and thereafter, at regular intervals until a group meeting was arranged. A group meeting with all affected parties was held on the 5th November 2021 to outline: the context of the proposals, our proposed approach to the consultation and the timelines for this. The Deputy Director for Integrated Commissioning led the meeting. The session was run in partnership with Forum Central who outlined the independent support they could offer.

Individual meetings with the organisations to determine the impact of the cuts were arranged with the relevant Commissioning Officer to determine what the impact will be, to consider other potential funding streams and alternative ways to deliver services as and where appropriate. Based on these discussions, profiles were developed for each of the five organisations to help inform the decision-making process (Appendix 1).

All of the affected organisations engaged with the consultation process and were appreciative of the Council's position. The outcome of the consultations presented a mixed picture, with some organisations in a better position than others to adapt to a reduction in funding. Both Age UK Leeds and Trinity Network indicated that they would be able to adapt to funding reductions through efficiencies or other funding streams available and so could each deliver the 10% saving with no impact on service delivery. For the remaining three organisations the consultations highlighted that there would be varying degrees of impact on actual delivered services:

- Advonet – while the funding reduction could be managed within existing resources until the third quarter of 2023/24 there are future changes taking place in relation to Liberty Protection Safeguards and the Mental Health Act that present a level of unknown variables in terms of demand on service resources. This is within the context of already having to reduce community advocacy to ensure statutory duties can be met, which has created a waiting list for community advocacy alongside waiting lists for Independent Mental Health Advocacy and Independent Mental Capacity Advocacy. A 10% reduction would exacerbate this situation further. Following discussions with commissioners Advonet intend to raise the threshold which has to be reached for non-statutory support before clients qualify for a community advocate as one of the measures to manage demand within the resources available. As this is the non-statutory component of the service and Leeds City Council do not stipulate the threshold this requires no material change to the service specification. Within the existing service specification it states that statutory advocacy must always take priority over issue based advocacy and the service provider must therefore ensure they have the flexibility within the service and its workforce to accommodate any fluctuations in demand – this may involve for example the use of sessional staff. There will be no additional funding for the statutory provision and therefore the Service Provider will need to make any efficiencies from within the non-statutory issue based advocacy funding.
- Community Links (Young People with Dementia) – the funding reduction would result in a minimum 10% reduction in day care places and community outreach service, compounded by fixed cost overheads and inflationary pressures that have accrued over the time of the contract. The funding reduction would result in a reduction of staff which would equate to eight less service users supported per week. The cut would equate to all or most of a full-

time support worker for the service, either the day centre or the community outreach offer. Engagement has highlighted that, depending on the turnover of places, a reduction with six months' notice would impact on people who use the services now. It would impact on people who are seeking to increase their use of the service, and people whose personal care and other needs increase whilst using the service. There would also be significant adverse impact on people referred in future who would have to wait for the service longer. Consultation has shown that this service is often accessed routed via care management assessment, and it would clearly impact on people needing to access statutory services directly if this service offer were to be reduced.

- Touchstone (Sikh Elders) – A 10% reduction would equate to a 10% (5.6 hour) reduction in staff hours per week which raised concerns with the provider around staff retention and further adverse impacts on remaining staff if any staff were to leave. The 56 hours of staff time per week breaks down as: 27.5 support worker hours (across three part-time staff); 18.5 coordinator hours, and; 10 administrator hours. Touchstone expressed the view that the loss of 5.6 hours would have a significant impact on the ability to deliver the contract, support elders of the Sikh community and retain/recruit a very specialised staff team. Further detailed consultation within the service would be necessary but the reduction in hours would result in one activity session having to come to an end. This would not require a change to the contract's service specification as the exact number and types of service provision are not expressly stated only the outcomes that these activities should help service users to achieve. There is currently a lower take-up of statutory services and alternative lower level preventative support services amongst Asian communities than would be expected. In terms of our Equality Impact Assessment this proposal will have an adverse impact on a group of people with protected characteristic (specific Asian community) who are already under-represented in terms of access to care and support services.

Throughout this process the Older People's Commissioning Team have kept organisations up to date and have been available to organisations as required. The consultation period concluded in mid-December with the findings summarised in the previous paragraph and in Appendix 1.

3 What are the resource implications?

There are no resource implications as the work will be absorbed within the current capacity of the Older People's Commissioning Team.

4 What are the legal implications?

The decision covered within this report is presented as a significant operational decision in view that this follows on from the original proposal highlighted in the Revenue savings proposals for 2022/23 to 2024/25 report produced by the Chief Officer, Financial Services and presented to the Executive Board on the 22nd September 2021 but also in recognition of the significant impact the decision may have for communities across the city. As a significant operational decision this decision is not subject to call in.

Organisations will be given 6-months' notice of any changes to their individual agreements in line with any contractual requirements and the Leeds Compact for the Third Sector.

Appendix 1 provides a summary profile for each of the organisations where engagement on the funding reductions have taken place. It contains standard details around the organisations as well as in some instances financial details pertinent to an organisation, where these have been submitted as part of impact discussions. This document is identified as confidential as per the Access to Information Procedure Rules 10.4 (3). This rule states that information relating to financial or business affairs is exempt if and so long, as in all the circumstances of the case, the

public interest in maintaining the exemption outweighs the public interest in disclosing the information. For clarity, “financial or business affairs” includes contemplated, as well as past or current, activities. In this instance, the information contains speculative projections on how any funding reductions may apply to the services offered.

An Equality and Diversity Impact Assessment Screening Tool has been completed and is included at Appendix 2. This assessment covers the implications of this decision and how any adverse impact may be mitigated to ensure no disproportionate disadvantages across protected characteristics.

5 What are the key risks and how are they being managed?

Each organisation is unique and offers a different service to the community they serve therefore the risks are unique to each organisation and are highlighted in Appendix One, however there is the overall risk that in that any potential reduction in the range of services offered could lead to greater pressures on the Council / NHS services to meet any gaps. In terms of managing risks, Commissioning Officers and Forum Central will continue to work with the organisations to minimise the impact of any risks presented.

6 Does this proposal support the council’s 3 Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

N/A

7 Options, timescales and measuring success

a) What other options were considered?

Options to be considered include:

- Reducing funding to all the organisations by 10% or less
- Reducing funding to some of the organisations by 10% or less
- Not reducing funding to any of the organisations

The saving of £71,014 represents the total possible savings available if a 10% reduction in funding was made to all five organisations covered by this report and reflects the proposed savings covered as part of the ‘Revenue savings proposals for 2022/23 to 2024/25’. If as per the recommendations the 10% adjustments are not made to all five organisations then other means of reaching the target saving of £71,014 may need to be found. Either of the other two options would require the difference to be found from other sources or that the total savings target set for the Adults and Health Directorate needs to be revised and the funding pressure noted. The five organisations identified within this report represent the remaining voluntary sector organisations that to date had not been impacted by the Leeds City Council revenue and savings reviews.

b) How will success be measured?

Success will be measured through the delivery of the savings covered within this report with no to minimal impact on actual service delivery aside from the potential impacts identified within this report. The ideal is for the highest level of savings with the lowest level of impact on services.

c) What is the timetable for implementation?

The three affected organisations will be notified of the outcome following the decision and, officially in writing as soon as the delegated decision is implementable and will be provided with the minimum of 6-months’ notice in line with the Leeds Compact for the Third Sector.

8 Appendices

Organisational profiles and service impact assessments (confidential).

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9 Background papers

Revenue savings proposals for 2022/23 to 2024/25, 22nd September 2021

Executive Board – Wednesday, 22nd September 2021 minutes

Implementation of funding reductions to third sector commissioned providers, 17th March 2021