

Committee: Healthier Communities and Older People Overview and Scrutiny Panel, 12 January 2016

Children and Young People's Overview and Scrutiny Panel, 13 January 2016

Date: Wards: All Wards

Subject: Impact of Savings Proposals for 2016-2017 on specific vulnerable residents, including adult social care savings consultation results

Lead officer: Simon Williams Director for Community and Housing

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Lead members: Councillor Caroline Cooper – Marbiah, Cabinet Member for Adult Social Care and Health

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RECOMMENDATIONS:

1. To consider the impact of budget savings for 2016-17 that affect specific vulnerable groups, including older people, children and disabled people.
 2. To consider the results of the consultation exercise on adult social care savings proposals for 2016-2017.
 3. To note the context, approach and work with stakeholders on proposed savings in children's services as part of the medium Term Financial Strategy.
 4. To consider what feedback the Panel want to give for Cabinet on the 15 February 2016.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The purpose of the report is to outline the potential impact of budget savings for 2016/17 that relate to specific vulnerable residents, including older people, disabled people and children. The report outlines some of the work with stakeholders to deliver MTFS savings in Children's Services and provides feedback on the comprehensive consultation exercise that has taken place on the Adult Social Care budget savings proposals for 2016-17, and the associated changes to services, to inform decisions about these proposals.

2. DETAILS

2.1 There have been regular reports to Cabinet since September 2015, updating them on the latest Medium Term Financial Strategy and the subsequent gap in funding which needs to be addressed and in particular for 2016/17 in order to deliver a balanced budget.

2.2 The financial reality facing local government dominates the choices the council will make for the future of the borough. Therefore, the Council adopted the following guiding strategic priorities and principles on 13 July 2011:

- Merton should continue to provide a certain level of essential services for residents. The order of priority of “*must*” services should be to:
 - Continue to provide everything that is statutory.
 - Maintain services – within limits – to the vulnerable and elderly.
- After meeting these obligations Merton should do all it can to help residents who aspire. This means we should address the following as priorities in this order:
 - Maintain clean streets and keep council tax low.
 - Keep Merton as a good place for young people to go to school and grow up.
 - Be the best it can for the local environment.
 - All the rest should be open for discussion.

2.3 In line with the July principles, overall savings targets for each department are weighted against controllable budgets as follows:

- Corporate Services- 1.50
- Environment and Regeneration-1.50
- Community and Housing- 1.00
- Children, Schools and Families- 0.75

2.4 These have been applied to reduce the impact on Adult Social Care, Children’s Social Care and vulnerable groups. The targets set also take into account the level to which departments have identified savings against targets set for previous years.

2.5 The MTFs currently includes the following amounts for agreed savings/income proposals at full Council from 2013/14 onwards and substitutions/deferrals as shown below in the table. Please note that Community and Housing includes Adult Social Care, Libraries, Adult Education and Housing.

SUMMARY SAVINGS BY DEPARTMENT	2015/16 Original Budgets	2016/17 £000s	2017/18 £000s	2018/19 £000s	TOTAL £000s
Community and Housing	61,400	5,379	2,700	3,128	11,207
Children, Schools and Families	50,894	2,191	1,050	516	3,757
Environment and Regeneration	23,986	4,770	4,000	537	9,307
Corporate Services	14,025	2,195	1,856	1,563	5,614
GRAND TOTAL	150,305	14,535	9,606	5,744	29,885

2.6 The MTFs is currently being updated to take account of the settlement for Local Government which was in the region of the higher cut level of 40% reported to Cabinet in September 2015.

SECTION 3 – SERVICES FOR OLDER PEOPLE AND DISABLED ADULTS

3.1 The ASC consultation document is attached in Appendix 2. The total value of proposed savings for ASC in 2016-17 is £5.06 million. £3.393m of these savings have already been presented and authorised in previous years at the full council budget meetings in March 2012 and March 2014, with the remaining £1.667m to be considered at the 2 March 2016 budget full council meeting. The consultation document also sets out proposed savings in 2017-18 and 2018-19. This was so consultees could consider the cumulative impact of savings proposed for the next few years before giving their feedback.

3.2 However, it is important to note that the impact of decisions made in previous years, but not due for implementation until 2016/17 had not previously been consulted on in the same way and decisions were made with an emphasis on the financial necessity to make savings. Therefore to ensure that Members are fully informed on service users' opinions as well as financial reasoning before making specific decisions as to how savings will be achieved, they are now being presented with findings from the recent full formal public consultation of users on all the savings to be implemented in 2016-17. Members will, therefore, be in possession of even more relevant information before making a decision at full Council on 2 March 2016.

3.3 Adult social care commissions and provides a range of statutory services, including assessment of need and support planning, safeguarding, support packages in a range of settings of care, and equipment and adaptations. Around a third of these support packages are arranged through direct payments whereby service users arrange their own support. Out of a gross budget of £79m, £41m is spent on statutory support packages with external suppliers, £14m is spent on staff (384 FTE) including those working in directly provided services, and £23m is raised in income. Raising further income from service users is now expected to realise little since very few would have the means to pay higher charges. The proposals being put forward for 2016/17 include significant staff changes.

3.4 In previous years it has been possible to find savings through reducing or freezing fees paid to providers, making staffing reductions, squeezing other ancillary budgets, and decommissioning non priority/statutory services. There is now very limited scope for doing any of these things. The report on savings to the Healthier Communities and Older People Scrutiny Panel in October 2015 highlighted that from now on savings will be more difficult to find and are much more likely to have an impact on front line services and on service users. This report is attached as Appendix 10.

3.5 The Proposed ASC Savings Consultation Paper - Appendix 2 to this report – is a key document for Members to read as it sets out the context in which (a) the proposed savings are being made, and (b) the context in which consultees have responded. Key contextual factors are:

- In comparative terms ASC spending by Merton is below average for local authorities in England (Pages 47 - 50 Appendix 2),
- In terms of outcomes, Merton has above average satisfaction in many areas (page 38 Appendix 9).

- ASC has delivered £18.65m in budget savings between 2011/12 and 2015/16 and has to deliver a further £10.306m in the next 3 years making £28.956m in total. (Page 40 Appendix 2),
- Nonetheless, the ASC budget has remained fairly constant since 2010 due to additional growth and inflationary increases (a total of £12m) and technical adjustments (£7m) to the budget. The major technical adjustment is an extra £7m transferred from the NHS for commissioning learning disability services, but with the funding came an equivalent level of commitments. (Page 41 Appendix 2)
- Merton faces significant demographic demand pressures. For example, between 2015 and 2020 the number of people aged 90+ will increase by 23%, the number of people living with dementia will increase by 13% and the number of adults with learning disabilities will increase by 6% (Pages 43-45 Appendix 2). In recognition of this demographic pressure entering ASC, growth of £6m has been added to the ASC budget since 2010, although it is recognised that demographic pressures continue to have an impact.
- ASC faces significant price pressures due to a combination of changes e.g. the living wage that have increased supplier costs in real terms and increasingly difficult market conditions that give providers negotiating power. (Page 3 Appendix 10) In recognition of this, inflationary increases have been built into the budget year on year and previously were sufficient to cover price increases, however this is now becoming a highly competitive and diminishing market.

3.6 The consultation showed that in general service users did not support cuts to their own existing services. Full details are in Appendices 3, 3.1, 4, 5 and 7. Nonetheless, the council has a statutory duty to balance its budget and with 38% of the council's spend directed at adult social care the council needs to look at making some savings in this area.

3.7 Some responses to the consultation put forward alternative savings suggestions and these are included in Appendix 3. In many cases the council is already doing or planning to do what is being suggested. In other cases the alternative would not in fact make a saving or would make only a minor saving which in turn would be unpopular among those affected. In other cases the saving suggestion is already being considered by the council but requires a lead in time that means it would not be feasible for the coming year.

3.8 ASC has, to date, taken a value based approach to plan our proposed savings in order to minimise the impact of savings on vulnerable people. This framework is underpinned by the **Use of Resources Framework**. (Appendix 2 Page 18-19).

Through the Use of Resources Framework ASC has:

- Retained some investment in prevention and recovery where it reduces longer term costs, although investment in both areas has been significantly reduced
- Minimised the costs of long term support, with both unit costs and numbers of people being supported being reduced or contained
- Reduced waste/duplication in work processes, which has led to significant staffing savings

- Worked in partnership where possible, with arrangements for mental health in particular yielding very good comparative value for money
- Ensured everyone makes the contribution they are able to, with fees from service users being at the high end of what councils raise comparatively
- Used a Promoting Independence approach(Appendix 2 Page 21), which has led to a reduction or containment of support package levels such as admissions to care homes or home care hours.

3.9 Using the Use of Resources approach has helped to minimise the impact of savings on the customer experience, where possible. However, we acknowledge the cumulative effect of year on year savings for some of our customers, carers and providers. The 2016/17 proposals, detailed in the savings consultation paper, are a continuation of the savings journey.

3.10 For ASC this specific report and consultation needs to be seen alongside other key documents and reports, notably the:

- Report to Scrutiny in October 2015 on impact of savings (Appendix 10), and
- Local Account, which summarises performance and views from user surveys over 2013-14 (Appendix 9). The Local Account is important because it supplements the valuable insights from consultation with objective performance data and customer views from large scale annual surveys.

3.11 Overall, funding for local government has been reduced by 40% since 2010 and further cuts have recently been announced. In this context, with many efficiency savings already taken, all areas of the council, including adult social care, will find it more and more difficult to implement the level of savings required for future years without impacting on residents. Adult social care, like children’s services (see below) has a particularly vulnerable client base and although the council has agreed £6m growth in this area over the last few years, it is important to keep sight of the cumulative impact of savings in this area, notwithstanding the need to balance the council’s budget, as do all other department’s because the impacts of savings have been cumulative in them too.

4. SERVICES FOR CHILDREN, INCLUDING DISABLED CHILDREN

4.1 The CSF department brings together a range of statutory early years, education and youth, youth justice and children’s social care services funded through a combination of council general fund and specific grants. The proportions are different for individual services but as examples almost 80% of our early years spend is specific grant and nearly 50% of our education spend are covered by specific grant. Children’s social care covers our statutory child protection, safeguarding corporate parenting responsibilities for looked after children and care leavers is funded almost entirely from the council’s general fund. The balance of the sources of funding adds challenges to our ability to deliver cashable general fund savings and the significant reduction in specific grants. “In summary, as much or most of EY and Education spend is from specific government grants from which we can’t make cashable savings, we have to take or propose to take considerable savings from the council’s budgets for youth

(90%) Early Years (40%) as well as achieving savings from wider children’s services including children’s social care whilst affording a greater level of protection to child protection looked after children’s placements and children with SEN and disabilities”.

4.2 The Council, using the July Principles agreed by full council has afforded children’s services greater protection than other departments. This has been to reflect that the council’s general funded children’s services are targeted on the most vulnerable young people and families and with a significantly smaller controllable budget than adult social care it has fewer economies of scale. Between 2011/12 and 2015/16 the department has delivered £5.9m in budget savings over and above loss of specific grants. CSF has also not benefitted as much from budget grown as ASC (see para 3.5, fourth bullet point)

Year	CSF Savings
2011/12	£2,285,000
2012/13	£1,158,000
2013/14	£822,000
2014/15	£860,000
2015/16	£781,000
Total	£5,906,000

4.3 Our approach to savings has been differentiated within the department with the highest protection given to child protection and services for looked after children and care leavers. To mitigate the impact of the savings we have had to:

- Focus on delivering our minimum statutory duties;
- Prioritise services for the most vulnerable and at risk using our child and young person wellbeing model : children in need; children in need of protection; looked after children; care leavers; children with complex needs and disabilities and young offenders;
- Worked with commissioning partners such as schools, public health and the CCG to deliver economies of scale and greater impact through aligned commissioning of services; and have
- Worked in partnership with the voluntary sector and wider Children’s Partnership to focus our combined resources on making the most difference for children and families locally.

4.4 By following the above approach, we have delivered as much of the required savings as we could through efficiencies and back office savings such as releasing properties, rationalising management and administration. We have also ceased non statutory services such as extended schools; areas such as early years; universal

youth provision; and preventative services targeted at those other than the highest levels of risk and vulnerability.

4.5 In addition to the loss of general fund we have two further significant challenges demographic pressures and new burdens. The numbers of children and young people have increased by some 3,400 or 8% since 2001 and are predicted to rise by a further 7% by 2017. This has meant we have had to expand over half of our primary schools and is also impacting significantly on the numbers of vulnerable and at risk children and young people.

4.6 Since 2012/13 children's social care referrals have grown by 8% and children in need numbers by 5% and children with SEN has grown by 13%. We have seen a 20.3% rise in child protection referrals and a 7% increase in children on a child protection plan. Whilst our per 10,000 rate has remained quite stable and there are only 8 LAs in the country with lower rates of looked after children, due to demographic and statutory changes we have seen a 19% rise in LAC numbers and a 50% rise in the number of care leavers we are supporting. We have had to respond to a number of unfunded new burdens including the costs of young people on remand and staying in care until 25 and Education and Health plans being extended from 0-25 years. Currently we have an in-year overspend of c £1.3m related to these new burdens.

4.7 Consultation on the savings over the MTFS period has taken place in relation to the strategic approach involving children's trust and safeguarding board partners. This has resulted in the approach to retain the well-being model but to refocus remaining resources on those most at need. It has also enabled funding from across partners to be used to best effect. In addition consultation on specific savings has involved service users including young people and their families. Examples include: direct work with young people on re-providing youth provision on the closure of South Wimbledon Youth Centre into the John Innes Centre; finding alternative funding for youth provision at Pollards Hill and Phipps youth centres; consultation with parents on alternatives for home to school transport including independent travel and direct payments; consultation with parents and carers on reconfiguring Brightwell and our respite offer for children with disabilities; involvement of young inspectors in the procurement of the re-commissioned risk and resilience service and evaluating providers approach to engagement with young people; consultation with the Youth parliament on the participation restructure; as well as local consultation on the early years offer in localities. Wherever possible feedback has informed the implementation of the savings and service re-design within the reduced funding envelope.

4.8 So far services to our most vulnerable groups have benefited from efficiency type savings through for example better commissioning however we have been able to protect them from service reductions. This is unlikely to be sustainable in the current climate and, as in other areas of the council; future savings will inevitably have an impact on services, although we will continue to mitigate the impact on the most vulnerable young people where possible.

5. CONSULTATION UNDERTAKEN OR PROPOSED

5.1 The ASC consultation period was open from 23 October 2015 to 7 December 2015 (a period of 6.5 weeks). The details of the consultation undertaken have been detailed in Appendix 1. There are proposals for further consultation to take place in the future with regard to the proposed savings for 2017-2019.

5.2 Although the consultation was not required by statute, it was undertaken following a commitment by the Council that service users and residents will be given ample opportunity to express their views on proposals for further savings in the years 2016-9.

5.3 Feedback on savings proposal in Children's Services is outlined in paragraph 4.7 above.

6. TIMETABLE

6.1 The council will agree its budget for 2016/17 at the special Budget Council meeting on 2nd March. All savings proposals will be considered by Scrutiny and the final package will be considered by Cabinet on 15th February and recommended for adoption by full council. The Adult Social Care consultation was open from 23 October 2015 to 7 December 2015.

7. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

7.1 The savings for 2016/17 are put forward in order to meet children's services and adult social care's contribution to the required savings for the council's balanced 2016/17 budget.

7.2 Savings referred to for future years are part of Adult Social Care and Children's Services contribution to the gap in the MTFS with the share in accordance with the July principles as agreed at Cabinet and Council over the years

7.3 Cabinet on the 15 February 2016 will approve the proposals for Council, incorporating the resolutions for the 2016/17 budget, which legally has to be balanced, along with the Business Plan which will include an updated MTFS.

8. LEGAL AND STATUTORY IMPLICATIONS

8.1 Members are requested to consider responses from customers, carers, the voluntary and community sector and interested persons, to the Council's consultation on proposed Adult Social Care Savings for 2016/17 and feedback in relation to Children's Services savings. Members should be satisfied that the ASC consultation was undertaken at an early stage of the decision making process and ensure that the views expressed are conscientiously taken into account when making decisions on the proposed savings for 2016/17.

8.2 Members should also be satisfied that the Council consulted persons considered likely to have an interest in and affected by the proposals; that there was ample time and means for consultees to express their views; that there was sufficient information made available to enable consultees to make informed comments and that the consultation was carried out fairly.

9. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

9.1 The full Equality Analyses are in Appendices 8.1, 8.2, 8.3, 8.4 and 8.5.

10. CRIME AND DISORDER IMPLICATIONS

10.1 None specific to this report

11. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

11.1 None specific to this report

APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORTS CONTENT

- Appendix 1 Results of ASC Savings Consultation
- Appendix 2 Proposed ASC Savings Consultation Document 2016-2017
- Appendix 3 Consultation Feedback Summary Report 2016-2017
- Appendix 3.1 Consultation Feedback Individual Open Responses via Survey
- Appendix 4 Healthwatch ASC Focus Group Report
- Appendix 5 ASC Savings Consultation Meetings
- Appendix 6 Open Responses from Organisations
- Appendix 7 Open Responses received via e mail & letter
- Appendix 8.1 Equality Analysis CH54, CH58 and CH59
- Appendix 8.2 Equality Analysis CH60 after consultation
- Appendix 8.3 Equality Analysis CH61 after consultation
- Appendix 8.4 Equality Analysis CH63 after consultation
- Appendix 8.5 Equality Analysis for all previous savings
- Appendix 9 Local Account for 2013-14
- Appendix 10 Report to Scrutiny in October 2015 on impact of savings

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