

SERVICE PRESSURES

To: **General Purposes Committee**

Meeting Date: **9th September 2014**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **This report sets out the service pressures that have been identified that require funding within the base revenue budget for 2015/16 and beyond. If agreed these will be included with the Departmental cash limits that will be recommended to Council for approval. As there are no additional resources available, if approved, the net revenue impact of these pressures will increase the overall savings required from all services.**

Recommendation: **It is recommended that:**

- a) the service pressures set out in Paragraph 3 be agreed; and**
- b) the Directorate cash limits that are to be recommended to Council for approval incorporate the additional revenue provision required to fund these pressures.**

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1. BACKGROUND

- 1.1 The Council's revenue budget is developed on an incremental approach. The base budget is assumed correct to deliver both the quantum and scope of service set out within the Business Plan framework. The scope of the service is also influenced by the performance indicators that are agreed as part of the Business Planning process.
- 1.2 Each year base service budgets are uplifted to take account of the latest inflation forecasts and demography information for the next five financial years. This process includes a review of what has been included within that base from the previous year's Business Planning process and is adjusted to take account of recent, more accurate, data.
- 1.3 In addition there are a number of other factors that affect cost of service delivery which are described as service pressures.

2. WHAT ARE SERVICE PRESSURES

- 2.1 Service pressures are those additional costs outside of demography and inflation that increase the cost of service delivery. Service pressures normally fall into three categories:-
- 2.2 **Legislation Changes** - Nearly every service provided by the Council is covered by some degree of legislation. Some services operate within a highly legislative framework where regulations are constantly being updated or refined. Often minor changes to these regulations will not have any significant financial impact but where the changes will lead to an increase in the scope of the service provided, or an increase to the quantum of those to whom the service is provided, there will be financial consequences as a result.
- 2.3 Whilst the Government made a commitment to fund new burdens the full funding of these legislative changes is rarely recognised in the system. The unfunded elements of these changes therefore lead to a new pressure that is recognised through the Business Planning process. Given that any new pressure, by its nature, has to be funded from within the existing resource envelope, these pressures increase the savings requirement on the whole Council. Any such funding request should therefore be limited to the minimum requirement to deal with that pressure.
- 2.4 **Policy Changes** - It is possible, albeit unlikely in the current financial environment, that the Council could change the policy environment within which a service operates. This could lead to an additional funding requirement to support that policy change. This would also manifest itself in a service pressure.
- 2.5 **Other Pressures** -The most common "other" pressure can simply be described as an unplanned increase in the cost of service delivery. The cause of such pressures could be driven by any number of factors.
- 2.6 This could be where additional demand has been experienced over and above the planned levels. This could be as a result of a genuine local demographic pressure that was not recognised within the annual review process. Alternatively it could be as a result of a saving that is predicated on

demand reduction where this has not materialised. It is often difficult to differentiate between additional demand and non-achievement of demand avoidance.

2.7 **Non Delivery of Savings** – Non delivery of savings proposals will arise more frequently in the future as proposals to reduce service expenditure become more challenging to deliver.

2.8 As the Council moves away from the cash limit approach to Business Planning savings pressures will become more of an overarching issue rather than a cash limit one. Whilst cash limits remain however savings pressures simply feed that additional requirement back through the cash limit process. This effectively redirects the saving from one service area to all service areas. This is a redirection of resources from the allocations agreed by Council and should be avoided if possible.

3. 2015-16 BUSINESS PLAN SERVICE PRESSURES

3.1 The following table sets out the proposals that have been put forward by services for consideration of funding: -

Service Area	Description	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
CFA	Young Carers – assessments and support	175	-	-	-	-
CFA	Deprivation of Liberty Standards	2,340	-1,540	-	-	-
CFA	Emergency Duty Team	300	-	-	-	-
CFA	Older People Service	3,000	-	-	-	-
ETE	City Deal - Adult Learning Skills	200	-	-	-	-
ETE	Waste PFI	916	336	319	341	-59
CS	Business Planning Support *	50	-	-	-	-
CS	Reinstatement of Voluntary Sector Infrastructure Budget	48	-	-	-	-
CS	Exploitation of Digital solutions (<i>investment</i>)	258	-	-258	-	-
Total		7,282	-1,204	61	341	-59

* Agreed earlier in the year.

3.2 Some additional detailed information supporting these pressures is attached in the **Appendix** to this report.

3.3 In addition there are a number of other issues that are not included in the above schedule. This is because at this point it is not clear whether these can be absorbed within the existing resource envelope. These pressures will be continually monitored in the coming months and further reports will be brought to this Committee should it become clear that additional resources will be required.

- 3.4 The most significant of these potential pressures is the new commitments associated with the implementation of the Care Act. This is a new burden for which funding has been made available by the Government. However at this stage it is very difficult to determine whether the additional resources that have been earmarked will be sufficient to cover the likely costs. Local authorities across the country are currently evaluating the potential level of new clients that the new legislation will bring and the latest projections suggest that the funding available falls short of the likely commitments.

4. GPC CONTINGENCY

- 4.1 Members of the Committee will recall that it agreed to establish a central contingency of £2.5m in order to support services in the delivery of the Business Plan. This decision was taken against the backdrop of what are some extremely challenging savings targets.
- 4.2 This provision was established from the over provision of a service pressure in 2014/15 within the Older Peoples revenue budget. The Committee are requested to reconsider this decision within the Medium Term Financial Strategy (MTFS) report at agenda item no.9. If agreed the pressures that require funding, set out above, will reduce the need for further savings within all services.

5. ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

These proposals will be evaluated as part of the Business Planning process.

5.2 Helping people live healthy and independent lives

These proposals will be evaluated as part of the Business Planning process.

5.3 Supporting and protecting vulnerable people

These proposals will be evaluated as part of the Business Planning process.

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

The inclusion of the service pressures within the based revenue funding of the Council's budget will have significant financial consequences and these are set out in the report.

6.2 Statutory, Risk and Legal Implications

Some of the service pressures contained in this report are as a direct result of legislative requirements. Were the Council not to resource these items it could be exposing itself to legal challenge and significant costs.

6.3 Equality and Diversity Implications

There are no significant implications as a direct result of this report.

6.4 Engagement and Consultation Implications

There are no significant implications as a direct result of this report.

6.5 Localism and Local Member Involvement

There are no significant implications as a direct result of this report.

6.6 Public Health Implications

There are no significant implications as a direct result of this report.

Source Documents	Location
July General Purposes Committee Business Planning Report	Room 301 Shire Hall Cambridge

The following information gives additional background to the service pressures identified with the report.

Young Carers Assessments and Support - £175,000

The Children and Families Act 2014 means young carers have stronger rights to assessment and support, in line with those of adult carers as set out in the Care Act.

The Care Act 2014 also gives carers the same recognition, respect, and parity of esteem with those they support. The measures, alongside those introduced in the Children and Families Act aim to identify young carers and their support needs earlier.

Under the new legislation when a child is identified as a young carer, the needs of everyone in the family will be considered. It is envisaged that this will require engagement of both children's and adults' support services.

From early 2015, Young Carers will have a new entitlement to a Carers Assessment. This will need to address their needs as a carer. The service does not currently have the resource capability to deal with this increase in the level of activity. The Cambridgeshire Health and Well-Being Board hold the responsibility to ensure the entitlement is provided for.

Additional costs to the local authority will be driven both by the resource required to undertake the assessments and the provision of support packages to meet the needs of the young carer and those they are caring for.

A figure of £175k has been estimated for this pressure although it is impossible to model this accurately as the guidance around expectations of support for young carers has not yet been published (expected Oct 2014).

At present the Young Carer service is contracted out to Centre 33 and Crossroads Care. It provides a high level service with the two organisations providing for mid-range need themselves via their own fundraising. At present the model is based on group delivery with additional 1-1 support for those with higher needs. Early negotiations are about to start with the providers to review this model and to consider how to meet the unmet need that already exists within the system.

At present the commissioned service has a value of £155k which primarily funds young carers at the highest tier of need with 82 carers active at the latest period. Service performance data has also identified that there are 116 carers at the middle tier of need who the Council might expect to have to support under the new guidance and a further 23 on a waiting list. There are also 121 carers receiving information but no direct provision. Given the scale of known unmet need within the system a holding figure of £175k is considered a conservative estimate for likely future pressure.

Deprivation of Liberty standards (DOLS) - £2,340,000 (15/16, £800,000 16/17 onwards)

In March 2014 the Supreme Court Judgement P v Cheshire West and Chester Council and P and Q v Surrey County Council ruled that any person who lacked capacity under the Mental Capacity Act and who was living in their own Tenancy and

who was subject to close supervision, e.g. 1 to 1 support, was deemed to be deprived of their liberty. As such they should have a Court of Protection authorisation with regular court reviews.

The Supreme Court ruling also alters the overall standards for when DOLS applies which will result in a greater number of applications requiring assessment and approval through the existing Schedule A1 process. This new “acid test” relates primarily to two factors regarding whether the person is under continuous supervision and control and whether, or not, they are free to leave. If these tests are not clearly met an assessment and approval is required.

The cost to Local Authorities as a result of this decision will be driven by two factors:-

- (1) The requirement to process significantly more assessments under schedule A1 of the act, requiring far more capacity than currently budgeted for in the assessment team;
- (2) For non-schedule A1 cases (those where people are in supported living or other non-hospital and non-residential home settings) where the DOLS process will have to be processed through the Court of Protection. This will incur very significant legal fees

The uplift in the number of schedule A1 applications through the exiting DOLS team has generated an estimated £800k pressure on the revenue budget for this service (full year effect). This will be a recurrent pressure based on the new standards set by the court.

Furthermore services have identified additional people living in non-residential and non-hospital situations where the case of deprivation of liberty could be argued. This is based on the fact that should they leave their accommodation they would be accompanied by a staff member and are therefore not free to pursue their wishes without close supervision.

Mental Health Services = 40 clients
Learning Disability = 275 clients
Older People = 175
Physical Disability – 10 clients
Children’s Disability = 50 children
Total = 550 clients

The ruling for these situations requires that DOLS judgements are made through the Court of Protection and a full legal hearing (rather than being assessed and approved by local authorities). This incurs a much greater cost.

Previous Court of Protection cases for the Council have incurred an estimated £15k in legal costs per case. However the Court of Protection and ADASS are working to consider a fast track solution which would allow such cases to be considered without the full oral case hearing. There is very limited information on how this will work which makes estimating costs difficult. The resource model is therefore based on a number of assumptions

- 90% of clients will go through fast track with only 10% requiring full hearing
- Cost of fast track assumed to be £2k (includes application fees, doctors assessment etc)

- Cost of full court of protection hearings will be £10k on the basis that we will be able to lower the average cost per case as we will be processing numerous cases

55 cases full hearing = $55 \times 10k = £550k$

495 cases fast track = $495 \times 2k = 990k$

Total = £1.54m

It is proposed that this is treated as a one-off pressure for 2015/16 rather than a recurring requirement. In theory and in law these legal costs would recur every year as DOLS is only granted for a max period of 12 months. However given the scale of the pressure on all authorities we anticipate a national solution will be found by 2016/17. This assumption carries a degree of risk with it and therefore needs to be kept under review.

Emergency Duty Team - £300,000

There are pressures on the budget for the Emergency Duty Team accumulating from three different areas of the work of the team, specifically;

1. Safeguarding of children
2. Safeguarding of adults
3. Mental Health Assessments

Improved management and scrutiny of EDT has identified a number of areas where current practice is not fully compliant with set practice standards. The recent Ofsted inspection also identified EDT as being under-resourced and that in response a new model of delivery needs to be considered to ensure EDT is fit for purpose.

Discussions are planned with Peterborough City Council around these issues and the need to increase investment to improve the quality.

In addition, discussions are also ongoing with the Cambridgeshire and Peterborough Foundation Trust (CPFT) about future service delivery in relation to mental health assessments. These discussions include the possibility of responsibility moving from EDT to CPFT and a requirement for the service to be fully resourced to deal with the required number of clients.

It is therefore anticipated that additional capacity will be required across all three elements of the EDT's work mentioned above, the cost has been modelled as

- £100k for 2 x Adult Mental Health Practitioners to undertake mental health assessments
- £100k for 2 x FTE focussed on Adults Safeguarding
- £100k for 2 x FTE focussed on Children's safeguarding

However the ongoing discussions with CPFT and Peterborough City Council alongside internal consideration of different ways to resource the core EDT functions mean that the final model of service for EDT may well differ from the simple addition of the 6 extra posts modelled here. This pressure will therefore be kept under review.

Older People's Service Pressure - £3,000,000

This year the service is not expected to fully meet its demand management savings target. The service is faced with an increasing elderly population with needs that are increasingly complex.

This year the service is on course to achieve only a 1.0-1.5% reduction in the net cost of care, including meeting all new needs within existing resources. Within the Business Plan there is £6.533m savings expected in 2015-16 from "demand management" within Older People's Services. In order to achieve the planned savings in 2015-16 the service would need to achieve 8% reductions in the cost of care. This is equivalent to averaging a decrease of 117 residential packages, 55 nursing packages and 325 community care packages altogether across the year.

This position assumes that the service will have unfound savings still to find from the 2014-15 plan and that there is sufficient capital available to enable £1.3m in equipment to be expended outside of revenue budgets for a second year.

The nature of Older Person Services is that there is restricted opportunity to adjust packages once in place and the planned levels of reduced activity are therefore unrealistic. Net reductions and favourable improvements, so far this year, have been realised by improved administration, reconciliation and accountability for spending, rather than re-commissioning provision in a way that achieves recurring savings.

There is growing evidence that the independent care sector, which is the recipient of the majority of the Council's spend in the Directorate is under financial pressure within Cambridgeshire with the potential for system-wide consequences were any individual provider to fail for financial reasons. Cambridgeshire is in the lowest quartile for unit costs for comparable authorities for all types of care, and it is not expected that further efficiencies can be quickly realised through this route.

The service requests **£3m** in additional funding to meet these pressures. This would leave the service requiring £1.8m in net savings, after meeting all new demand within existing budget. This would remain a challenging target that the directorate can plan towards.

City Deal Adult Learning Skills - £200,000

As part of the City Deal submission to the Home Office and Treasury the Council have committed to support enhanced investment in to Adult Learning. The on-going financial commitment is £300,000 a year of which £100,000 is already included within the base revenue budget. This level of financial commitment must be seen in the context of the benefits, both economic and quality of life that the City Deal will bring to Cambridgeshire.

Waste PFI - £916,000 (2015/16 + annual increases)

Historically any changes to the cost of the Waste PFI have been funded corporately, whether they are pressures or savings. In the 14/15 Business Plan, there were expected savings of £1.571m from 15/16, mainly due to diversion of CLO materials from landfill and increased 3rd party income. However, the Waste Team are now predicting costs that indicate pressures of £281k over the next 5 years, which would put pressure on the overall budget by £1.852m. The increased pressures have arisen for a number of reasons:-

- Waste generated by each individual increasing (they have been allocated demography for an increasing population)
- The percentage of waste diverted by the MBT decreasing due to the new plant.
- Predicted diversion of CLO not happening as expected – it was hoped that this would be shipped to Europe, rather than incurring landfill costs.
- Amey Cespa has offered the Council £5 a tonne for third party income – it was expected this rate would increase but Amey Cespa have not been very forthcoming in supplying the information to validate the rate they should pay.

The Service will try and resolve the issues re the third party income and CLO diversion via the WOSP review.

WOSP review – ETE expect the WOSP review to generate savings of around £2m a year. There is an on-going discussion on whether the waste contract should continue to be outside of the departmental cash limit process

Smarter Business Support - £50,000

In order to support the delivery of the property rationalisation programme some additional staff resource is required. Although this has been included as an on-going funding requirement a periodic review will be undertaken in light of the on-going rationalisation programme in order to assess the on-going need for the resource. It is anticipated that the cost of the role will more than pay for itself as the council is able to bring forward disposals sooner and more effectively than would have been the case with the limited capacity that exists within the base resource pool.

Reinstatement of Voluntary Sector Infrastructure Budget Shortfall - £48,000

The Council provides grant funding to a small number of voluntary sector infrastructure organisations, who in turn provide advice and support to voluntary groups and promote and co-ordinate volunteer activity across Cambridgeshire. The draft 2013/14 Business Plan contained proposals to reduce this funding, which were partially implemented. The base budget shortfall in 2013/14 and 2014/15 has been funded from operational underspends. This is not a sustainable solution and this bid will reinstate the funding into the base budget.

The 2013/14 Business Plan contained a proposal to reduce funding by 50% [from £200,729 to £100,364] and the Corporate Directorate base budget for that year was reduced in line with this. This was to be achieved by withdrawing support from a number of organisations and reducing the grant awarded to others.

Following subsequent discussions with partners, lead Members, and lobbying from the sector, it was agreed that the proposed reductions would be partially implemented; the impact of which was a 25% reduction in funding. Support was withdrawn from CPALC and Cambridgeshire Community Foundation. Grants to the following bodies were cut by between 4% and 58%:

- Cambridge CVS (including South Cambridgeshire)
- Fenland CVS (via Cambridge CVS)
- Hunts Forum
- VCA East Cambridgeshire (joint CVS and volunteer centre)
- Hunts Volunteer Centre
- Royston Volunteer Centre (covering South Cambridgeshire)
- Cambridge Volunteer Centre

- Volunteer Centre Fenland
- ACRE Parish Planning (match funding District Council investment)
- Cambridgeshire ACRE.

Work with the voluntary sector forms a key element of a number of core initiatives and Council priorities. The Voluntary Sector Infrastructure Organisations are well placed to support this activity and work is already underway to ensure the support they provide is clearly aligned to the Council's key objectives and planned changes to service delivery models where there is an increasing reliance on the voluntary sector and volunteering.

Exploitation of Digital solutions - £258,000 (15/16 and 16/17 only)

A number of organisation wide digital solutions have been procured and implemented, as part of the Digital First and Smarter Business Programme. In order to fully exploit these solutions and roll out across the organisation, capacity is required to do so. This 2 year bid is to retain the level of staffing who are currently on fixed term contracts (to end of Mar 15) funded outside of revenue, to continue the delivery of digital solutions.

In order for the organisation to truly maximise benefit and exploit these solutions, to support the Digital First and Smarter Working agendas, there is a need to roll these solutions across as many services as possible. The bid is to retain the staffing resource in both the Digital Strategy and Corporate Information Management teams.

There is a growing demand for more and more services to be provided digitally and for more tools to help staff to work more flexibly (in line with the property rationalisation). Although a number of services have transitioned online, there is still many more to do and also to deliver at a pace.

The risk of not having the resources to roll out these solutions will mean that the solutions will not be exploited and used by services and organisation is not able to keep pace with customer demand of wanting to access more services online. Online services ultimately will mean that service delivery costs can be reduced. Additionally, if the internal tools, e.g. EDRM, Sharepoint, mobile working are not rolled out, then we cannot keep pace in offering staff the tools and processes of working flexibly as we reduce the accommodation portfolio.

These teams should not to be confused with LGSS IT, whereby the latter provide support to technical installing and set up of the solution e.g. Sharepoint and the Corporate teams are involved in owning and rolling out the solutions, in line with the organisation's needs.