

Leicester
City Council

WARDS AFFECTED
None specific

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Cabinet

22 April 2002

SOCIAL SERVICES FUNDING

Report of the Director of Social Services and the Chief Financial Officer

1. Purpose of Report

- 1.1 This report responds to the Leader's request for information about efforts to secure additional Central Government funding for Social Services, following recent comments to the Cabinet by the Social Services and Personal Health Scrutiny Committee.

2. Summary

- 2.1 The delivery of Personal Social Services is facing significant financial pressures, both in Leicester and nationally. At a national level, spending was expected to exceed budget by over £200m in 2001/02, a situation mirrored locally with an expected overspend exceeding £1m. In addition, budgets of most social services departments are already well above the Standard Spending Assessment (SSA). In Leicester, taking into account both the Social Services Department's budget and central support costs, the 2002/03 budget is £6m (9.9%) above the SSA.
- 2.2 There have been concerted efforts to persuade the Government to respond to this situation in two ways - firstly by increasing the total funds available nationally, and secondly to address Leicester's specific financial difficulties arising from its diverse communities and deprivation levels.
- 2.3 The Government is reviewing the national system of revenue grant distribution, and is introducing new arrangements from 2003/04.
- 2.4 Some signs of success are emerging with respect to future national funding levels, but lobbying will continue to be necessary in respect of Leicester's particular situation. Lobbying is especially important at present given the review of the revenue grant system.

3. Recommendations

- 3.1 Cabinet is recommended to note the actions taken and is invited to request any further initiatives that it considers appropriate.

4. Headline Financial and Legal Implications

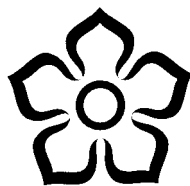
- 4.1 This report is exclusively concerned with financial issues. There are no direct legal implications arising from this report

5. Report Author/Officer to contact:

Colin Sharpe, Head of Finance (Social Services Department)
Graham Feek, Financial Strategy Manager

☎ 0116 252 8800

☎ 0116 252 7495



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SUPPORTING INFORMATION

1. Introduction

- 1.1 The Leader has welcomed recent comments from the Social Services and Personal Health Scrutiny Committee that the Cabinet should be lobbying Central Government for more funds for Social Services. He therefore requested a report to detail the action being taken, and to enable the issue to be formally discussed.
- 1.2 This report sets the scene about why more money is needed, details recent and on-going work to secure more funding, both for this council in particular and for social services nationally, and highlights some of the results so far.

2. Background

- 2.1 Members will be aware of the financial pressures facing the Social Services Department, which were spelled out in detail in the 2002/03 Departmental Revenue Strategy (DRS). Despite stringent spending restrictions being imposed during 2001/02, an in-year overspend of up to £1.3m was indicated by the most recent budget monitoring information. In addition, it will not be possible to recover the £0.4m brought forward overspend from 2000/01.
- 2.2 The position in Leicester is mirrored across the country, where similar overspends are being experienced. An accumulated overspend in excess of £200 million over budgets is predicted.
- 2.3 In 2002/03, the Council has budgeted to spend £6m (or 9.9%) above the Standard Spending Assessment (SSA) for Social Services, taking into account the Department's budget and central support costs. Even so, the underlying budget shortfall remains round £3m, and further restrictive measures will have to be taken if another overspend

is to be avoided. Most councils now spend significantly above their Social Services SSA (examples of comparator authorities were given in the 2002/03 DRS).

- 2.4 The principal problem with the Social Services SSA nationally is widely acknowledged to be the significant underfunding of children's services. This is certainly the case in Leicester, with spending around 40% above this element of the SSA.
- 2.5 The Government is presently reviewing the distribution of revenue funding for authorities, and is to introduce a new system from 2003/04. This review clearly affects Social Services funding. To date, a number of papers have been produced by the Government outlining potential changes for consideration. However, no firm proposals have yet been made. The aims of the review include making funding fairer, although more transparent. The Council is unlikely to have any clear indication about how the replacement system may affect Leicester, and Social Services in particular, until later in the Summer.

3. Actions to secure additional funding

- 3.1 The Council has been active in attempting to secure additional funding for Social Services, both for the City and for Social Services generally at national level. The Leader, the Cabinet Lead for Social Services and Personal Health, the Chief Financial Officer and the Director of Social Services have all been involved in lobbying Central Government.
- 3.2 Following the 2002/03 Local Government finance settlement, various letters were sent to Ministers, local MPs and DTLR officials about the inadequacy of the Social Services SSA.
- 3.3 The Leader has written numerous letters to Government Ministers concerning specific financial difficulties, particularly upon Social Services funding, resulting from the arrival in Leicester of EEC Nationals, notably Dutch Somalis. Whilst the DfES has now recognised the problems in relation to pupil numbers for Education, there is no indication of any additional Social Services funding from the Department of Health.
- 3.4 As part of the on-going national review of revenue grant distribution and the SSA system, the Council has lobbied for the continued funding of deprivation and ethnicity, which have a significant impact on Leicester. The Council lost £2.7m from the Children's Services SSA in 1999 as a result of changes in how ethnicity is reflected in the SSA formula; this equates to the current underlying overall budget shortfall.
- 3.5 The Council is a member of the Executive of the High Ethnicity Authorities Special Interest Group (HEASIG). Through this, representations have been made about the need to make adequate allowance within the Government's replacement revenue support system for the costs of having a diverse population. The Council input into a recent report to the Government's Formula Review Group, which is considering the non-education aspects of the funding review; the report lobbies for further specific provision

within revenue funding for ethnicity, particularly in relation to additional costs of foster care for councils with multi-cultural populations.

- 3.6 The Council is also a member of the Special Interest Group of Metropolitan Authorities outside London (SIGOMA), and constantly puts forward the case for additional resources, including Social Services, through the Group. The Council is seeking election to the Executive Committee of SIGOMA.
- 3.7 Briefings have been sent to MPs, Ministers and their researchers about the need to fund deprivation.
- 3.8 The Social Services Department responds to budget surveys by the Association of Directors of Social Services (ADSS) and the Local Government Association (LGA). These are used to provide evidence for making the case about Social Services underfunding at a national level. For example, in the past year, the Department responded to the Budget Pressures questionnaires in July 2001 and January 2002, and in April 2002 was selected to provide evidence for a LGA / ADSS case study into the underfunding of children's services and services for older people.
- 3.9 Through his senior position in the ADSS, the Director is also able to further the case for Social Services funding at a national level.

4. Results of the Actions

- 4.1 These national initiatives have met with some success; the Secretary of State announced £300m to reduce delayed discharges from hospital into community care ("bed blocking") in the Autumn of 2001, to be paid to Social Services authorities in 2001/02 and 2002/03. Leicester is receiving £931,000 from this source in 2002/03.
- 4.2 In a speech at the end of March, the Secretary of State for Health said that "*social services are under real pressure and more investment is needed. That is necessary not least to stabilise the care home market and to develop new rehabilitation, intermediate and home care services that can promote people's independence.sustained investment will be needed to maintain this progress.....extra investment is conditional on more reform.*" There is therefore clearly a recognition amongst ministers that more funding is needed for Social Services, particularly if key NHS targets are to be met.
- 4.3 It is perhaps also worth considering the various Government funded schemes and programmes introduced into urban areas with high needs, including Leicester, over recent years. As well as the Neighbourhood Renewal Fund, there is SureStart, the Children's Fund, Connexions and the Health Action Zone. These are increasing the level of proactive preventative work taking place in local communities, and should over time lead to a reduction (or at least a levelling off) in the reactive work currently required of Social Services.

5. Future Actions

- 5.1 It is essential that the Council continues to put forward its case for additional funding, including Social Services funding. Such lobbying is needed both to increase the total funding available nationally, and specifically to ensure the distribution mechanism recognises the specific cost pressures facing Leicester - in particular from the diverse ethnic make-up of the city, areas of deprivation and the arrival of new communities.
- 5.2 The Chief Financial Officer will shortly be bringing a paper to Cabinet setting out the present position of the Government's review of revenue funding, about which detailed proposals are expected later in the Summer. This report will also set out how the Council intends to ensure that the Government considers Leicester's specific concerns, including our concerns about Social Services funding. It is important that Leicester's concerns are heard and acted upon.

FINANCIAL, LEGAL AND OTHER IMPLICATIONS

1. Financial Implications

This report is concerned with financial implications throughout.

2. Legal Implications

There are no direct legal implications arising from this report.

3. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	Yes	Throughout the report	
Policy	No		
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	Yes	Throughout the report	

4. Background Papers – Local Government Act 1972

Social Services and Personal Health Scrutiny Committee, 17 December 2001
Report on the Standard Spending Assessment

Social Services and Personal Health Scrutiny Committee, 16 January 2002
Report on the 2002/03 Draft Revenue Strategy

5. Consultations

None

6. Report Author

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