

Shaping the Council 2015-16 and beyond: Savings Business Case

Business Case Title	Older People's voluntary sector contracts		
Revision No:	1	Date:	16 May 2014
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Lead HOS	N/A		
Critical friend/Exec Bd			
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Section 1: Summary

Savings Proposal

SE207 (Older People Voluntary Organisations Budget)
SE202 (Meals on Wheels)

Total - £ 100k

Strategic rationale

SE207 – 3rd sector contracts

We have reviewed all of our 3rd sector contracts for older people's services.

The funding for Alzheimer's Society and Age UK Essex Befriending service needs to be maintained as these are core services and without these there would be increased demand on more costly statutory services.

However, the following contracts / grants whilst delivering a valuable service are not statutory. The reduction will be achieved by giving notice on the remainder of the voluntary organisations who largely provide advice, information and generic support. By giving notice now work can be undertaken with these organisations to access other funding sources.

However, these groups do provide important support to specific areas and any reduction will be a loss of service.

- Thurrock Asian Association £17,290 (net cost lower as some of this is rent to the Council so estimated at £ 10k net)
- TOFFs £5,000
- Age Concern Thurrock £2,600
- Age UK Essex Home Support £25,000

SE202 Meals on wheels

There has been a separate report detailing the change to the service to realise efficiencies.

The formal consultation is currently being undertaken. The reduction is reliant on a Cabinet decision that supports O&S preferred option rather than consultation responses which are resistant to the change.

The O&S preferred option would save approx £55,250 in 2015/16.

Approximate Cost Savings

- Thurrock Asian Association £17,290 (net 10k)
- TOFFs £5,000
- Age Concern Thurrock £2,600
- Age UK Essex Home Support £25,000
- Meals on Wheels approx £55,250 in 2015/16

Total : £ 100k

Timescales

Activity	Timescale
<ul style="list-style-type: none"> • Give notice on existing grant agreements and help organisations seek alternative funding • Arrange alternative meals provision 	<ul style="list-style-type: none"> • By March 2015 • By March 2015

Risks /Consequences

The key risk is that the voluntary sector becomes unviable with very little ability to deliver the preventative services and interventions. In turn this would mean an increased demand on the external purchasing budget. Statutory intervention would in many cases happen earlier in a persons life as there would be very little alternative and as such the increased demand on the external purchasing budget would be over a longer period of time.

Mitigation

The intention is to support organisations to seek alternative sources of funding to try and lessen the impact on their provision and the individuals they support. This however will not realise the amount of funding required and will take offices time to offer quite detailed support.

Section 2: Finance, savings and costs

Financial summary

General Fund budget 2014-15

	Staff £000s	Premises / Transport £000s	Supplies/ Services £000s	Direct Payments £000s	Third Party Payments £000s	Total Expenditure Gross £000s	Income £000s	Net Expenditure £000s
2014/15								

Staff Related savings

Current number of posts (FTE and headcount)	There may be reductions within the organisations affected.
Number of posts to be deleted (FTE and headcount)	
Amount of salary saving (inc on-costs)	

Non- Staff Related savings

Premises and buildings (inc utilities)	
Transport	
Supplies and services	
Other (please specify)	

Third Party Related savings/income

Commissioning/contracts	£100k per annum
Charges to the HRA/DSG/PHG (NB can be negative)	
Increase fees & charges	
Grants/additional funding streams	
Other (please specify)	

Benefits – non financial

None

Costs & Resources to deliver the savings

Direct costs	<p>If Cabinet agree to the change in meals on wheels arrangements, O&S have requested that due to level of expected savings, an officer is employed to oversee and support service users and their families (and internally within ASC) with the change process. Estimated cost of £10 to £14k</p> <p>Officer time to support existing organisation in seeking alternative funding.</p>
Redundancy costs	£45k (liability under the meals on wheels contract for redundancy – this has already been accounted

	for in the savings and as such the £100k would be the savings achieved – this is why predicted savings on the meals on wheels contract increased to £100k per annum rather than the £55k after 2015/16)
Accommodation costs	
Procurement and/or Legal costs	
Other HR costs	
Other (please specify)	May also be a short term cost to support our Customer Finance team and ECDP (direct payment advisory service) with the extraordinary increase they will experience in the number of direct payments as a result of this change. Up to 10k

Section 3: Impact/Consequences of proposal – not covered in financial section

Impact on Corporate Priorities/objectives/ performance targets/standards

Priority 1. Create a great place for learning and opportunity	
Priority 2. Encourage and promote job creation and economic prosperity	<p>This reduction in funding will result in redundancies locally.</p> <p>The reduction in funding may also impact on the income the Council receives from rent on buildings as Thurrock Asian Association and Meals on Wheels operate out of Council owned properties.</p>
Priority 3. Build pride, responsibility and respect to create safer communities	
Priority 4. Improve health and well-being	<p>The reduction in funding for Older People voluntary services may lead to a reduction in rather than an improved health and wellbeing.</p> <p>The reduction in Thurrock Asian Associations funding may adversely affect Asian elders.</p>
Priority 5. Protect and promote our clean and green environment	
Well-run organisation - financial & governance; staff; customers	

Impacts on partners

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Impacts on customers / community and equality/diversity implications

Any reduction in funding to the voluntary sector needs to be considered as a whole (i.e. we cannot consider the savings on a directorate by directorate basis) otherwise we may be disproportionately affecting this sector.

Community

The £5k funding for TOFFs could be seen as lessening the voice of older people in health, social care and wider council (and partners) decision making process.

Diversity Implications

These savings will primarily focus on services for older people and as such will have an adverse impact on this client group.

The savings for Thurrock Asian Association may adversely affect Asian elders and their ability to access services.

Has an EqIA been undertaken?

YES / NO

Date:

Other impacts/implications

The reduction in core funding to Age UK Essex will lead to increased costs for older people who need help with their shopping and other low level needs.

Age Concern Thurrock supported local older people to claim £82k in attendance allowance last year. They are completely volunteer led and receive only £2,600 – this reduction may be a false economy.

Section 4: Risks and Mitigation

Delivery risks				
Risk Description	Likelihood	Impact	Rating	Management or Mitigating Action
Failure to secure Cabinet decision for the preferred option for meals on wheels will lead to a reduction in the level of suggested savings.	2	4	8	Utilise the tender process to achieve savings (although this is unlikely to be at the same level)
Failure to secure alternative funding for the voluntary organisations will lead to services ending. This could result in increased reliance on statutory services and increased cost.	3	3	9	Directors Board to make decision at earliest possible date to allow enough time to seek alternative funding.

Service risks				
Risk Description	Likelihood	Impact	Rating	Management or Mitigating Action
Failure to secure alternative funding for the Thurrock Asian Association will lead to service ending. This could adversely affect Asian Elders and their ability to access services.	2	3	6	Directors Board to make decision at earliest possible date to allow enough time to seek alternative funding. Additional mechanism to ensure equality of access may need to be put in place e.g. greater availability of information in Asian languages.
Failure to continue with core funding to Age UK Essex will result in increased costs to older people.	4	2	8	There is no mitigating action. Other areas do not subsidise this cost.
Failure to continue with core funding to Age Concern Thurrock may lead to service closure and decrease the amount of attendance allowance local residents claim.	2	3	6	Directors Board to make decision at earliest possible date to allow enough time to seek alternative funding.

For information on the ratings criteria guide, please see <\\Thurdata01\data\THURROCK\EXCHANGE\ROM>

Likelihood	4	8	12	16
	3	6	9	12
	2	4	6	8
	1	2	3	4
	Impact			

Section 5: Assumptions, Dependencies & Exclusions

Timeframes Assumptions/ Dependencies/Exclusions	<ul style="list-style-type: none"> • Timeframe dependent on Director’s Board decision • Timeframe for Meals on Wheels dependent on Cabinet Decision
Benefits Assumptions/ Dependencies/Exclusions	<ul style="list-style-type: none"> • Meals on Wheels savings dependent on either Cabinet agreeing preferred delivery option or tender process resulting in a saving
Costs Assumptions/ Dependencies/Exclusions	<ul style="list-style-type: none"> • Assumption of Meals on Wheels worker based on 6 months of a band 5 or 6 member of staff with on costs. • 10k of additional money for ECDP/ customer finance based on assumption that Cabinet agree preferred option for Meals on Wheels (not required if we go to tender).
Other/ General Assumptions/ Dependencies/Exclusions	<ul style="list-style-type: none"> • Assumption - That no saving proposed could be deemed a statutory service. • Assumption – that support will be given by the Chief Executive Delivery Unit – Community Development department to assist these organisations to seek alternative funding. • Dependence on timely director’s board decision to allow for alternative funding to be sought.

Section 6: Stakeholder Engagement Requirements

		Approximate timelines
Staff/Unions NB. Services should not be undertaken consultation with staff in isolation – all such activity should be co-ordinated through Jackie Hinchliffe	<input type="checkbox"/>	
Portfolio Holders/Members NB. Services should not be undertaken consultation with staff in isolation – all such activity should be co-ordinated through Directors Board	<input checked="" type="checkbox"/>	<p>Portfolio holders/members need to be engaged in this discussion. Please note that some Members have interests in the voluntary organisations detailed in this report.</p> <p>Members will be involved in the meals on wheels decision making process via Cabinet (consultation response to O&S June with decision scheduled for September Cabinet).</p>
Partners NB. Services should not be undertaken consultation with partners in isolation – all such activity should be co-ordinated through Directors Board	<input type="checkbox"/>	
Residents/Public NB. Services should not be undertaken consultation with staff in isolation – all such activity should be co-ordinated through Directors Board	<input type="checkbox"/>	
Other – please specify	<input checked="" type="checkbox"/>	<p>The Council will be required to engage with the voluntary and charitable sector.</p>

Section 7: Any other comments to support savings proposals

