



# Impact of the Spending Cuts and the Tri-Borough Proposals

Considerations for the voluntary and community sector in Kensington and Chelsea

## The Spending Review

On 20 October 2010, the Coalition government's Spending Review<sup>1</sup> outlined how it will cut £83 billion in public spending between now and 2014/15. Among the raft of measures were significant cuts to funding for local authorities (LAs). Currently, LAs receive three types of grants from central government to fund local services:

**1. Specific grants**

Grants which are ring fenced to be spent in a specific way.

**2. Area Based grants**

Where LAs can decide how to spend the money on local priorities

**3. Formula grants**

The money has no strings attached and LAs can spend the money how they see fit.

On average LAs receive 53% of their income from central government grant with money spent mostly on three different areas:

1. Capital projects such as roads/school building
2. Council housing
3. Local public services which include children's services, adult social services and police<sup>2</sup>

## Kensington and Chelsea's Share of the Cuts

In terms of the share of the £1.16bn cuts across England, LAs in London will lose a total of £169m. Kensington and Chelsea's share of the £169m amounts to £3.497m. This includes the loss of £1.576 to area based grants, £1.490 for the Local Area Agreement reward grant and an estimated £0.430 for other grants.<sup>3</sup>

In real terms over the next four financial years from 2011/12 to 2014/15, LA grants from government will fall by 26%. For Kensington and Chelsea due to this reduction and other financial pressures such as funding the growing costs of the freedom pass and

---

<sup>1</sup> Spending Review 2010; HM Treasury; October 2010

<sup>2</sup> A Plain English Guide to the Local Government Finance Settlement for 2011-12; DCLG

<sup>3</sup> [www.totalcutstolondonv3.1.xls](http://www.totalcutstolondonv3.1.xls)

redundancy payments incurred through efficiency savings, the council state that it must find over £50 million in savings or increased income over the next four years.<sup>4</sup>

## **RBKC's Proposals for savings – 2011/12**

### **Family and Children's Services**

Within family and children's services there are proposed savings of just over £2m, this includes proposals to:

- Reduce use of contract staff and consultants and improve attendance and effectiveness of staff (a saving of £380,000).
- The deletion of the Director of Children's Services post and associated costs (£250,000) and the reduced number of Business Support Officers in family services (£200,000)
- The closure of Latymer Children's Centre due to the development of the Latymer area (£273,000) and the closure of Golborne education Centre (£152,000)

### **Housing Health and Adult Social Care**

The department has identified proposed savings of just over £2.1m.

This includes:

- The review of day services resulting in proposed closure to EPICS (£242,000)
- Reduced older people's residential budgets to fund the telecare service (£160,000)
- Savings in the cost of purchasing residential and nursing placements (£100,000) and savings in improved design of the assessment service (£190,000)
- Savings of £200,000 from the redesign of mental health service day centres.

There is an expected growth of £327,000 from items such as the increase in the mortuary and coroners budget.

### **Planning and Borough development**

There is a proposed total of over £500,000 in savings from the deletion of staff posts.<sup>5</sup>

## **Tri-Borough Proposals**

An important contribution to future savings will be the joint work being undertaken with Westminster and Hammersmith and Fulham Local Authorities. All three LAs are

---

<sup>4</sup> RBKC Budget Proposals 2011/12

<sup>5</sup> Some of the figures taken from RBKC's Budget Proposal report for 2011/12

developing plans to integrate the management and delivery of a range of services with the aim of each saving at least £10m per year by 14/15.<sup>6</sup>

The aims are:

- To reduce the number of middle and senior managers including combined services overall by 50%.
- To reduce overall the overheads on direct services to the public by 50%.
- To ensure that by 2014/15 the costs of overheads and middle and senior management will be a smaller proportion of total spend than in 2010/11.

The sovereignty guarantee contained within the report includes matters that guarantee certain protection such as the each council retaining its own constitution, to set its own council tax and budget and set own spending priorities.

It also states that 'Councils will commission service from contractors, voluntary bodies and others together, but can also decide to commission, or grant aid, on their own.'(p16).

## Proposed changes to services

### 1. Children's Services

A combined three borough children's service including education will be formed, although safeguarding and family support will continue to be run on a borough basis. This single service will be under one Director and management team.

There will be a combined Fostering and adoption service with a potential staff reduction of 10%. Under Education Services areas identified for immediate steps to be taken towards combined services are:

14-19 curriculum	Education Business Partnership
Alternative provision for vulnerable pupils	Governor support
School improvement delivery	School admissions
School exclusions	SEN Statements
Early year's advisory	Education welfare services
Education psychology	Education for 'looked after children'

Two costed options for a combined service structure have been developed. The first separates services into commissioning and delivery which provides estimated savings of £640,000. This option will have a 2 tier post, one for commissioning and one for

---

<sup>6</sup> Tri-Borough Proposals Report '*Bold ideas for challenging times*' February 2011, Westminster City Council, London Borough of Hammersmith and Fulham and Royal Borough of Kensington and Chelsea.

delivery and will eventually lead to the procurement of an arms length delivery model for 2012.

The second option brings services across all three boroughs together into one functional structure with estimated savings of £760,000. This will have one 2 tier post. Total estimated savings once an option has been agreed will be in the region of £1m across the 3 boroughs. New model will be expected to be in place by September 2011.

Some services particularly those that are able to generate income such as school buyback services will be in the first phase of a delivery model such as a social enterprise.

### **The Merger of Local Safeguarding Children Boards**

The rationale for the merger is that it will provide a stronger voice, shared learning, reduction in number of meetings and better use of training opportunities. Potential savings are estimated at £101,000 for 2011/12.

### **Youth Offending Service**

The aim is to establish a service across the 3 boroughs managed by a single strategic lead manager. It will combine courts and business service functions, share specialist roles and deliver direct services to young offenders through locality based teams.

## **2. Adult Social Care**

A combined adult social care (ASC) unit will be formed; it will commission services alongside GPs when they take over commissioning responsibility. Currently, staff involved in the provision of social care services will transfer into one or more new joint units alongside NHS staff with similar responsibilities. This should assist smarter procurement opportunities and a more co-ordinated approach.

The proposed model includes:

- Separate Health and Wellbeing Boards
- Joint commissioning team lead by a single Director of ASC
- Creation of a single commissioning support organisation for both ASC and NHS GP commissioning
- A single integrated provider organisation between ASC and community health services
- Sustaining various integrated arrangements with central northwest London and west London mental health trusts for people with mental health issues
- Single director of public health

Indicative configuration for joint service includes

#### **NHS Commissioning**

Mental health  
Community nursing, rehabilitation and therapies  
End of life care & continuing care  
Dementia care & pathways  
Rapid response services  
Long term conditions  
Enhanced primary care

#### **Local Authority Led joint commissioning**

Substance misuse/data  
Learning disabilities  
  
Supporting people/housing with support  
homecare  
Support careers  
Residential & nursing home  
day services  
Telecare

#### **Shared NHS & LA functions**

Workforce & provider development  
Personalisation  
Voluntary/3<sup>rd</sup> sector capability  
Complaints/managing quality of provision & care  
Engagement and consultation.

There is a potential for £9m of savings across the 3 boroughs by 2013/14.

### **3. Environment services**

Possibilities for amalgamation includes:

- Environmental health
- Highways and transport
- Culture and leisure
- Libraries
- Waste management
- Licensing
- Parking
- Building control
- Community safety

There are potential savings of £5m

#### **Library Services**

A combined three borough library service is proposed but retaining individual borough branding to reduce management and overhead costs. A future option subject to appraisal is that this service could be transferred to external management possibly through a new charitable trust.

### **4. Corporate services**

Avoiding duplication and achieving economies of scale and business process change is the core aim to achieving savings. Service area financial opportunities identified are:

- Unified communications
- Datacenter consolidation
- Staff consolidation
- Consolidation of business systems
- Desktops and core systems
- Shared directories,

These changes show a potential saving of £700,000 by 2012/13.

**Tri borough proposals will bring about an estimated savings of 34.6 million.  
By 2014/15**

## Policy Considerations

**Two of the policy considerations RBKC need to consider are:**

### 1. Can these proposals be undone?

The proposal states that under agreed contracts, agreements will have a periodic renewal date written into them so that any council could withdraw from the agreement subject to notice period. However, this could be subject to reasonable adjustments costs payable to other parties.

Also in respect of combined service delivery to the public on behalf of the three councils, the proposal states that any council wishing to withdraw from a combined service would have to test 'whether their contribution to the cost of the combined service would be sufficient to run a stand-alone service'. (p81).

### 2. Duties under the equalities act 2010

New Equalities duties require LAs to publish a range of equality data relating to their work and service they provide and the equality outcomes towards which they are working. LAs will need to publish the first tranche of annual data by 31<sup>st</sup> July 2011 and publish equality outcomes by 6<sup>th</sup> April 2012.

## Voluntary Sector Considerations

The Tri-borough report states that political leadership and accountability arrangements would work if more activities were either commissioned jointly or delivered jointly across the three boroughs. It goes on to say that where services are to be commissioned either one of the three Councils will act as lead commissioner, or commissioning will be conducted by a jointly appointed staff member'

Services supported by grant aid will be largely unaffected, although the opportunity may be taken to see whether successful voluntary sector organisations can be encouraged to widen their reach across the three borough territory. Most grants will be decided by the three Councils separately, although grants which support service outcomes (such as social care or children's work) will be grant supported in the context of overall service planning as now (26 & 27).

Voluntary and community organisations will therefore need to consider under the tri-borough proposals:

3. Do you foresee the tri-borough proposals creating new avenues/opportunities for the sector?
4. Will VCS workload increase as a result of the proposed changes?
5. Will certain local VCOs or larger charities/businesses fair better in this new environment and what will become of smaller and more inwardly focussed groups?
6. Will VCOs under tri-borough commissioned contracts be placed with even greater legal pressures and risk?
7. Should more emphasis be placed on organisations that are enterprise ready to deliver tri-borough commissioned services?
8. What support or guidance should KCSC provide for local VCOS that:
  - a) Aim to flourish through tri-borough opportunities?
  - b) Are not yet sure if the new environment will suit their organisation/clients/mission etc?
  - c) Are unable to consider tri-borough opportunities due to capacity/funding issues?