

## **A briefing on reduction in Public Expenditure and the effects on the Voluntary Sector in supporting adults and older people in North Yorkshire**

Since the General Election the new Coalition Government has made it clear that significant reductions in public expenditure will be necessary if the financial position of the UK is to be addressed.

The first evidence of this was the announcement on 10 June 2010 of cuts to local authority grants totalling £1.166bn in 2010/11.

North Yorkshire County Council considered the details of the £10.80m "lost" by the County Council for 2010/11 at its meeting on 22 June 2010.

The Coalition Government has also signalled that the Autumn Spending Review will look further at the level and priorities of expenditure by local government.

The assumptions of the Council is that a 5% reduction in grants receivable will impact in 2011/12 and 2012/13. In cash terms this is equivalent to approximately £27m over the 2 years. For the purposes of identifying possible areas of cost reduction, this sum has been allocated on a pro rata basis to all Directorates.

In addition to all of the above, the Government announced immediate cuts of £10.80m to grants (both revenue and capital) previously notified to the County Council. The revenue / capital split of the £10.8m is £3.66m and £7.14m respectively. The impact of these cuts has been assessed but it is reasonable to assume that the grants involved will not be reinstated in 2011/12. These include admin cost for the Supporting People Services.

Over a three year period and expressed cumulatively this equates to £47.2m and is equivalent to 13.5% of the Revenue Budget at the start of the current financial year.

For the Autumn Spending Review the Chancellor is talking about a real term cut of approx 25% over the next four financial years (i.e. 2011/12 to 2014/15) in Government spending in areas other than the NHS and overseas aid. Percentages of this magnitude, if applied would suggest a reduction in annual net expenditure for the County Council of approximately £69m over the 5 year period beginning in the current year. This figure is likely to be understated, however, in that the impact of inflation (on goods and services if not on pay) and the impact of volume demand (e.g. for adult social care) will also have to be addressed over this 5 year period. In social care we might need therefore to profile the possibility of a 30% cut

The Government has announced that there will be a Council Tax freeze in 2011/12. There now seems to be a recognition that this will result in a revenue loss to authorities. How this will work in practice however is unclear at this stage.

All of the above is already in the public domain and sets the context.

Prior to the Autumn Comprehensive Spending Review and looking at the reductions in grants etc Adult and Community Services in North Yorkshire looked at the efficiencies and cuts it is required to make. The report to the Executive on the 29th June 2010 outlines these in broad terms in the appendices. At the last meeting between Adult and Community Services and representatives of the Voluntary Sector in North Yorkshire we advised the that while the Council is committed to low level prevention and early intervention as a key plank in its strategy given the scale of the cuts it could not fully shelter the third sector from carrying a share of the cuts. The investment in the sector in North Yorkshire is in excess of £14 million with NYCC contributing approx £12 million and NHS North Yorkshire and York investing in

partnership approx £2 million. It is in this context that we advised the voluntary sector representatives we will be looking at approx £300,000 of cuts this year from within the sector and approx £15,000 from infrastructure organisations. The target for 2011/12 is subject to the outcome of the Autumn Spending Review.

Since the last joint liaison meeting on the 22nd June ACS has had an opportunity with NHS North Yorkshire and York to meet with representatives of the many Age Concern Groups in North Yorkshire and local Alzheimer Societies. In each of these we have considered the budget and its consequences.

Both NYFVO and the Local Infrastructure Organisation (LIOs) agreed to help cascade the present understanding of the budget and its possible consequences to the many front line voluntary organisations. We in NYCC ACS will welcome proposals around efficiencies and to date we are very impressed with organisations that have been pro-active in developing new collaborative approaches with a view to making their organisations more efficient. Please take this opportunity to put forward any proposals via your local CVS/infrastructure organisation.

Recognising that proposals from the sector may not contribute fully to the targets we will as a Directorate now look at options for reductions. Our decision making framework around this will:

1. Consider the priorities of the Directorate and the most critical needs of adults in the community
2. Consider the size of investment made to organisations and their potential capacity to deliver efficiencies
3. Take account of the fact that given the size of the cuts required by government the areas of service while seen as desirable might not be viewed as essential at this time and
4. Take account of the risk of service provision costing more in the medium term if cuts were made now.

This work should be completed in July and the ACS will advise the sector and have a dialogue with its representatives. However the year is passing quickly so there is now some urgency following the meeting of the Executive 29<sup>th</sup> June.

The Voluntary Sector will also be aware from the many briefings we have had that the Directorate itself is proposing to make many changes on how it delivers services. This is very likely to present new opportunities for organisations in the voluntary sector.

There is no doubt there is a degree of uncertainty but now that initial financial targets are clearly stated this begins to give a shape to the challenge. However the Autumn Statement from Government might again bring further anxiety. Meanwhile it is becoming clear that those organisations which are deemed to be efficient and delivering essential services with clear outcomes will be best placed to avail of new opportunities as Adult Social Care itself transforms its own services. We will continue to liaise at County and locality level as together we seek solutions for people across North Yorkshire.

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