The spending review – what does it mean for us?

The Chancellor set out the size of public service cuts on October 20th (there is a copy here: www.supportsolutions.co.uk/docs/csr.pdf). This will be followed by settlements awarded to each local authority (possibly late November) then local authorities will finalise their budgets by late March.

There are two ways of reducing the deficit: to increase growth (which increases tax receipts and reduces benefits claims) and reduce public spending. The risk of a sharp reduction in public spending is that it slows down overall growth, because lots of the private sector relies on public sector contracts – if that happens, further cuts could need to be made in future budgets. On the other hand, it is possible that cuts will help restore investors' confidence in the UK economy and that growth will be stronger than currently predicted.

The spending review moves further away from ring-fencing funding streams, except for the new public health budget for local authorities.

NHS

The NHS budget was "protected". However, there are debates about whether the small increases announced translate into real terms increases or not. Demand for health services is increasing and inflation in NHS costs is higher than the underlying rate of inflation, meaning that the NHS is required to save £20bn annually through efficiency savings (cuts to management, better prevention and reforming services to be more efficient). NHS capital projects (new building etc) have been cut, like capital projects in all departments. The abolition of PCTs and their replacement with GP- led commissioning consortia is projected to cost £1.7bn. £1bn is being transferred from the NHS into social care (see below).

Social care

The review "allocates £2 billion a year of additional funding by 2014-15 to support social care. Combined with a programme of reform and efficiency savings, such as greater use of personal budgets, this will mean local authorities will be able to improve outcomes and will not need to reduce eligibility for services." This new money is not ring-fenced and is given in the context of 7.1% annual cuts to local authorities' overall budgets over four years (a reduction of a quarter by 2015), so there are concerns about what it will actually be spent on. It is often hard to identify exactly what is being spent on which type of council activity, because council activities have overlapping target groups and outcomes. The National Indicator Set and Local Area Agreement targets will be abolished and there is a great emphasis on local decision making and use of the Third Sector in service delivery.

£300m of the new money is intended to be spent on re-ablement (intermediate or step-down care), "which has shown dramatic benefits" in helping people to regain their independence after a crisis or hospital stay and in cutting emergency readmission to hospital.

Existing social care grants to local authorities will rise with inflation to £1.4bn, but the Learning Disability Development Fund, the Carers Grant and Supporting People will not be ring fenced.

In addition to the £2.4bn grant funding for social care and the additional funding from the NHS set out above, there will be two new Department of Health grants issued over the spending review period: a Learning Disabilities and Health Reform grant (a non-ring fenced, specific grant worth around £1.3bn from 2011/12), details of which will be published later this month and the Public Health grant (which will be introduced from 2013/14).

David Behan, Director General for Social Care, wrote to Directors of Adult Services outlining the spending review and saying that meeting the challenges will require a focus on:

- helping people to stay independent for as long as possible, for example through re-ablement;
- ensuring that people receive care and support in the most appropriate and cost effective way to meet their outcomes, for example through driving forward with personal budgets;
- maximising spend on frontline services and making better use of the social care market.

The government's new Vision and Concordat for social care will be published November 3rd. These will highlight Shared Lives, Homeshare and micro-enterprises as models for a transformed and personalised care and support system and advise councils to reduce their reliance on traditional, expensive forms of care, put individuals in greater control of their care, foster a vibrant social care market and focus on prevention.

Housing

The terms of existing social tenancies and their rent levels remain unchanged, but new tenants will pay higher rents. The Disabled Facilities Grant will be protected at the current level, although any local authority contributions may be cut locally.

Benefits

The current system of means tested benefits will be replace by a Universal Credit system, still to be defined in detail. "Household benefit payments" (i.e. the total amount of benefit income receivable per household) and housing benefit will be capped. DLA recipients are exempted from this. However, DLA recipients (excluding self-funders) who live in residential care homes will lose their entitlement to the Mobility component of DLA. Employment and Support Allowance will now be limited to one year except in the case of "severely disabled" people. There is concern as to how fairly ESA assessments in the pilot areas are treating people with fluctuating conditions like MS and mental health problems. Mencap fears that the time limit will push more people with a learning disability either into work before they are ready, or into claiming JSA.

Older people

As well as the social care settlement, the Government is "preserving" concessionary bus travel, Winter Fuel Payments, free eye tests, prescriptions and TV licences. The temporary increases to Cold Weather Payments provided in the past two winters are made permanent, so that eligible households receive £25 for each seven day cold spell recorded or forecast where they live.

The Third Sector and outsourcing

There will be a Government strategy to tender more public services to the Voluntary & Community Sector and private sectors on a "payment by results" basis, including in social care. Supporting People funding largely survives, although in a reduced, non ring-fenced amount of £6bn over four years.

There will be a new £100m fund to help medium and large charities to adjust to the new environment of tendering for public services contracts and the reduction in grant support.

Central government budgets have been cut heavily. NAAPS centrally gets some funding from central government, which we hope is not at risk.

Opportunities

The risks are clear and we are all worried about the future. But there may be some opportunities:

- We are already seeing some councils carrying out reviews of high-cost residential care arrangements and asking if they could be provided more cheaply through expanding Shared Lives. Community Catalysts would be able to help carry out such a review for your council.
- Outsourcing is clearly the intended direction of travel. This will bring risks but also opportunities to existing third sector Shared Lives schemes and to in-house schemes who are prepared to take the initiative on taking their scheme into the third sector.
- There is an increasing focus on - and funding intended for – re-ablement. At least one Shared Lives scheme has already started to develop and market a re-ablement support service, helping people to regain their independence after a crisis or hospital stay and cutting emergency readmission.
- Personalisation and prevention remain the direction of travel. The visibility of Shared Lives, Homeshare and micro-enterprise continue to rise in the new vision for social care.
- There is a reduction in the budget for and reliance upon prisons: "This will include paying private and voluntary sector providers by results for delivering reductions in reoffending." Some schemes are exploring Shared Lives as a way of supporting ex-offenders, especially the many ex-offenders who have a learning disability.

Contact:

Alex Fox, CEO, NAAPS, alex@naaps.org.uk
John Dickinson, Head of Shared Lives, NAAPS, john@naaps.org.uk