

## OVERVIEW AND SCRUTINY BOARD

9 JANUARY 2015

ELECTED MAYORAL STRATEGIC PRIORITIES  
AND DIRECTION OF TRAVEL1. Headline Information

George Osborne, Chancellor of the Exchequer (Comprehensive Spending Review Speech – 22<sup>nd</sup> October 2010)

Themes of Speech

- Deficit / Public Borrowing
- Austerity Measures
- Re-balancing the Economy
- Public Sector Financial Cuts
- Economic Growth

Financial Impact

Financial cuts made so far:

2011/2012	£15m
2012/2013	£13m
2013/2014	£13m
2014/2015	£19.5m

= £60.5m in savings plus £8.9m - Working Neighbourhoods Fund

In addition, further savings must be made up until 2019/2020 and are as follows:

2015/2016	£14.1m	with mitigation
2016/2017	£17.9m	without mitigation
2017/2018	£15.6m	without mitigation
2018/2019	£15.1m	without mitigation
2019/2020	£14.5m	without mitigation

Potentially further savings of £77m+ up until 2019/2020

The grand total from 2011/2012 to 2019/2020 will be £145m without mitigation or £121m with mitigation respectively.

Service Impact

Job losses:

728 since 2010 (as at September 2014)

235 during 2015/2016

365+ from 2016/2017 until 2019/2020

Operational:  
Reduction and reconfiguration of services

## 2. **The Big Challenge**

Childrens' Safeguarding and Adult Social Care:

- Demand is increasing at a rate of £5.3m year on year.

Children:

- Childrens' Services referrals remain high at 2,300 per year.
- The number of children in need of Social Care service has increased by 5% and children requiring to be looked after has increased by 0.3% respectively. This is likely to continue at the same rate or higher for a number of years to come.
- Remember, for every 16 children taken into care, it costs this authority over £1.2m per year.
- SEND (Special Educational Needs and Disability) is also creating additional demand that will affect our plans for 700 young people with statements of special need.

Adults:

- Number of older people requiring support in care homes has increased by 9% over the last 3 years, with an additional cost of £1.5m. We are therefore spending almost £15.5m on this area of social care.
- Demand for care at home from older people increased by 2,500 hours per week, an increase of 45% at a cost of £1.5m per annum. We are therefore spending over £3.8m on this area of social care.
- I estimate that the two areas of social care I have highlighted equates to about 14% of net Council spend and that is just one small part of social care.
- The Care Act 2014, although a welcome piece of legislation, will have serious financial implications on the adult social health care agenda.

Supplementary Information

As people live longer, the number of people suffering from Dementia increases. Our current projections and planning are based on the following assumptions to 2020:

- The population aged 65+ will increase by 15% to 25,000
- The number of people suffering from Dementia, requiring Local Authority care will increase by 25% to 375.
- Adults with a physical or increased learning disability requiring Local Authority care will increase by 19% to 1450.
- Adults with a mental health problem requiring Local Authority care will increase 130% to almost 2,600.

- The impact of the above will require additional funding in the region of £1.9 million per year.
- The average cost of providing residential care for an individual requiring residential care is as follows:
 

- Dementia	£22,700
- Physical Disability	£36,500
- Learning Disability	£90,000
- Older people in Middlesbrough are 83% more likely to require residential care than the all England average.
- Older people in Middlesbrough are 77% more likely to require Social Care support at home than the all England average.

Note: 53% of our budget is spent on children and adult social health care. By 2020, due to our overall budget reducing because of government austerity measures, together with the rise in demand for children and adult social care, 73% of our budget will be spent on these two areas.

### 3. **The Big Question**

Where will the money come from to deal with our challenges?

- a) Government formula grant
- b) Council Tax
- c) Business Rates
- d) Fees and charges

#### **Budget 2014/2015**

- Government formula grant amounts to £70.3 million, which is 35% of our budget
- Council Tax amounts to £41.1 million, which is 21% of our budget
- Business rates amount to £19.1 million, which is 10% of our budget
- Fees and charges amount to £67.9m, which is 34% of our budget

### 4. **The Remedy**

- a) Increase the number of residents in the town - formula grant is paid on per head of population:
  - 160,000 residents - 40 years ago
  - 139,500 residents – now
  - £8 million less per year due to population decline
- b) More houses - Housing stock must be balanced

At present:

❖ Band A	53.7%	(87% Band A-C compared to the national average of 66%)
❖ Band B	16.4%	
❖ Band C	17.2%	
❖ Band D	7.8%	(53% Band A compared to the national average of 25%)
❖ Band E	3.1%	
❖ Band F	1.0%	
❖ Band G	0.7%	
❖ Band H	0.1%	

- Houses
  - Will increase the number of residents and therefore increase the formula grant from Government
  - Will increase Council Tax revenue

## 5. Local Development Framework

### a) Intention to build

7,495 houses between 2012 and 2029

Profile as follows:

- up to 2019 - 3,006 properties
- 2019-2024 - 2,614 properties
- 2025-2029 - 1,813 properties

An average of 440 per year

### b) Financial Impact

If the average is Band D:

- New Homes Bonus £10.8m
- Council Tax receipts would increase by £10.1m
- Government formula grant would increase by £4-5m, due to the number of residents increasing by 10,800

**AS A COUNCIL WE HAVE TO BE SELF-FINANCING LIKE WE HAVE NEVER BEEN BEFORE.**