



## **Supporting People Budget – Action Plan Update**

### **SUMMARY**

- 1.1 At its meeting of 6 September 2005, Cabinet agreed to an Action Plan to bring Supporting People expenditure in line with government grant. The Community Regeneration Commission at its meeting of 19 January 2006 also asked for an update on the financial position.
- 1.2 The Action Plan had three elements:
  - service reviews
  - new contracts
  - strategic reviews.
- 1.3 This report updates Cabinet on progress made. The Action Plan has implemented sufficient cost savings to bring the Supporting People budget back to the funding made available by the government. This outcome is despite a reduction in that funding and a further reduction next year. This process has not been easy and many hard choices have had to be taken. The strategy of employing groups of experts in each commissioning area has resulted in recommendations that should cause the least damage to services to the public and that best fit the strategic requirements of the Council. The aim throughout has been to preserve services to the public wherever possible.
- 1.4 Subject to any issues raised at the meeting, I support the following recommendation.

### **RECOMMENDATIONS**

- 2.1 To note the progress made on the Action Plan to achieve reduced spending on Supporting People contracts.
- 2.2 To recommend that only £300,000 of the 2005/06 overspend in Supporting People be required to be repaid to the Council.
- 2.3 To refer this report to the Community Regeneration Commission in response to their request for an updated position.

<b>REASONS FOR RECOMMENDATIONS</b>
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- 3.1 To bring Supporting People expenditure in line with government grant.
- 3.2 To minimise risk to the Council as the Administering Authority for Supporting People.
- 3.3 To minimise the effect of reduced Supporting People expenditure on vulnerable service users.



## **Supporting People Budget – Action Plan Update**

### **SUPPORTING INFORMATION**

#### **Introduction**

- 1.1 On 6 September 2005, Cabinet received a report detailing the financial history and future projections for Supporting People funding for the next three years. Cabinet agreed to an Action Plan to achieve reduced spending to balance the proposed spending in 2006/07 and 2007/08 with the indicative funding levels.
- 1.2 The Community Regeneration Commission at its meeting on 19 January 2006 also requested a financial update for Supporting People.
- 1.3 This report updates the progress made in implementing the Action Plan.

#### **Action plan**

- 1.4 The Action Plan has three elements:
  - service reviews
  - new contracts
  - strategic reviews.

#### **Service reviews**

- 1.5 The Supporting People Review Timetable details 77 service reviews. Of these, 71 have been completed and signed off by the Supporting People Commissioning Board. A further 6 will be presented to the Supporting People Commissioning Board in February.
- 1.6 The Cabinet report in September included the projected savings from all reviews completed before the August Supporting People Commissioning Board. Twenty-one reviews were signed off by the Supporting People Commissioning Board at its meeting in October, and a further 16 in December. These reviews will lead to savings of £242,000 2006/07 increasing to £313,000 in 2007/08. Outstanding reviews to be presented to the Supporting People Commissioning Board in February are anticipated to achieve additional savings of £42,000 2006/07 increasing to £73,000 in 2007/08.

- 1.7 The service review of Derby Homes Sheltered Housing Service has recommended a flat rate contract of £568,572. The current contract for this service costs about £1.3m a year and, therefore, the proposed new contract represents an annual saving to Supporting People of £732k.

### **New contracts**

- 1.8 Contracts for long-term services are paid based on the number of eligible service users occupying a scheme at any one time. This leads to uncertainty for both the Council and providers, and gives us less control over expenditure. We have, therefore, been consulting with providers on a new contract type to be paid on a flat rate basis. This will make financial planning for both the Council and providers more certain. However, moving to the new contract type has proved to be more problematic than first expected.
- 1.9 For technical reasons arising from the Supporting People Grant Conditions running a flat rate contract is much more difficult for sheltered housing providers than other providers. For this reason we have decided to move ahead with the introduction of flat rate contracts for most providers but to allow providers of sheltered housing to have the choice to opt to remain with a variable contract for now. This will be reviewed in 12 months time.

It should be noted that as Derby Homes provision for older people is being remodelled on floating support lines it is necessary for their scheme to move onto a flat rate contract.

### **Strategic reviews**

- 1.10 On 21 October 2005, the Supporting People Commissioning Board also received a report detailing the recommendations from the three Strategic Review Groups. The role of each group was to bring together and review all the available information for their client groups and to make recommendations about how to downsize Supporting People for their client groups with the least detrimental impact on service users.
- 1.11 The outcomes of those Strategic Reviews were passed back to the Supporting People Commissioning Board to consider in detail.

1.12 The Supporting People Commissioning Board agreed to the following proposals from the groups:

- 4.2% flat rate reductions of contract payments in 2007/08 for all schemes providing for the following client groups – teenage parents, young people at risk, care leaver, homeless families and victims of domestic violence.
- instruct the Supporting People Team to negotiate with the identified providers of older people's services on the closure/downsizing of sheltered schemes identified as least sustainable using data collected by the Supported Accommodation Strategy and data collected by Supporting People and report back on progress to the next Supporting People Commissioning Board.
- instruct the Supporting People Team to negotiate with Refugee Housing Association on decommissioning their service.

The Supporting People Commissioning Board agreed to consider further at its February meeting the recommendations of the group examining provision for mental health, with a view to finding a way to minimise the impact of any changes to users of these services.

1.13 The Supporting People Team has provided a half-day workshop with providers and key commissioners to consult with providers on the outcomes from the strategic reviews.

## **Lobbying**

1.14 The reduction in funding for Supporting People services has been raised with Derby MPs, and Council officers have made our concerns known through the LGA and SIGOMA. Derby PCT and the Probation Service have both raised this issue with their Boards who have agreed to lobby on Derby's behalf via their channels.

## **Funding position**

1.15 The Supporting People budget has been considerably overspent over the last few years. Expenditure has exceeded the Supporting People grant as shown at Appendix 2. This year's overspend against the grant is expected to be around £600,000, a reduction from an overspend of £857,000 last year despite a fall in income of £570,000. Without the actions taken as part of the action plan, the budget position would have continued to deteriorate. This compares with a budgeted deficit of £129,000, resulting in an overspend against the budget expected of £471,000. This compares with a last reported figure in November of £534,000, reflecting the ongoing impact of the service review programme.

1.16 The Government have announced the allocation of Supporting People grant for 2006/07 and are consulting about the future formula to allocate Supporting People grant from 2007/08 and thereafter. The allocation for Derby has been set slightly higher than anticipated when setting the strategic reviews in place, and will allow the Council to balance the financial position in 2006/07. The grant will still fall by 1.7% in cash terms in 2006/07. As a result of the strategic and service reviews during 2005, savings should now exceed this amount, and result in a surplus for the year. This will not, however, result in eliminating the accumulated overspend from previous years.

- 1.17 As a result of the slightly better emerging position, the Supporting People Commissioning Board will be able to review its position again. It should be noted that the Appendix assumes that the Action Plan is implemented in full.
- 1.18 The Board will not be in a position to review the longer term position until the outcome of the Government's consultation on the Supporting People formula in the summer, but if the outcome is as consulted upon the grant would remain at its 2006/07 level in 2007/08. This would be better than previously planned and might result in the Board having some limited resources. This is, however, far from certain at this stage, and will not be known until the outcome of the consultation is made known – likely to be in the autumn of 2006.
- 1.19 In summary, the financial position of Supporting People has improved markedly as a result of the implementation of the Action Plan. This process has not been easy and has resulted in some providers, particularly Derby Homes, having to face considerable reductions in funding for their services. The prospects for the future are, however, somewhat brighter if the formula is allocated along the lines currently being consulted upon.

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<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – Budget position

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 The Supporting People budget has been in considerable deficit for a number of years, and this deficit is both being met by the Council's general fund and was set to increase further without the action taken by the Commissioning Board. The projected surplus can arise only if all contracts are set at the level suggested by service and strategic reviews.
- 1.2 The carried forward overspend since the inception of Supporting People is likely to be around £1.45m at the end of 2005/06. Of this total, it is proposed that the Council recovers £0.3m, representing around half of the 2005/06 overspend. The remaining amount would remain unrecovered by the Council, but is included to illustrate the overall level of investment by the Council. This will not cost the Council any more funding above that committed by Cabinet in September 2005.
- 1.3 In the case of the Derby Homes sheltered housing review, there are reductions of around half in Supporting People funding. It is proposed that some additional funding support be offered from the HRA, although such funding would need to be transitional as indicated in the report

**Legal**

- 2.1 The Council as the Administering Authority for Supporting People is liable for the full cost of any overspend against the government grant. It relies on the Commissioning Board to plan spending within the funding offered.

**Personnel**

- 3.1 None arising from this report.

**Equalities impact**

- 4.1 The services provided are to vulnerable people. There would clearly be a greater impact of any reduced Supporting People service on these groups than the general population of the city.

**Corporate objectives and priorities**

- 5.1 Without the positive action to identify priorities identified in this report, there would be a detrimental effect on the Council's priority of **minimising increases in Council Tax and providing value for money**. The services supported by Supporting People underpin many of the Council's objectives, particularly **healthy, safe and independent communities**.

