

## REPORT

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To: Supporting People in Kent Commissioning Body

**24 June 2010**

**Subject: The Strategic Review of Investment**

**Classification: Unrestricted**

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### For Information

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**Summary: The report presents the Kent Supporting People Strategic Review of Investment for the period 2010-2015. This report sets out current investment and potential future investment depending on the level of area based grant received by the Administering Authority from the Communities and Local Government department.**

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#### 1. Introduction

- 1.1 This report presents the context of the financial planning and investment to deliver the Supporting People Programme and sets out scenarios of investment and expenditure within the accompanying document to the Five Year Strategy 2010 – 2015. The strategic review of investment supports the hypothesis that the strategy as it currently stands can be implemented. This is on the basis that the area based grant is not cut by more than 20%. If the Programme receives a more substantive cut in funding then the Commissioning Body would need to review the situation in relation to all services that are currently funded and determine what further efficiencies need to be delivered. The risk analysis within this report suggests further action may need to be taken.
- 1.2 The review is set within the context of the “in principle” agreement to the strategic direction and objectives contained within the Supporting People Strategy 2010 - 2015 made by the Commissioning Body at the March meeting. The Programme will be delivering services with a projected spend of £35,117,431 - 2010/11 offsetting the Area Based Grant of £32,024,915 grant by utilising the managed reserves within the Programme.
- 1.3 The emerging economic pressures and the reduction in public spending could impact on the level of area based grant received by the Administering Authority to fund the Supporting People Programme in Kent. This review anticipates and analyses the potential impact of any reduction in funding.
- 1.4 The Communities and Local Government Department has already sustained a cut of £ 780m in funding which represents a cut of 7.2% of the departmental budget. A

further 18% reduction was announced in the May review of Public spending. At the time of writing this report it is unclear how that cut in funding within the department will impact on the Programme if at all. But the Commissioning Body will need to consider the very real possibility that accrued, uncommitted savings may be taken back into the CLG or that the Programme may sustain a commensurate cut in funding. This could see a reduction from £32 million to £28 million and would lead to a reduction in the funding of floating support of a very substantial nature.

- 1.5 Appendix 1 illustrates financial scenarios relating to the area based grant remaining static at £32m, and, being reduced by 13% and 20% respectively. The 13% represents the Supporting People distribution formula in its 'undampened' form (£28,024,915) whilst the 20% represents a potential cut in funding below the CLG 'undampened' formula (£25,624,915). A commissioning plan outlining the anticipated commissioning actions over the next five years is attached at appendix 2.

## **2. Context**

The Strategic Review of Investment is based on a set of principles:

- 2.1 Short term accommodation based services should be retained but the hourly rates should be benchmarked and the hours of delivery should be unified.
- 2.2 Long term accommodation based services should be retained but the hourly rates should be benchmarked and the hours of delivery should be unified where this does not directly impact on Kent Adult Social Services. This will need to be reviewed if the funding for the Programme is reduced by more than 20%.
- 2.3 Handyperson services should be retained. It is proposed that they will be tendered in the autumn 2010. The strategic review of Home Improvement Agencies/handyperson Services will expand on this further at the meeting of the Commissioning Body in September 2010.
- 2.4 Home Improvement Agencies (HIAs) should be retained. It is suggested that their role and scope may be reduced due to a shortfall in funding for Disabled Facilities Grant and the termination in funding from the Regional Housing Board and the potential reduction in funding of initiatives associated with fuel poverty etc. The strategic review of HIAs/handypersons will be submitted to the Commissioning Body in September 2010 and will provide greater detail in relation to this.
- 2.5 Floating support will need to be substantially reduced in capacity and funding and there is a need to position the services that are retained so that they can be delivered on an east/west Kent (specialist) or north/west/east/south basis (generic). This will ensure that there is open, transparent and equitable funding across the county. The proposition is that any savings accumulated or likely to be accumulated will be targeted at increasing the capacity within floating support or retaining floating support in the first place.
- 2.6 Community/social alarms will continue to be funded.

## **3. The Strategic Review of Short Term Accommodation Based Services 2006-07**

- 3.1 The strategic review of short term accommodation based services took place in 2006-07. The Commissioning Body agreed to fund the following accommodation based services:

- a) Young People at Risk, including 16 and 17 year olds, in West Kent (within the Sevenoaks, Tonbridge & Malling and Tunbridge Wells areas)
  - a) People with Mental Health Problems in Ashford and Tonbridge & Malling
  - b) A service for Women Fleeing Domestic Abuse either in the Sevenoaks or the Tonbridge & Malling boroughs
  - c) A service for People Misusing Substances ( Alcohol) in West Kent
  - d) A service for Teenage Parents in Maidstone
  - e) Re-designate a service for People with Mental Health Problems in east Kent to become a service for people with dual diagnosis
- 3.2 Floating support is being delivered in lieu of short term accommodation based services for young people at risk in west Kent, people with mental health problems in Ashford, women fleeing domestic abuse in Sevenoaks and Tonbridge & Malling, and teenage parents in Maidstone. An accommodation based service for people with mental health problems in Tonbridge & Malling is now operational. Funding for an accommodation based service for people with dual diagnosis has been ring fenced for a service being developed in Dover.
- 3.3 A short term accommodation based scheme for young people at risk is currently being developed in Tonbridge & Malling. A site has been identified in Tunbridge Wells but it has not yet been confirmed that the scheme will be able to be developed on this site. Sevenoaks District Council has agreed to find a site for a temporary service for this client group pending the development of a permanent scheme.
- 3.4 An accommodation based scheme in Ashford for people with mental health problems will be operational imminently.
- 3.5 There is a possibility of decommissioning one service in Sevenoaks which is no longer strategically relevant and recommissioning it as a refuge. This will be cost neutral for the Programme.
- 3.6 No sites have yet been located for a service for people with alcohol problems in west Kent or teenage parents in Maidstone.
- 3.7 A site has been found for a scheme for people with dual diagnosis in Dover. However, there is an issue in relation to the land being provided at nil cost. If this is not achieved the scheme becomes unaffordable. There is a possibility of decommissioning a further service in Sevenoaks that is again no longer strategically relevant and recommissioning it as a service for people with dual diagnosis. This will be cost neutral for the Programme.

#### **4. The Kent Supporting People Strategy 2010-2015**

- 4.1 The Strategy has set out priorities for funding that relate to the following client groups:
- Young people at risk
  - People with dual diagnosis
  - People fleeing domestic abuse
  - Single homeless with support needs
  - Families at risk
- 4.2 The Strategic Review of Investment identifies funding for the following services:

- Short term accommodation based services for young people at risk in Shepway District Council
  - Short term accommodation based services for young people at risk in Gravesham Borough Council
  - Short term accommodation based services for young people at risk in Dartford Borough Council
- 4.3 Ashford Borough Council and Canterbury City Council have identified the need to provide short term accommodation based services for young people at risk in their respective districts/boroughs. The funding has been identified within the Strategic Review of Investment.
- 4.4 Thanet District Council has identified the need to provide a short term accommodation based service for single homeless.
- 4.5 There is a priority for future investment identified for a short term accommodation based service for single homeless people in Tonbridge & Malling. There is no funding identified for this service.

## **5. Financial Impact Assessment**

- 5.1 The Strategic Review of Investment is based upon three different scenarios. The scenarios are based on funding remaining static, a reduction by 13% and a reduction by 20%. The CLG has previously marginally increased the funding to Kent based on the Supporting People Distribution Formula (SPDF). The current economic circumstances may lead to the CLG introducing the SPDF in its 'undampened' form. This will reduce the funding to the Programme by 13%. A third possibility is that all public services will receive a cut of 20%, this scenario is anticipated and set out within the paper.
- 5.2 All three scenarios assume that accrued residual savings will be clawed back by the DCLG leaving the Programme unable to utilise the managed savings in 2011-2012 to fund floating support and/or to help meet a deficit should funding fall by 20%. Floating support will need to be substantially reduced or could revert to zero in 2012-2013 if the grant funding is reduced by between 13-20%.
- 5.3 Any cut in funding over and above 4% of the current grant of £32m will require cuts in floating support services over and above the already identified efficiency savings.

## **6. Efficiency savings and proposed management action**

- 6.1 The Supporting People Programme has consistently sought to make savings by;
- Benchmarking services
  - Decommissioning poor providers/services that are strategically not relevant
  - Reducing the number of hours delivered
  - Facilitating providers leaving the Programme who do not wish to be involved any longer e.g. almshouses.
- 6.2 There are further efficiencies that can be made within the Programme which will enable the Programme to manage within a reduced budget. These are:

- The decommissioning of services due to a poor provider and the lack of justification for recommissioning the service (strategic relevance)
- A reduction in the numbers of hours delivered per service user per week in long term supported accommodation
- The benchmarking of all supported accommodation depending on overall performance and the appropriateness of hourly rates
- Reducing the capacity in floating support contracts (depending on grant funding)
- Where a provider chooses to leave the Programme voluntarily (these are often sole traders)
- A reduction in the numbers of sheltered housing units due to failure to meet the decent homes standards or their conversion to extra care sheltered

## 7. Risk Analysis

Risk identified	Impact	Mitigation
Central government funding reduced by more than 20% within the Area Based Grant	<ul style="list-style-type: none"> <li>• A reduction in the number of hours delivered within long term accommodation based services from 17.5 to 10 hours per week per service user (mental Health/Learning disability/physical &amp; sensory disabilities).</li> <li>• A reduction in the funding of extra care sheltered services to the same level as sheltered accommodation</li> <li>• Decommissioning of all floating support</li> <li>• Reduction in funding for Home Improvement Agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of reduced level of service delivery but sustaining a service across Kent.</li> <li>• A review of the strategic relevance of all accommodation based services</li> <li>• A review of the strategic relevance of the funding of alarm services</li> </ul>
The strategy is unable to meet identified and agreed priorities and funds services that are strategically not relevant, e.g. not commission services for young people at risk	<ul style="list-style-type: none"> <li>• Reduced opportunities for this high risk and vulnerable group.</li> <li>• Increased young vulnerable people homeless.</li> </ul>	<ul style="list-style-type: none"> <li>• The Commissioning Body reviews the strategic relevance of the services it has currently agreed to fund</li> </ul>
The Commissioning Body does not agree to the reconfiguration of floating support to a maximum of 20 services	<ul style="list-style-type: none"> <li>• Continued investment in floating support that does not achieve value for money.</li> </ul>	<ul style="list-style-type: none"> <li>• The Commissioning Body initiates a strategic review to identify how it can manage down expenditure and reduce capacity within the 72 floating support services that are currently funded</li> </ul>
	<ul style="list-style-type: none"> <li>• The proposed changes destabilise the provider market</li> </ul>	<ul style="list-style-type: none"> <li>• Changes are introduced incrementally and the Commissioning Body agrees to a change management approach that addresses the concerns of the provider market</li> <li>• Staff are subject to TUPE arrangements</li> </ul>
The proposed changes destabilise service users	<ul style="list-style-type: none"> <li>• Increase in number of vulnerable people failing outside of provision or repeat episodes of SP support provision.</li> <li>• Concentration of service</li> </ul>	<ul style="list-style-type: none"> <li>• Adopt a change management approach that recognises service user concerns and tries to work in partnership with them</li> <li>• Service users are transferred to a new service</li> </ul>

	users in already “congested” areas of Kent.	
Commissioning Body fails to achieve consensus on the refreshed funding priorities and allocation of resources.	<ul style="list-style-type: none"> <li>The programme can not meet the demand for services</li> </ul>	<ul style="list-style-type: none"> <li>Review the eligibility criteria</li> <li>Better targeting of and implementing thresholds levels for housing related support as well as ensuring that service users are moving through housing related support in an efficient and effective way that meets their individual needs will release front end service provision to new service users.</li> <li>Conducting regular and on-going needs analyses using information gathered from a wide variety of sources to inform planning and commissioning decisions.</li> <li>Utilising performance and review mechanisms to ensure the efficiency and effectiveness of service delivery</li> </ul>

## 8. Service User Consultation

Service users were fully consulted during the development of the strategy. Seventy two service users were consulted with as part of focus groups. Members of the service user panel attended a consultation conference in September 2009 and the service user panel were also given a presentation on the contents of the draft strategy and commented upon it.

A further 250 service users fed back via electronic surveys.

## 9. Customer Impact Assessment

The paper is attached to the report which accompanies the draft strategy.

## 10. Conclusion

The Strategic Review of Investment reflects the need to implement the strategy in the context of a potential reduction in grant funding to the Programme by central government. The risk analysis attempts to set out the consequences of such a reduction in funding and the need to ensure that the Commissioning Body manages the situation as best as it possibly can in the light of challenging circumstances whilst trying to maintain a reasonable level of service delivery.

## 11. Recommendations

The Commissioning Body is asked to:

- (i) Note the above report
- (ii) Note that additional information relating to the strategic review of investment is contained within the exempt section

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**Background Information:**

Report Developing the Supporting People Strategy 2010-2015  
Final Draft Supporting People Strategy 2010-15