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To: Commissioning Body

Subject: Delivering the Saving Proposal

Classification: Unrestricted

Recommendations

The Commissioning Body of the Kent Supporting People Programme is asked to agree to

1. The implementation of Option Two for the delivery of the £7 million savings on the Supporting People Programme between 2011/2012 and 2012/2013.

Summary This report sets out a proposal to the Commissioning Body to deliver the requirement for a saving of £7 million over the next two years in response to the adjustment of investment and the impact of the Comprehensive Spending Review 2010. The Programme is profiled to achieve savings of £3 million in 2011/12 and £4m in 2012/13 by the county council. The Programme is proposing that we make savings of £3.5 million in 2011/12 and £3.5 million in 2012/13. However, the savings in 2011/12 would be offset by the utilisation of £3.2 million of reserves. The Commissioning Body would then need to deliver £7 million of savings in 2012/13. This report sets out the opportunities to achieve the savings and aims to provide a provisional assessment of the required activity and impact of a reduction in the grant allocation.

1.0 Introduction

1.1 The Kent Supporting Programme following the confirmation of the allocation of resources from the Kent Revenue Formula Grant allocation has planned to achieve £7 million of savings between 2011 and 2013. The County Council made a statement confirming the required savings on 6 January 2011.

1.2 This report addresses the implications of the savings and the activity required to achieve the savings. The Programme budget will reduce to just over £25 million by 2012/2013. The Programme anticipates that it will retain the reserves accumulated from the earlier ring fenced allocations. This provides an opportunity to deliver the required savings within a planned programme allowing for a period of notice being given to providers to prepare for the adjustment to the commissioning budget.

1.3 The figures provided in this report set out a detailed assessment of the allocation that has been made and the way in which the Commissioning Body can agree to the achievement of the savings and the delivery of the Strategy. The purpose is to give the meeting an understanding of the measures that are required, and to allow an opportunity to discuss how the savings can be delivered.

2.0 The Programme's Budgetary Position in 2011/12

2.1 It is anticipated that the Programme will require circa £32 million to meet its planned Programme of spend against commissioned services and administrative costs in 2011/12. The utilisation of reserves will make it possible to enter into discussion with providers during the forthcoming year to prepare for the future savings which are required in 2012/13. The Commissioning Body will need to agree in future meetings the commissioning plan exclusive of the priorities that have been agreed.

2.2 The priorities established in the 2010/15 Strategy are confirmed as: young people at risk schemes (Ashford, Canterbury, Dartford, Dover, Gravesham, Sevenoaks, Shepway, Thanet, Tunbridge Wells), refuges (Sevenoaks and Tonbridge and Malling), single homeless scheme (Thanet) substance misuse (Tonbridge and Malling), and teenage parents (Maidstone). All proposals have been identified to the Homes and Communities Agency as schemes that it is intended will be going forward to meet the priorities identified within the Programme. The majority of these schemes have floating support schemes that were commissioned in lieu of accommodation-based provision in order to safeguard investment for newly commissioned accommodation-based services. The Programme will ensure that the investment is secure for all of the schemes outlined above.

The first of these schemes for young people at risk is due to open in Tonbridge in April 2011. The Programme will as a consequence be reducing investment in floating support in Tonbridge and Malling for young people because the scheme will be opening.

2.3 The Programme has met the challenge to reduce its funding requirement from over £35 million in 2010/11 to just over £32 million in 2011/12. This has been largely achieved via the reduction in base budget spend through the decision not to renew the contracts for district and borough based floating support and further minor adjustments to some other contractual commitments. It will cease to fund service users in long term supported housing who have assured tenancies, but who no longer require housing related support.

2.4 The delivery of the savings will be "front loaded" however the largest amount of savings is to be delivered in year two (2012/13). The usage of reserves will cushion the effect in year one, leaving the more substantive challenge in year two, and a much lesser challenge in year three (it is likely that no further savings will be required). The reserves are anticipated to be approximately £3.2 million.

2.5 The Supporting People Team is confident that it can meet the residual savings required to bring the funding back into line with the allocation/savings requirement in year one. This will be achieved by contractual negotiations with providers, and the termination of a very few services where the provider's services are not considered to be strategically relevant. The Programme will need to deliver savings of £3.5 million in 2011/12, and a further £3.5 million in 2012/13. The savings in 2011/12 will be offset by the reserves and additional savings that the Supporting People Programme can find but this will mean that the Programme will in effect need to deliver all of its savings in year two (2012/13). In 2011/12 all remaining contracts may be extended by one year enabling the creation of a financial climate in which to commission the new contracts for 2012/13. The Programme will tender for floating support services, Home Improvement Agency services (if agreed) and will market test Handyperson service during 2011/12. It will ensure that needs-led services are commissioned within the funding envelope in time for 2012/13.

3.0 The Programme's Budgetary Position in 2012/13

3.1 The Programme will deliver further savings to achieve a reduction in spend to just over £25 million inclusive of the administrative costs in 2012/13. The proposal is to continue to invest in the majority of services, without compromising the overall viability of the Programme and the Supporting People Strategy 2010 – 2015.

4.0 Option One

4.1 Option One can either introduce a cut in funding across the whole Programme which reflects the £7 million savings requirement in 2012/13. This would entail a reduction in funding to all services of 22%. The adoption of Option One could materially affect the viability of services within the Programme. Appendix One represents an illustration of Option One.

5.0 Option Two

5.1 Option Two is a more strategic approach which reflects more accurately the outcomes that the Programme has been set up to achieve. Appendix Two represents an illustration of Option Two.

6.0 What Does Option Two Entail?

6.1 Sheltered Housing. The proposal relating to sheltered housing is that there is a reduction in the weekly rate. It is suggested that this should be adjusted by £2 per service user per week according to grading. This will result in a provider who achieves an "A" grade across the yet to be agreed range of performance management parameters being paid £10.24 as opposed to the current £12.24. A "B" grade provider would be paid £9.24 as opposed to the current £11.24. A "C" grade provider would be paid £8.24 as opposed to £10.24.

6.2 Alarms In line with achieving a more strategic approach to the savings it is suggested that a fresh direction is taken to the commissioning of alarms. Nationally, Supporting People Programmes are withdrawing from funding

alarms, or substantially reducing investment. The Kent Commissioning Body agreed the bench-marking of alarms and to bring service costs in line with the market test that was undertaken. The outcome concluded that alarms can be accessed for under £0.50 per service user, per week. The Commissioning Body agreed at that point in time to pay £1.50 per service user per week. It is now appropriate to ask the Commissioning Body to reconsider this decision, reflect the market rate and fund at £0.50 per service user per week.

6.3 Short-Term Supported Housing The Programme proposes to streamline the hourly rates of short term so that they converge to no higher than £17 per hour. The Programme reserves the right not to increase hourly rates that fall below £17 per hour.

6.4 Long-Term Supported Housing. The hourly rates in long term supported housing will be brought into line with those of short-term supported housing. There will be further work to reduce the number of hours delivered in long term supported housing. It is intended that the hours of delivery will be reduced to a maximum of 14 in 2012/13, and ten in 2013/14.

6.5 Handyperson Services. The Programme proposes to work with Handyperson services to consider opportunities for the development of a social enterprise model. This would be market tested by the Programme for Handyperson services in 2011/12 and would lead to the withdrawal of funding by the beginning of 2012/13. Income will need to be generated by charging service users who can pay and by generating charitable funding and surpluses for those who can't pay.

6.6 Home Improvement Agencies. The Programme intends to continue to fund Home Improvement Agencies (HIAs). The report on the Strategic Review of HIAs and Handyperson services will provide more detail following further discussion with districts and boroughs on preferred models of service delivery. The HIA services may need to be tendered and legal advice will be sought as to whether or not this is the case. If so they will be jointly tendered on the basis of the preferred model of service delivery. There may need to be a reduction in funding in services by 2013/14. These proposals were discussed by the Core Strategy Group in December and a consensus reached that this direction should continue to be pursued.

6.7 Extra Care Sheltered Housing. Extra care sheltered housing expenditure will be reduced to £36 per service per user per week as from April 2011. It is proposed that it will be brought into line with the per service user per week costs for sheltered housing as at 6.1 above in 2012/13.

6.8 Floating Support. Floating Support will be retendered in 2011/12. Floating Support will be rationalised within the funding envelope available in 2012/13. This will include an evaluation of the eligibility criteria, a review of generic and all specialist service delivery requirements, hours of delivery, hourly rates.

7.0 Payment By Results.

7.1 To achieve a more strategic approach to the savings the Programme will build on the work that has already been delivered including the further

development, subject to agreement by this Body, of payment by results. The initial model within sheltered housing has attracted a lot of interest from the Communities and Local Government Department, the Local Government Association, the National Housing Federation, and the Chartered Institute of Housing. It is proposed that this should be continued.

7.2 The Programme will work with providers and service users during 2011/12 to develop and refine a payment by results model. The payment by results model will be utilised to bring funding for short and long term supported housing within the required funding envelope in 2012/13. The payment by results model will utilise performance management information in order to ensure that service users are receiving outcome driven services, which are full to capacity, facilitate throughput, and which ensure that service users are successfully and appropriately resettled. This is referenced in more detail in a separate report.

8.0 The Programme's Budgetary Position in 2012/13

4.1 The Kent Supporting People Programme will have reduced expenditure to achieve the potential of its target of £7 million.

9.0 Savings Options

9.1 The Programme will reduce expenditure either by accepting Option One, an "across the board" leading to a 22% reduction in funding to all services in 2012/13.

9.2 Option Two, is a model that reflects the strategic priorities and a more strategic approach to delivering the savings.

9.3 Option Two will result in reduced funding to sheltered housing, alarms, short term and long term supported housing, floating support and Handypersons services, and the convergence of hourly rates. It will bring extra care sheltered housing expenditure into line with the funding of sheltered housing (Category Two). There will be a reduction in hours of service delivery to long term supported housing, and possibly floating support services that are currently specialist services. The Programme will need to consider the level of funding to Home Improvement Agencies, possibly via a tendered or negotiated process (depending upon the decision that is made in relation to the strategic review of HIAs). The Programme will develop a payment by results by working with a sub group of the Core Strategy Group. It will also involve providers and service users.

10.0 Legal Implications

10.1 The Programme has sought legal advice in relation to the non renewal of contracts relating to district and borough based floating support. The Steady State Contract has been evaluated and changes recommended and made by legal services. Steady State Contracts will be extended by one year in order to prepare for the reductions in funding/hours, and the changes to specifications in 2012/13.

11.0 Consultation and Communication

11.1 The Programme does not expect any sheltered, floating support, supported housing or alarm services to be materially impacted if Option Two is accepted. The Programme will commence a consultation process with key stakeholders, providers, and service users in relation to the changes proposed within long term supported housing, and extra care sheltered by 2012/13. This will be jointly planned and managed by the newly formed Customers and Communities and Families and Social Care Directorates. The Programme will also consult with key stakeholders, providers and service users about any further changes that need to be made to floating support. The Programme will also consult with key stakeholders and providers about changes proposed to Handyperson and Home Improvement Agency services.

12.0 Risk and Business Continuity Management

12.1 The Supporting People Programme will need to work with providers to ensure the viability of services is not impacted by the proposed changes. The Core Strategy Group has been asked to consider the financial and business risks that may arise and that should be reported to the Commissioning Body.

12.2 The team has achieved a level of savings in the current year with a reduction in its own expenditure from £735k to £689k. It will seek further reductions in 2011/12 by reducing expenditure to £659K. The Programme will continue to achieve further savings proportionate to the scale of the programme by 2012/13 (see separate report).

13.0 Sustainability Implications

13.1 The proposals within this report are set out on the basis that the Supporting People Programme will retain services for vulnerable people in Kent in co-operation with providers.

14.0 Conclusion

14.1 The Kent Supporting People Programme will achieve its savings targets between 2011/12 and 2012/13. It will have achieved this by endeavouring to sustain services across the current range but by ensuring that services are outcome focused and are delivering good quality services to vulnerable people in Kent. It will also ensure the strategic objectives of delivering services to young people at risk are secured and will endeavour to address the other strategic commissioning priorities identified within the Strategy. The Programme would ask the Commissioning Body to accept Option Two as set out in the recommendations above.

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Background Documents The Kent Supporting People Strategy 2010-2015

Appendix One - Illustration of Option One

To follow

Appendix Two - Illustration of Option Two

To follow