

## **REPORT**

**By:** Caroline Highwood - Director of Strategic Business Support, Kent Adult Social Services

**To:** Supporting People in Kent Commissioning Body

2 July 2009

**Subject:** **Supporting People Budget**

**Classification:** **Unrestricted**

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### **For Information**

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**Summary:** **This report provides information on the final outturn of the budgetary position of the Supporting People Programme for the year 2008/2009 and the current position for 2009/10**

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## **1.0 Introduction**

1.1 When the Supporting People Programme was first implemented in April 2003 there was considerable national uncertainty as to the long term funding. As a result of this, the Commissioning Body in Kent took a prudent approach to the management of the grant available, working through benchmarking, strategic reviews and other processes to ensure the money is spent as effectively as possible.

1.2 As a result of this careful husbandry, the Programme ended 2008/09 with a balance in reserve of £9,682k. The Commissioning Body has previously acknowledged that this is too great a balance to be sitting in reserves, and so commissioned some short-term services, with the principle aim of using some of that accumulated saving to facilitate a reduction in the waiting lists for floating support. These contracts have now come into force, and so there will be a direct impact on the level of reserve carried forward at the end of this current financial year.

## **2.0 Forecast for 2009/2010**

The forecast position for this year is that the Programme will spend £2,735k more than it receives in grant. This includes the inflation uplift paid at the start of the year, by agreement with the Commissioning Body. The result of this is that the balance to be carried forward at the end of this financial year is estimated to be the lesser sum of £6,947k.

## **3.0 Five Year forecast**

3.1 The Five Year Forecast is attached at Appendix One. This contains a number of assumptions, not least of which being that the grant amount received from the Department of Communities and Local Government will remain the same throughout the period. In the current economic climate this can only be a working assumption, as there is a very real risk that the amount will be reduced in future years. If it is, then the position at the end of the period will clearly be more difficult than currently outlined.

3.2 In this analysis it is also assumed that no inflation award would be made in 2010/11 (on the basis that 2.5% in the current year was relatively generous in relation to current inflation levels), but that in future years 2.5% would be awarded. This is a current working assumption, and it would be for the Commissioning Body to determine whether they wished to make future payments. The annual cost of this uplift is shown separately in this analysis, in order to inform consideration.

3.3 This analysis also assumes that the temporary additional contracts for floating support agreed last year would cease at the end of their two year life (March 2011). It would be for the Commissioning Body to determine whether to extend their contracts, or to allow them to terminate when originally planned. Both assumptions (i.e. inflation uplift (3.2) and termination of additional floating support (3.3)) are separately identified in the forecast, so that any change to those assumptions can be tracked.

3.4 No assumption has been made about the inclusion of any future growth bids. This analysis relates purely to existing commitments.

## **4.0 The Five Year Strategy and Strategic Review of Investment**

4.1 The 5 year forecast is showing that the Programme will be in deficit by the end of the period, if no other decisions are made. Clearly this will not be acceptable, as no partner agency is likely to have any money available to cover this deficit. The Five Year Strategy will need to consider priorities, and to determine ways in which funding may be

redistributed, and appropriate disinvestments undertaken, in order to bring the long term budget back to balance.

4.2 The Commissioning Body may also wish to make some decisions relating to reduction in capacity within some services ahead of the five year strategy and the strategic review of investment being completed. This would be where services are being delivered in relation to the needs analysis where the capacity required for the services user groups within specific areas are demonstrably above the levels that might be anticipated for that area. The intention would be to reduce capacity within a managed context so that service users do not see services being withdrawn which they would be expecting to receive. A further report will be submitted to the Commissioning Body in September 2009, relating to this particular issue.

## **5.0 Conclusion**

5.1 While the current level of funding for the Programme is good, due to earlier prudent management, the five year forecast shows that this will not be sustained, and that, if no further decisions are made, the Programme will be in deficit by the end of the period. The current development of the Five Year Strategy, and the associated Strategic Review of Investment give an opportunity to rethink priorities and levels of investment so that the future deficit may be avoided.

5.2 There may be an opportunity to take an early decision to rebalance some services across the County, by a reduction in capacity, in some areas. A further report will be brought to the Commissioning Body on this issue in September 2009.

## **6.0 Recommendation**

6.1 The Commissioning Body is asked to note the contents of this report.

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**Background Documents:**  
**None**

**Appendix 1 Supporting People Five Year Forecast**

## Appendix 1 Supporting People Five Year Forecast

Years	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Grant Allocation</b>	<b>-32,025,000</b>	<b>-32,025,000</b>	<b>-32,025,000</b>	<b>-32,025,000</b>	<b>-32,025,000</b>
Contractual Commitments	34,760,000	34,760,000	34,760,000	34,760,000	34,760,000
Less Temporary FS Contracts			-1,317,610	-1,317,610	-1,317,610
Inflationary Uplift	2.5%	N/A	2.5%	2.5%	2.5%
Cumulative Uplift Value	767,000	0	836,060	1,693,021	2,571,406
<b>Total Expenditure</b>	<b>34,760,000</b>	<b>34,760,000</b>	<b>34,278,450</b>	<b>35,135,411</b>	<b>36,013,796</b>
<b>Variance</b>	<b>2,735,000</b>	<b>2,735,000</b>	<b>2,253,450</b>	<b>3,110,411</b>	<b>3,988,796</b>
<b>Achieved Savings Brought Forward</b>	<b>-9,682,000</b>	<b>-6,947,000</b>	<b>-4,212,000</b>	<b>-1,958,550</b>	<b>0</b>
<b>Year End Balance Pre Strategic Review</b>	<b>-6,947,000</b>	<b>-4,212,000</b>	<b>-1,958,550</b>	<b>1,151,861</b>	<b>3,988,796</b>
	<i>Underspend</i>	<i>Underspend</i>	<i>Underspend</i>	<i>Overspend</i>	<i>Overspend</i>
<b>Strategic Review Savings Required</b>				<b>-1,151,861</b>	<b>-3,988,796</b>
<b>Year End Balance Post Strategic Review</b>				<b>0</b>	<b>0</b>

### Notes

1. 767,000 uplift figure is included in the Contractual Commitments of 34,760,000 for 2009/10.
2. Contractual Commitment Figure across all years include 677,145 for Floating Support Commissioned in advance of Accommodation Based Schemes.