

West Dunbartonshire Council

Report by Executive Director of Social Work and Health

Council: 30 April 2008

Subject: Supporting People Funding

1. Purpose

- 1.1** At the Council meeting of 27 February 2008 Councillor Rooney sought information through a motion regarding Supporting People Funding. This report provides information to members on the issues raised by Councillor Rooney's motion.

2. Background

- 2.1** Supporting People was a funding stream provided by the Scottish Government (previously Executive) between 2003 and 2008. Funding was provided in the form of a ring-fenced grant to fund the provision of Housing Support Services. Services are provided by a range of external and internal service providers under the terms of either a contract or a Service Level Agreement.
- 2.2** The internal contracts are provided mainly by Social Work, though there is a relatively small service element provided by the Housing Service.
- 2.3** In April 2008, as part of the Concordat between the Scottish Government and CoSLA, the ring-fencing was removed from this funding stream and now comes as part of the overall Revenue Support Grant settlement.
- 2.4** The Council's Supporting People Grant funding was originally set at £19.127m in 2003/04, however following a review by Ministers, a phased reallocation of Supporting People funding across Scotland was commenced which brought the Council's allocation down to £14.355m by 2007/08.
- 2.5** This ongoing reduction in funding since 2003/04 has been managed by the two Departments in a way in which sought to protect service levels to the most vulnerable. This approach would continue to be appropriate. Further information on measures taken to reduce contract values is provided later in the report.
- 2.6** Monitoring of progress in managing the Supporting People Funding has been done through the Supporting People Task Group. This is an ad hoc Working Group of the Council, which meets occasionally as required in order to provide guidance to the two Departments.

- 2.7** The Supporting People Task Group last met on 13 December 2006 at which meeting the Task Group provided guidance to the two Departments as to how to proceed in the ongoing management of the reducing budgets. It had been intended to call a meeting of the Supporting People Task Group in April or May 2008 to provide an update and to inform the Task Group of any issues arising from the end of ring-fencing and progress in achieving savings. However Councillor Rooney's motion to Council on 27 February has resulted in this report being produced and it was felt that a Task Group meeting was probably not necessary at present.
- 2.8** Since the start of the reallocation of the funding the Scottish Executive, followed by the Scottish Government, have provided permission for Councils to carry-forward any unspent Supporting People funding from one year to the next. Permission has been provided by the Scottish Government for this carry-forward to continue into 2008/09 – though due to the non ring-fenced nature of the funding from 2008/09 onwards it is expected that this practice will no longer be allowable into 2009/10 and onwards. The value of funding brought into 2007/08 from 2006/07 was £1.483m.
- 2.9** The tactics employed by the Council to date have taken advantage of the ability to carry-forward and some early savings in 2003/4 and 2004/05 were able to be carried forward to subsequent years to ease the effects of contract reductions on service users.
- 2.10** Since 2003/04 the Scottish Executive did not provide any inflationary uplift of Supporting People funding. This was reflected in Council practice where no inflation was provided to service providers. The effect of this was to impose an efficiency measure on service providers, which over 5 years at an average inflation rate of around 2.5% equates to over 12.5% in efficiencies on top of the cost reductions achieved.

3. Main Issues

3.1 The Current Financial Position

- 3.1.1** The Supporting People expenditure in 2007/08 is likely to be £15.044m (this figure is subject to variation as the accounts for 2007/08 have not yet been closed). The total funding available for 2007/08 was £15.838m - of which the Scottish Government grant allocation was £14.355m and the funding brought-forward from 2006/07 of £1.483m. This leaves an unused balance at the end of 2007/08 of £0.794m to be carried-forward into 2008/09.
- 3.1.2** The expenditure incurred on Supporting People services in 2007/08 is analysed in Appendix 1. This also shows the split in spending between internal and external providers. Appendix 1 also shows the current contract values for 2008/09.

- 3.1.3** Appendix 2 shows the movement in contract values since the start of Supporting People funding in 2003/04 to 2007/08.
- 3.1.4** As can be seen from Appendix 1 the total current value of Supporting People contracts for 2008/09 is £14.746m. The budget agreed for Supporting People for 2008/09 is £13.535m. This identified a funding gap of £1.211m.
- 3.1.5** As can be seen from section 3.1.1 above, there is £0.794m available from carry-forward from 2007/08 to utilise against this gap, increasing the available funding for 2008/09 to £14.329m. This leaves a remaining gap of £0.417m.

3.2 Steps Previously Taken to Reduce Supporting People Expenditure

- 3.2.1** As previously noted in section 2.8 above, the ability to carry-forward underspends from previous years has been utilised to ease the reduction and any potential effect on service users.
- 3.2.2** As stated in 2.9 above, early savings which were of fairly high value and which had no impact on service users were implemented in the early years of the reductions. These reductions were done as a result of identifying new funding streams for the services which were previously funded from Supporting People. An example of this is the use of new government funding streams such as Homelessness grant, Housing Benefit and reducing the value of the Unpooled Rent contract within the HRA gradually over time.
- 3.2.3** The Social Work department implemented a service review programme during 2006/07 where all contracts were reviewed – both internal and external to ensure that value for money was being delivered and that all contract continued to meet Council priorities. In undertaking this review process a number of areas of efficiencies were identified in various contracts. This resulted in agreed cost reductions with service providers.

3.3 Issues for 2008/09, 2009/10 and 2010/11

- 3.3.1** As stated above the use of carry forward funding was a planned process to allow a managed reduction of contract values aimed at minimising any effect on the service users.
- 3.3.2** The aim of the cost reduction process was to arrive at a position where the value of Supporting People funded services was £14,355,000 by the close of financial year 2007/08.
- 3.3.3** This plan has been successful in the main and the majority of service users have had little or no change to their service provision – due to the nature of the savings applied to date.
- 3.3.4** It was always expected that the carry-forward facility allowed by the Scottish Government would cease at some point. This was originally thought to be

likely to be at the end of 2007/08, as this was the end of that 3-year budgetary cycle and action was being planned to reduce contract values in line with this. Some of these actions would have had more of an effect on service users and it was helpful that the Scottish Government provided a further year's permission to carry forward funding into 2008/09. This has allowed an additional financial year for further management action to be taken to reduce Supporting People costs.

- 3.3.5** As stated above there is a funding gap at present for 2008/09 of £1.211m. This gap has been planned as a result of the ability to carry-forward for one further year. The revenue budget for 2008/09 for Supporting People grant funding was set at a level which was achievable as a result of the available funding and known actions that were in place to address the funding gap.
- 3.3.6** It is expected, therefore, that by utilising the available carry-forward and through the following management actions, the expenditure on Supporting People will be in-line with the available funding (Council budget of £13.535m and brought-forward grant of £0.794m):
- Ongoing service review processes with service providers to achieve further value for money efficiencies. This includes ongoing review of client needs and models of service provision to ensure value for money is provided together with appropriate level and quality of service provision; and
 - Further identification of alternative funding sources, including ongoing reductions in relation to the Unpooled Rent contract and analysis of Housing Benefit issues.
- 3.3.7** It is hoped that the combination of the above actions will reduce the value of Supporting People contracts to close to the current budgetary provision for 2008/09 (£14.329m).
- 3.3.8** The ending of ring-fencing sees the Supporting People funded services subsumed within the body of the Council's budget. The normal budgetary processes are that the budget should be set at the current cost of service provision – at the time of setting the budget.
- 3.3.9** With the ending of ring-fencing the Scottish Government have indicated that Supporting People funding, as part of the financial settlement for Councils is now subject to annual inflationary uplift. This should be reflected in Council practice in setting budgets in future.
- 3.3.10** The use of the last carry-forward in 2008/09 will mean that it may be the case that the contract values at the time of setting the budget for 2009/10 are higher than at present. As stated at 3.3.8 Supporting People services should be subsumed within the mainstream budget and be subject to normal budget setting procedures. It is expected that the financial value of this would be around £0.614m for 2009/10 – equivalent to the value of funding brought-

forward into 2008/09 and utilised in setting the revenue budget for Supporting People in 2008/09 less a further planned reduction in the Supporting People services of £180,000. The further planned reduction of this contract in 2010/11 would reduce the figure to £0.424m. It would also be likely that the ongoing review of Supporting People service provision would lead to further savings, though these would become more likely to have an impact on the levels of service provision. It would also be open to the Council to instruct that Supporting People costs should be reduced into line with the current level of revenue budget by the end of 2008/09.

- 3.3.11** In terms of Scottish Government funding and the Concordat it is no longer possible to identify the funding provided for Supporting People services, and indeed, it is the case that this funding, along with all other funding which is included within the settlement is able to be used by the Council as the Council sees fit.
- 3.3.12** Therefore for 2008/09 onwards it is no longer possible to compare the cost of Supporting People services with the level of funding provided by the Scottish Government.
- 3.3.13** For 2009/10 and 2010/11 therefore the Supporting People services would be subsumed within the normal budgets of the Council and services being viewed as normal Council services.
- 3.3.14** The Social Work department has already started the integration of Supporting People into the core budget processes and indeed some of the savings actions agreed by Council on 14 February 2008 were actually implemented against Supporting People services. For example charges for Home Care included Supporting People service users.
- 3.3.15** Following from the above it would be the case that any further analysis and reporting of Supporting People costs is done through the normal budgetary control processes of the Council as part of the ordinary mainstream service analysis.

4. Personnel Issues

- 4.1** There are no Personnel issues at present.

5. Financial Implications

- 5.1** There are financial implications other than those reported with the body of the report.
- 5.2** As noted it is expected that the cost of Supporting People services in 2008/09 will be within the available funding (revenue budget plus brought forward funding from 2007/08).

- 5.3** For 2009/10 and 2010/11 Supporting People services should be integrated into the mainstream budgets of the Social Work and Housing departments and any ongoing cost savings should be as a result of corporate efficiency requirements.
- 5.4** As noted at 3.3.10 the current cost of Supporting People services in 2009/10 is likely to be higher than the current (2007/08) revenue budget. However further reductions in the Housing contracts are currently planned which will reduce the impact of this. It is also likely that the ongoing actions to reduce the costs will continue into 2009/10 and onwards with a view to further reducing the costs.
- 5.5** The indicative effects on the revenue budgets for 2009/10 and 2010/11 highlighted at 3.3.10 will be included in the draft budgets for these years when these are produced for Council consideration from August 2008 onwards.

6. Risk Analysis

- 6.1** With no inflationary increases since the programme began, many providers are incurring financial deficits in continuing to provide housing support services. Some providers may decide that their financial position is not sustainable and withdraw from providing the service.
- 6.2** Based on the current contract values and current funding for 2008/09 and the actions being taken to further reduce costs, it is expected that the available funding for 2008/09 is sufficient. There is a risk that the actions currently underway do not have the full financial effect anticipated which would result in an overspend. It is thought unlikely that this risk will crystallise as the actions planned have been ongoing for some time and managers are confident that the outcome will be positive.

7. Conclusions

- 7.1** The Supporting People funding available for 2008/09 is expected to be sufficient to meet the costs incurred.
- 7.2** Ongoing management action has successfully reduced the value of Supporting People contracts since 2003/04 to date with as little impact on service users and service providers as possible. This process is continuing with further efficiencies expected to be achieved in 2008/09.
- 7.3** Supporting People has been subsumed into the Council's general financial settlement in line with the Concordat between the Scottish Government and COSLA. As such the services provided should now be regarded as mainstream Council services and be subject to normal Council budgeting processes.

7.4 Based on the above it is likely that the costs of Supporting People services for 2009/10 and 2011/12 will be higher than currently budgeted. This is due to the funding mechanism used in setting the 2008/09 budget where the expected carry-forward was utilised as a one-off funding source.

8. Recommendations

8.1 Members are asked to:

- (i) Note the expected carry-forward position from 2007/08 into 2008/09 and the utilisation of this carry-forward in setting the revenue budget for 2008/09;
- (ii) Note that the ongoing management action of both the Social Work and Health Department and the Housing service have allowed a gradual reduction in contract values since 2003/04 to date and will continue into 2008/09 and onwards;
- (iii) Note the position regarding the Concordat and the change in direction of government policy regarding the composition of the Council's financial settlement which means it is no longer possible to compare Supporting People costs with a finite grant figure;
- (iv) Note that Supporting People services now require to be integrated fully into the Council's mainstream budgetary processes;
- (v) Agree that the ongoing approach to service review and other management actions to reduce costs is appropriate and that management should continue to proceed in this way; and
- (vi) Agree that where management action is taken in service reviews that this is managed to ensure minimal impact on service users.

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Appendices: Appendix 1: Supporting People Contract Values for 2007/08 and 2008/09

Appendix 2: Supporting People Contract Values 2003/04 to 2007/08

Background: No papers

Wards Affected: All