

CABINET

Supporting People – Budget Proposals 4th December 2012

Report of Head of Health and Housing

PURPOSE OF REPORT			
To provide Cabinet with details of the proposed changes to the distribution of the Supporting People Programme Grant across Lancashire.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	5 November 2012		
Appendices 3 and 4 referred to in this report are exempt from publication by virtue of paragraph 3, of Schedule 12a of the Local Government Act 1972			

RECOMMENDATIONS OF Councillor Karen Leytham

- (1) That Cabinet note the proposed changes relating to the distribution of the Supporting People Programme Grant.
- (2) That Cabinet consider the impact and future implications of the proposed changes upon this district.
- (3) That Cabinet agree which of the options identified should be selected when Lancaster City Council exercises its voting rights at future Commissioning Board meetings.
- (4) That officers continue to investigate the options available to deliver a new hostel for rough sleepers and single homeless people until the Supporting People budget proposals are endorsed, and then a further report will be brought back to Cabinet outlining the potential options and the wider implications of commissioning this new service.

1.0 Introduction

- 1.1 The Supporting People Programme is responsible for the planning, commissioning and procurement of housing related support services which enable vulnerable people to develop independent living skills and prevents homelessness and social exclusion by providing timely interventions that minimise the need for more costly health, community safety or social care services. These vulnerable groups can be defined as homeless households, people with a history of drug/alcohol misuse, offenders, people with

disabilities, young people at risk, older people, victims of domestic violence and gypsies and travellers.

- 1.2 Since the introduction of the Supporting People Programme in 2003, the funding of housing related support services has changed from a ring fenced grant to funding being provided in Lancashire County Council's Formula Funding.
- 1.3 Lancashire County Council advocate that the success of the Supporting People Programme is dependent on effective partnership working between the County and other partners, especially district councils given their strategic responsibility in relation to housing. Therefore, the Supporting People Programme has unique governance arrangements and whilst its operational administration is carried out by a dedicated team within the county council, the partnership comprises three distinct groups; the Commissioning Body, locality groups in the north, east and central areas of Lancashire, and provider forums.
- 1.4 The Commissioning Body is made up of a partnership of Lancashire County Council, Lancashire Primary Care Trusts, Lancashire National Offender Management Service, Lancashire Drug and Alcohol Action Team and the twelve two-tier district councils which exclude Blackpool and Blackburn. The Commissioning Body has a decision making role which is fully detailed within the Memorandum of Understanding and Terms of Reference appended to this report in Appendix 1. Part of the Commissioning Body's role is to agree the funding distribution formula for the Supporting People Programme in Lancashire.
- 1.5 The three locality groups incorporate both commissioners and providers, with some delegated decision making functions around particular areas such as commissioning plans, needs assessment, customer engagement, personalisation, quality and performance. Lancaster district forms part of the North locality group along with Wyre and Fylde Councils.

2.0 Current and Proposed Funding Distribution

- 2.1 The Supporting People Programme funds a wide range of tenancy support related services, which includes different forms of supported housing projects (where accommodation and tenancy support is provided usually by the same provider) such as sheltered housing, young people's projects and refuges, other services like home improvement agencies, and floating or visiting support where the support is flexible and can be delivered anywhere.
- 2.2 In 2006, there was a redistribution of funding for floating support services based on a 60/40 model (60% deprivation and 40% population). Later in 2008, it was proposed and agreed that this model would be used to redistribute the funding across Lancashire, but the implementation of this model was delayed as it would have resulted in a significant shift in funding, which for South Ribble district, would have represented a 44.10% decrease in funding. Because of the concerns about the appropriateness of using this methodology, it was never implemented. Furthermore, at the time the Commissioning Body agreed the new methodology, there was no equality

impact assessment undertaken, and the county council's legal services have since advised that there needs to be a further review of the decision in order to meet the requirements of the Equality Act.

- 2.3 In the intervening years since the original decision was made, a needs assessment methodology has been developed which was implemented across the North West, as well as other areas of the country, and more recently a new budget modelling tool has been developed which translates the needs assessment figures into indicative budgets.
- 2.4 The need to agree a robust methodology for distributing the grant across Lancashire has become even more acute because, as a result of the impact of the Comprehensive Spending Review in 2010 upon the county council's budget, £1.3M savings have to be achieved by the end of 2014/15. Therefore, there needs to be a consistent transparent process in place to determine how those savings should be achieved across districts.
- 2.5 Lancashire County Council's overall aim is that the funding is allocated in line with local needs and priorities. The total budget figure for Lancashire (excluding the funding provided to learning disabilities where separate commissioning arrangements apply) is £18,124.139.
- 2.6 It is worth noting though that the needs assessment methodology is based on a wide range of assumptions around population, different client groups, clusters, districts and localities, service provision and duration of service. The assumptions through the needs assessment methodology and the indicative budgeting tool can never be a scientifically accurate assessment, and the figures generated are best attempts at estimating levels of need using these assumptions. However, this methodology takes account of far more detail than the previous 60/40 model and should therefore predict a far more accurate level of need in each district. Appendix 2 provides some further detail about the range of information used in the budget modelling tool.
- 2.7 The approach taken by the county council in agreeing and implementing a new methodology was to find a transparent robust model but which, to a certain extent, would limit the potential reduction to those district budgets affected. Therefore, four different potential models have been tested, which are:-
 - 60% deprivation/40% population (the original model suggested)
 - 50% needs and 50% deprivation
 - 75% needs and 25% deprivation
 - 100% needs

The results of each methodology applied are detailed in Appendix 3 (exempt item), along with the results with the necessary savings applied.

3.0 Current spend of SP funding in the Lancaster district

- 3.1 Lancaster district currently receives 12.76% of the total budget for

Lancashire, which in monetary terms equates to £2,312,865 annually. Appendix 4 (exempt item) shows the services provided split into client groups, and the contract values per provider.

- 3.2 The level of savings needing to be achieved is dependant upon which methodology is applied, which are detailed in Appendix 3. There is only one model that would not result in a reduction in this district's allocation even after the savings have been applied.
- 3.3 Not only do the proposals affect existing services, the commissioning of any new services would also be affected as it is a current requirement of the Commissioning Body that new services can only be commissioned in the following circumstances:-

Where there is capital funding available (interpreted as grant, land or access to properties) then the SP Commissioning Board will be prepared to agree additional revenue funding on the understanding that, as a result of the significant political implications of closing services, confirmation from the Chief Executive and Leader will be required:

- ***stating that there is an acceptance that other services may need to be closed in the future in order to provide ongoing funding to the new project;***
- ***demonstrating that consideration has been given to identifying services which would be closed/reduced in the future in order to achieve savings targets***

- 3.4 In July 2011, Lancaster City Council bid for funding under the Government's Homelessness Change Programme and secured £790K capital funding to provide an 18 unit hostel for rough sleepers. Whilst the council was the lead organisation submitting the bid, given the short window of opportunity involved, the intention was not for the city council to build and manage the scheme, but that a partner organisation (a Registered Provider) would develop the project and draw down the grant directly from the Homes and Communities Agency. The revenue funding through Supporting People would be subject to separate contract tendering and procurement rules that Lancashire County Council apply.
- 3.5 No formal reporting to Cabinet has taken place as yet, as officers have been unable to proceed with identifying a substitute partner organisation to deliver the project, although a number of organisations have already expressed an interest in both building and managing the proposed new service.
- 3.6 A report went to the Commissioning Body in April 2012 requesting a decision on the revenue funding for the proposed homeless hostel, but in view of the uncertainty around the distribution of the Supporting People grant, no further steps have been taken to commission the service until there was some further clarity around the budget position, and a sense of what savings would need to be identified to commission the proposed service. The likely annual revenue cost of a hostel of this type, which would be adequately staffed with 24 hour cover, is likely to be circa £200K annually. Should Lancaster City Council wish to commission this service, further savings within the existing and future budget would need to be identified in addition to any reductions in budgets

brought about when the new methodology is applied.

- 3.7 Members are asked to consider whether officers should proceed with exploring options relating to the proposed new service for rough sleepers, which will necessitate additional savings in the current and future proposed budget of around £200K annually, and whether the proposed project is of sufficient strategic importance above and beyond those services that are currently being funded. Should Members wish to proceed with the rough sleeper project, a further report will be brought back to Cabinet setting out the range of options that exist for the new service, along with more detailed proposals about how the savings could be achieved. Members should be aware, however, that there is a very strong likelihood that those recommendations could result in the reduction and/or closure of one or more existing services, and that any such proposal is always a complex and politically sensitive issue which will directly effect other vulnerable client groups, service providers and key stakeholders and partners. It should be borne in mind, however, that there has never been a specific service provided locally for rough sleepers and single homeless households who require very intensive support and accommodation that is likely to meet their needs and bring about immensely positive outcomes for them, and for the wider community.

4.0 Details of Consultation

- 4.1 Lancashire County Council consulted all district councils at an extraordinary meeting on the 25th October 2012, and each district has now been tasked with considering the options presented, and whether they are willing to support the county council's preferred methodology. Therefore, all partner bodies will, at the next meeting of the Commissioning Body (to take place in December 2012 or early January 2013), will be required to cast their vote accordingly. The findings will then be formally reported to Lancashire Chief Executives in January 2013, for final endorsement before being implemented by Lancashire County Council. There will need to be wider consultation with locality groups and existing service providers regarding the proposals, and the impact of whichever model is applied.

5.0 Options and Options Analysis (including risk assessment)

	Option 1: 60/40 model	Option 2: 50% need:50 deprivation	Option 3: 75 % need; 25% deprivation	Option 4: 100% need
Advantages	None	None	Lancaster district's current budget allocation would increase by 0.24% and is the preferred model that the county wish to implement.	Lancaster district's budget allocation would increase by 7.94% and by 0.38% even after the savings have been applied. Less savings to be achieved to

				commission the proposed homeless hostel.
Disadvantages	Lancaster district would see a current budget reduction of - 10.31% increasing to - 16.14% when the savings are applied.	Lancaster district would see a current budget reduction of – 4.11% increasing to - 10.61% when the savings are applied.	Lancaster district’s future budget reduction would decrease by -5.11%.	This is not the county’s preferred model.
Risks	Loss and/or reduction in services particularly when the savings are applied.	Loss and/or reduction in services particularly when the savings are applied.	Potential loss or reduction in some services when the savings are applied but to a lesser extent than Option 1 and 2. Some districts may not support this model as the 100% needs model presents better outcomes for 10 out of the 12 districts. Would require savings of £300k from 2015 to commission the new service. The reduction in existing services could place more pressure on the council meeting its statutory duties although the council is not thoroughly meeting its current statutory duties towards single homeless households in a satisfactory way at present.	If there is a majority vote from districts to adopt this model, the county are not likely to support and adopt it because of the budget implications upon a neighbouring district, which is exacerbated when this model is applied.

5.1 See also paragraph 3.6 above, which outlines whether to proceed with exploring options relating to the proposed new service for rough sleepers.

6.0 Officer Preferred Option (and comments)

- 6.1 The officer preferred option is Option 3, which is the county council's preferred model. Whilst it does not represent the greatest financial gain for the Lancaster district, the county have to take into account the potential impact and any financial reductions imposed on all districts within the partnership by any model applied, and if districts were to vote against this model, it is highly likely that the county would refuse to implement the 100% needs model, as before with the 60/40 model, which will result in delays in planning for and implementing the necessary savings by the end of 2014/15, or the county may be forced to implement Option 3 anyway. The preferred model means that the resultant reductions in budget are below -20% of current budgets, which the county believe is a reasonable and rational approach. Although there will be a need to identify savings if option 3 is approved in order to commission the homeless hostel, officers will provide a range of options to achieve the necessary savings, and are of the view that the proposed new service is of sufficient strategic importance to take precedence over some of the existing services currently funded through the Supporting People Programme.

7.0 Conclusion

- 7.1 This report outlines the various options that Lancashire County Council have explored to ensure there is a fair and transparent of distributing the Supporting People Programme Grant across the county, and have identified the most suitable option that will limit the impact of any proposed budget reductions in each district within the partnership. Members are therefore required to decide whether this is an acceptable approach and whether officers are permitted to vote in support of the county's preferred methodology at the next meeting of the Commissioning Body in December 2012.
- 7.2 This report also makes reference to the wider implications of implementing the county's preferred methodology which will result in a reduced budget once the savings are applied in 2015.

8.0 Next steps

- 8.1 At December's meeting of the Commissioning Board, agreement will be sought from the county to adopt their preferred methodology to distribute the Supporting People grant in Lancashire. Assuming agreement is reached, the proposal will be referred to Lancashire Chief Executives in January 2013 for final endorsement and before being implemented by Lancashire County Council. If officers are authorised to proceed, a further report will be presented to Cabinet which will provide details of all the possible options to deliver the new service, and more specific recommendations about how the necessary savings could be achieved in the future.

RELATIONSHIP TO POLICY FRAMEWORK

Section 8 of the Council's Corporate Plan 2012 - 2015 seeks to improve the health and wellbeing of vulnerable people, reduce the number of homeless people in the district and reduce the number of people sleeping rough in the district.

Lancaster District Homelessness Strategy 2008 – 2013 aims to reduce the number of vulnerable groups becoming homeless including young people, those affected by domestic violence and offenders/rough sleepers.

“No Second Night Out” – Government initiative to end rough sleeping nationally, leading to a Lancashire NSNO strategy and policy, and local policy and protocols.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

A full equality impact assessment will be undertaken by Lancashire County Council, endorsed by the county’s legal services and the Commissioning Body. Lancaster City Council will need to undertake a further Impact Assessment once the new methodology is endorsed and applied, in relation to future changes and how the savings will need to be made within this district.

The county’s preferred methodology seeks to minimise the impact of budget reductions that fund services provided to vulnerable groups across Lancashire.

LEGAL IMPLICATIONS

There should not be any direct legal implications upon Lancaster City Council, although given the governance arrangements that apply to the partnership; it has never been entirely clear whether the county council are deemed to be the sole accountable body or whether responsibility for any decisions and resultant actions are shared equally by the partner bodies.

FINANCIAL IMPLICATIONS

Lancaster City Council is a current provider of services in relation to its sheltered housing provision, the vulnerable household’s project and the home improvement agency, and could be affected by any savings that need to be made. Furthermore, if SP funded services reduce in the future, this could result in an increase in homeless presentations, and our duty to provide temporary accommodation, leading to higher temporary accommodation costs and increased staffing resources being required, with resources needing to be redirected from other areas if efficiency measures cannot be identified.

Whilst at this stage, any financial implications cannot be quantified, this will be kept under review during the budget process.

OTHER RESOURCE IMPLICATIONS

Human Resources:

There may be future implications if SP funding is reduced and services reduce/cease, as some of the Council’s staff posts are either solely or part funded through SP funding.

Information Services:

None

Property:

None at this stage, but there could be if Cabinet wish to proceed with the proposed hostel, which may require the use of a council owned site.

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and would stress the need for adequate financial appraisal for capital or other proposals (including the consideration of the financing of ongoing operational / 'whole life' costs) to inform decision-making and priority setting - as is required by the Council's own Financial Regulations as well as being reflected in the SP Commissioning Board's requirements set out under 3.3. In this way, the Council can clearly demonstrate awareness and appreciation of any issues and challenges and the potential impact on other service areas and priorities – even if it does not necessarily have a solution at that time. The need for transparency is reflected in the Council's key decision definitions.

As with other funding bid matters on the agenda, it would be helpful to clarify arrangements in order to promote greater understanding and awareness, and this is in hand.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

Contact Officer: Kathy Sinclair
Telephone: 01524 582724
E-mail: ksinclair@lancaster.gov.uk
Ref: