

Leicester
City Council

WARDS AFFECTED
All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Cabinet

4th August 2003

Supporting People – Financial Report

Joint Report of the Corporate Director of Social Care & Health

1. Purpose of Report

- 1.1 The purpose of this report is to inform Members about the Supporting People Grant settlement and any subsequent financial implications. The Supporting People programme, in essence, transferred an individual entitlement to housing benefit for care and support, to the commissioning of support services from providers through service agreements.

2. Summary

- 2.1 From 1st April 2003, the Council has become responsible for the administration of a Supporting People Grant for the provision of housing related support services. Leicester's initial grant settlement is £10.7 million. The Council will manage this grant on behalf of a Supporting People Commissioning Body made up of Directorate level officers of the Council, the Probation Service and the two Primary Care Trusts in Leicester. This arrangement gives an opportunity to plan, review and commission services using a co-ordinated approach to improve the delivery of housing related support to vulnerable people.
- 2.2 The report gives details of the Council's role as administering body and its links with the multi-agency Commissioning Body. The Commissioning Body will be required to take all steps necessary to contain expenditure within the spending framework of the Programme.

3. Recommendations

- 3.1 Cabinet is recommended to note:
- (a) that the total ring-fenced grant of is initially £10.7 million, and that is must be spent within the grant conditions and directions set out in this report;

- (b) that the Council, as the Administrative Authority, is responsible for administering the grant and bears the overall financial risk of the programme but that the Commissioning Body will take all necessary steps to contain expenditure within the Programme's spending framework;
- (c) the expected shortfall in the grant of £200,000 and ODPM savings target of £235,000, and the steps set out in paragraph 4 of the Supporting Information to manage them;

and confirm:

- (d) the Subsidy and Charging Policy as set out in paragraph 5 of the Supporting Information;
- (e) further reports will be brought on the implications of any future changes to the funding formula that may adversely affect Leicester.

4. **Headline Financial and legal Implications**

Financial

The whole of this report is concerned with the financial impact of the Supporting People programme.

Legal

Supporting People Grant Conditions and Directions (2003) set out the rules by which the Council must administer the grant .

5. **Report Authors/Officers to contact:**

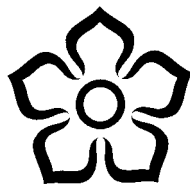
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DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)



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SUPPORTING INFORMATION

Report

1. Background

- 1.1 Supporting People (SP) is a new Government programme to improve the delivery of housing related support services to vulnerable people. The programme went `live` on 1st April 2003. Previously these services were funded from various discrete funding sources, including Transitional Housing Benefit. No one body had overall responsibility for planning and developing these services. From 1st April the responsibility to plan, review and commission services lies with the Supporting People Commissioning Body, made up of Directorate level officers from Probation, the Primary Care Trusts and Leicester City Council. The Council administers the programme on behalf of this body.

2. The Supporting People Grant

- 2.1 Leicester City Council's initial allocation of SP grant funding is £10.7 million. This amount is based on an estimate of the amount of existing funding being spent as at December 2002. The amount is subject to a further reconciliation process, to be carried out after April 2003. This will increase the allocation to include any changes to legacy

funding occurring between December 2002 and 31st March 2003. In Leicester this is estimated to be an additional £5m.

- 2.2 Grant Conditions and Directions have been released for the period up to the end of September 2003. It is anticipated that further conditions and directions will be released in September 2003. This is hindering strategic planning in relation to managing the savings targets in relation to end of year flexibilities.
- 2.3 The Council is designated as the Administrative Authority for the purposes of the grant. As part of their responsibilities, they must ensure the grant is only used for the designated purposes as laid out in the grant conditions and directions. The Council must also develop a strategy, a charging policy and contracting and review procedures for endorsement by the Commissioning Body. By nature of these arrangements the Authority assumes overall financial responsibility.

3. Financial Risks associated with the Supporting People Grant

Expected Savings

- 3.1 ODPM have stated that they expect each local authority to make savings in the first year of the programme. The savings are due to a gap in the funding of the Revenue Support Grant due to national increases in Transitional Housing Benefit claims. Leicester has been asked to make savings of £235,000. This amount is likely to increase in line with any further increase in grant allocation following the reconciliation process to be carried out in July 2003.

Expected shortfall in SP grant funding

- 3.2 The SP grant amount is paid to councils net of expected charging income. SP Grant funding made available for the numbers of people who will be eligible to get SP subsidy (in long term services – see below) is fixed on the numbers of eligible users in long-term schemes as at 31st March 2003. If these numbers increase there will be a shortfall in the SP grant. It is not possible to accurately assess the numbers involved. However, a very rough estimate is a shortfall of £200,000.

Move to an Allocation Formula

- 3.3 It is intended that over time the amount of SP grant allocated to councils will be based on an allocation formula. This is still being developed by ODPM. Early analysis of this formula as it might be applied to Leicester appears to indicate that Leicester's SP grant will be reduced when this is applied. A report will be brought to Members as more information is released about the allocation formula.

4. Action to realise the expected savings and cover any shortfall in SP grant funding

- 4.1 The following set of actions will be taken by the Council to realise the expected savings and to cover any shortfall in SP grant funding which may occur. This approach has

been endorsed by the Supporting People Core Strategy Development Group, the Commissioning Body and the Provider Group.

(a) Clawing back overlapping payments to providers at the start of the programme

4.2 This will occur because weekly Transitional Housing Benefit (THB) is paid up to 6th April 2003 whereas the SP grant is paid to Council from 1st April 2003. The SP Team will reduce payments to those providers affected by this. It is estimated that this will recoup a one off saving of £150,000 in 2003/4.

(b) Early reviews of services which have recently been developed

4.3 There has been a rush to develop services using THB during the last six months. It will be prudent to review these services early to ensure that they are offering best value, are strategically relevant and are not overlapping.

(c) Early reviews of high cost services

4.4 It will be prudent to review these services to ensure best value and to ensure that only housing related support service, as defined in the SP grant conditions and directions, continue to be funded by the SP Grant.

(d) Restricting the availability of non-residential means test to SP users

4.5 It is the view of ODPM that no one should be worse off as a result of the introduction of SP. Offering a non-residential means test to those users who may not qualify for Housing Benefit because their Support Charge is no longer eligible to be used in their HB calculation is essential to ensure that users continue to get help with charges. However ODPM also advise that it is not their intention that people should be better off because of the introduction of SP. Offering non-residential means test to everyone may result in some previously non-eligible service users becoming eligible for SP subsidy. This is effectively making them better off. Given the financial risks identified above the Council cannot afford to offer this option to all users, rather it will be prudent to only offer a non-residential means test to new SP service users.

(e) Previously planned temporary or permanent closure of services

4.6 Savings will be made from any services which had planned to temporarily or permanently close in the first year.

(f) End of year financial flexibilities

4.7 It is anticipated that end of year flexibilities will be included in grant conditions and directions released for the second half of the year. This will enable the Council to bring forward any under or overspends in grant into the next financial year and will allow for a longer period of time in which to find extra funding to cover any shortfall or realise the savings required.

(g) Transitional support services

4.8 Leicester has three registered care homes, which previously received Supported Housing Management Grant. This is one of the legacy funding streams. Under grant conditions these schemes will continue to receive this funding through the SP grant, until the time of the first SP review. However, the grant conditions identify these as `transitional support services` and state that they should not continue to be funded from the SP grant in the longer term. Reducing or cutting this funding would realise savings of £150,000.

5. Subsidy and Charging Policy

5.1 The Commissioning Body has agreed an SP Subsidy and Charging Policy. This sets out the rules by which the Council will charge for SP services as required under the SP grant conditions, directions and guidance. The full document can be obtained from the SP Team and has been made available as background papers to this report. An overview of the policy is outlined below:

(a) Which services are chargeable?

SP Services are divided into chargeable and non-chargeable services as follows:

▪ Short Term – non-chargeable

Schemes will be designated short term if the scheme aims to bring about independent living for users within two years. Examples of these schemes are Hostels or supported accommodation to single homeless people or ex-offenders

▪ Long Term

Schemes will be designated long term if the scheme aims to maintain a limited degree of independent living for users, which is not expected to increase, and may diminish over time, as part of a permanent or open-ended arrangement which will over two years in duration. Examples of these schemes are sheltered accommodation or supported accommodation to people with learning disabilities or enduring mental health problems

(b) Who will be exempt from charges?

- Anyone who lives in a short term scheme will be exempt from charges
- Anyone who lives in a long term service and is in receipt of some Housing Benefit will be exempt from charging and will be entitled to full SP subsidy
- Anyone who starts to live in a long term service after 31/3/03 and qualifies for SP subsidy under the non-residential means test will receive full or partial SP subsidy

(c) How will people be charged?

In the majority of cases people living in chargeable services will continue to pay for these services as part of the overall liability to pay charges to their landlord. The landlord will collect the charge from the user of the service. The landlord will be paid SP grant up to the numbers of people living in the scheme who are exempt from charges as outlined above.

Exceptions to this will be where:

- The provider of the service is not the landlord In these cases the provider of the service will be paid the full cost of the service and the council will be responsible for collecting charges from the user of the service.
- Where there is no contract with the provider. Generally this will occur where the service is provided in long leasehold (owner occupied) supported accommodation. In these cases the user will pay the charge to the provider of the service unless they are eligible for SP subsidy as outlined above. The Council will pay eligible service users direct.

(d) Rules for adjustments and errors

Separate protocols will be worked up to show how adjustments and errors will be dealt with. Generally the party, which makes an error, will be liable for any consequent payments.

(e) Appeals

An appeal process will be worked up for use by service users and providers who wish to appeal against a decision about their chargeable status. Appeals about Housing Benefit or non-residential means test will go through existing processes

6. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

Financial Implications

6.1 The whole of this report concerns financial matters. There are no specific financial implications to be highlighted with regard to the writing and presentation of the report (Rohit Rughani, Principal Accountant, Social Care and Health – tel. 0116 252 8802).

Legal Implications

6.2 The Supporting People grant conditions and directions 2003 determine the terms and conditions on which grant is paid to local authorities. The grant will be paid under Section 93 of the Local Government Act 2000.

Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
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Equal Opportunities	Yes	The SP Programme contributes to the overall strategy for social inclusion. Housing related support services enable vulnerable people to maintain a home and participate in their communities fully. Better planning arrangements will identify hidden needs of all vulnerable groups including BME and hard to reach groups. All providers must ensure anti-discriminatory and culturally sensitive service delivery.
Policy	Yes	The Supporting People Programme drives forward the preventative and social inclusion agenda and will enable the authority to achieve delivery of other strategic objectives
Sustainable and Environmental	Yes	The Supporting People Programme enables a more structured approach to addressing support needs, which will help vulnerable people sustain themselves in communities and become fully contributing members of society. This will contribute to making Leicester's communities more sustainable.
Crime and Disorder	Yes	The Supporting People Programme facilitates development of services that address the support needs of people who offend or are likely to offend. Assistance with maintaining a home in the community is one of the factors of reducing offending behaviour
Human Rights Act	Yes	The Supporting People provisions and arrangements will be required to conform to Article 8 (right of privacy and family life) and Article 14 (freedom from discrimination)
Elderly/People on Low Income	Yes	The Supporting People Programme drives forward the preventative and social inclusion agenda for <i>all</i> vulnerable client groups including elderly people and people on low income in need of support.

6. Background Papers – Local Government Act 1972

Subsidy and Charging Policy
Grant Conditions and Directions 2003
Statutory Guidance 2003

7. Consultations

Core Strategy Development Group – 4th March 2003
Commissioning Body – 10th March 2003
Provider Group – 25th March 2003

9. Report Author

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