

Public Document Pack

Meeting of the Supporting People Commissioning Body

Friday, 25 March 2011 at 10.00 am

County Hall, New Road, Oxford

ADDITIONAL INFORMATION

- 5. Supporting People Strategy 2011-16 and Annual Plan for 2011-12**
(Pages 1 - 12)

Attached is a paper setting out further details about this budget **SP5d**. Please note that paper **SP5c** is attached as Annex 1

- 6. Supporting People Budget Report 2010-11** (Pages 13 - 18)

Detailed budget monitoring reports (**SP 6a-c**.) based on the latest financial position.

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SUPPORTING PEOPLE COMMISSIONING

BODY – 25 MARCH 2011

Financial strategy and budget for 2011-12

This paper sets out the proposed financial strategy for 2011-16 and explains the rationale behind the budget proposed for 2011-12.

Financial strategy – Section 4 of the strategy

1. In writing this strategy, we know what the programme's funding for the future would be. Oxfordshire County Council has said it is likely to allocate the following amounts to purchase housing related support services:

2011-12	£15,359,116
2012-13	£14,591,160
2013-14	£13,715,690
2014-15	£12,892,749

2. This represents a 5% per year reduction in investment compared with the 2010-11 figure of £16,167,490.
3. This means that Oxfordshire's Supporting People funding will reduce to £12,892,749 in 2014-15. This is almost forty percent less than what Oxfordshire received from government when the programme started in 2003-04 or a reduction of £8.2 million.

Managing financial risks

4. On the whole the administering authority managed risks associated with this challenging financial situation effectively on the Commissioning Body's behalf.
5. Oxfordshire ended almost every year with a surplus which the government permitted Oxfordshire to carry forward except for 2005-06 where we overspent our Supporting People Grant by prior agreement by almost £0.5m as part of handling the first impact of the Supporting People Distribution Formula.
6. 2010-11 is the first time we approach the end of the financial year with a balanced budget and no surplus to carry forward. This means that our approach to managing financial risks should change.
7. Supporting People contracts are typically issued by the administering authority for three years with an option to extend for a further two years – in effect, five year contracts, as recommended by the government.

8. This means each time we take a decision to commission services for a group of people after 2010-11, whether through formal contracts or other methods, we need to be commissioning the services we can afford for those people when our funding reaches its final level of £12.9m.

Budget for 2011-12 – the proposed approach

9. We propose that the programme adopts a two-pronged approach to managing these financial pressures:
 - First, by setting specific saving targets for all commitments that have been subject to a strategic review in 2010-11 – This measure would produce planned savings in the short-term, while retaining strong links to the strategic relevance of these commitments.
 - Second, by re-prioritising all programme commitments to align their strategic priority with available funding – This measure would produce planned savings in the medium to long term and would give the partnership time required to complete this complex exercise with due diligence.
10. As we approach 2011-12 the programme's commitments set out in existing contracts exceed the agreed allocation by about £300,000 or fewer than 2% of the budget. It is therefore necessary to ensure further reductions or efficiencies approaching this amount were delivered in 2011-12 to balance the budget.
11. This figure already takes into account planned reductions to commitments for services for:
 - people with learning disabilities and shared lives service (formerly known as adult placements service) - 5%, as agreed in the business strategy for adult social care
 - older people: home improvement agency services – 10%, as recommended following the strategic review 2010-11
 - mental health services - 20%, as set out in the current strategy and delivered by the recent tender
 - generic floating support - 25%, as recommended following the strategic review 2010-11 and on target to implement from April 2011
12. It also takes into account partial decrease in the allocation for teenage parents, which allows some flexibility in the budget (£50k) to fund better strategic utilisation of the supported lodgings service across the county.
13. In preparation of the budget the following three options have been developed and considered by the officers:

Option 1

14. An additional efficiency saving target of 2% is allocated across all commitments, as a starting point in order to balance the budget.

15. Relevant negotiations with all providers would start in April and would pursue identification and delivery of genuine efficiencies, i.e. measures that do not result in reduction in service quality or volume. Note: these discussions have already begun with respect to services for homeless people and for women and men at risk of domestic abuse.

16. These targets are set at such level so that to create a £50k contingency / surplus to provide some flexibility in the budget.

17. Subject to sufficient progress made across the programme, we would look favourably at those commitments where a significant target has already been set (e.g. generic floating support). The same principle would apply if the small contingency mentioned above is delivered and is proved not to be required. It can then be decided mid-year to use it to 'top up' priority areas of spend, where this was deemed relevant strategically and feasible operationally.

18. It is recognised that in some cases it may prove impossible to implement genuine efficiency savings. For example, direct payments for older people offer little room for manoeuvre due to the nature of these arrangements. Therefore different measures could be considered to achieve better value for money from these arrangements - i.e. revision of benchmarks on unit price or volume.

19. It is also recognised that in some cases this work may produce a saving above the set target. If this were to be the case, it is proposed that the saving is realised in full and the remaining savings for the rest of the programme are adjusted proportionately where deemed feasible.

Option 2

20. An additional efficiency saving target of 2% is allocated only across those commitments, where no other saving target has been set yet.

Option 3

21. Under this option it is proposed that the programme's investment into additional services for offenders in 2011-12 is reduced by significantly more than 2%.

22. This would then reduce the overall target for other categories of spend, mainly on services for homeless people and generic floating support services, which are seen as being of high strategic importance due to predicted rise in future demand.

23. The needs of offenders would continue to be met by other services, including those for single homeless people and generic floating support, as is the case at present. If it proved possible to increase focus on outcomes for offenders, this can be done, for example, by better targeting of existing services and by 'ring fencing' proportion of floating support on delivering better outcomes for offenders.
24. These three options are presented for comparison at Annex 1. Option 3 example is based on a 50% reduction in allocation for additional support for offenders and subsequent reduction in saving targets for homeless, mental health and generic services, for illustration purposes only.

Option appraisal and recommendations

25. Following the discussion of options 1 and 2 at the Core Strategy Group meeting on 2 March, the following views emerged from the partnership:
- Option 1, which is a preferred option of the administering authority, was also named as the preferred option by 6 partners, apart from representatives from West Oxfordshire and Cherwell district councils
 - Option 2 received no formal support from any partner agency
 - Option 3 was suggested by representatives from West Oxfordshire and Cherwell, **as an alternative to option 1**, to ensure that the programme's ability to respond to growing pressures in the homelessness sector is protected.
26. Therefore, although there is complete understanding of and support for the need to set realistic targets in order to deliver a balanced budget, the officers have not been able to make a recommendation that would produce a unanimous decision.
27. The administering authority intends to continue conversations with the partners to ensure that a set of recommendations that would have the support of all partners is tabled at the meeting on 25 March.

Budget monitoring process

28. Revised budget agreed by Commissioning Body would be presented in the format required by the Memorandum of Understanding and circulated to the members after the meeting.
29. Draft budget based on option 1 described above is attached at Annex 2 for illustration purposes.
30. Budget monitoring reports would continue to be submitted for consideration monthly by the Core Strategy Group and quarterly by the Commissioning Body. These reports would analyse programme spend for

SP5d

the relevant period, report on progress made with delivering the programme of efficiency savings and explain reasons for any material deviation from the budget. It is proposed that future reports follow a new format, generally used by the administering authority, for ease of administration and consistency (template report is attached at Annex 3.

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Supporting People Budget 2011-12 - Options 1, 2 and 3

	2010/11 Commitments agreed at November 2010 Core Strategy Group	2011-12 budget, with un-identified savings of 2%			Option 1 - adds 2% reduction across all commitments			Option 2 - adds 2% reduction across commitments, where no target has been set yet			Option 3 - adds 50% reduction in spend on offenders and reduces reductions in homeless, mental health and generic floating support		
		2011/12 Commitments	Variance, £	Variance, %	2011/12 Commitments	Variance, £	Variance, %	2011/12 Commitments	Variance, £	Variance, %	2011/12 Commitments	Variance, £	Variance, %
Expenditure by Client-Group													
People with Learning Disabilities	4,580,707	4,351,672	-229,035	5%	4,260,058	-320,649	-7%	4,351,672	-229,035	5%	4,260,058	-320,649	-7%
People in Adult Placement	559,023	531,072	-27,951	5%	519,891	-39,132	-7%	531,072	-27,951	5%	519,891	-39,132	-7%
Older People, of which:													
Alert Service	2,010,000	2,010,000	0	0	1,969,800	-40,200	-2%	1,923,845	-86,155	-4%	1,969,800	-40,200	-2%
Direct Payments	538,700	251,115	0	0	246,092	-5,022	-2%	240,986	-10,128	-4%	246,092	-5,022	-2%
Home Improvement Agencies		347,582	0	10%	343,741	23,047	12%	347,582	0	10%	343,741	23,047	12%
Homeless People	2,498,288	2,362,059	-136,229	-5%	2,314,818	-47,241	-2%	2,260,352	-101,707	-4%	2,324,818	-37,241	-2%
People with Mental Health problems	2,247,617	1,814,308	-433,309	20%	1,778,022	-469,595	-21%	1,814,308	-433,309	20%	1,814,308	-433,309	20%
Young People	1,261,996	1,408,216	146,220	12%	1,380,051	118,055	9%	1,347,712	85,716	7%	1,380,051	118,055	9%
Teenage Parents	501,721	452,403	-49,318	-10%	443,355	-58,366	-12%	433,143	-68,578	-14%	443,355	-58,366	-12%
Generic Services	2,051,743	1,551,743	-500,000	25%	1,520,708	-531,035	-26%	1,551,743	-500,000	25%	1,551,743	-500,000	25%
People with Drug Problems	221,619	272,939	51,320	23%	267,480	45,861	21%	260,672	39,053	18%	267,480	45,861	21%
Offenders	38,951	155,800	116,849	300%	152,684	113,733	292%	149,280	110,329	283%	77,900	38,949	200%
Women at Risk of Domestic Violence	355,804	396,157	40,353	11%	388,234	32,430	9%	379,724	23,920	7%	388,234	32,430	9%
People with Physical Disabilities	150,819	150,819	0	0	147,803	-3,016	-2%	144,399	-6,420	-4%	147,803	-3,016	-2%
Total Expenditure	17,016,988	16,055,884	-1,021,101		15,732,738	-1,181,131		15,736,490	-1,204,266		15,735,275	-1,204,266	
Contribution to Admin Budget	155,000												
Total Expenditure	17,171,988												
Income													
Budget allocation	(16,167,490)	(15,359,116)	-808,375	5%	(15,359,116)	-808,375	5%	(15,359,116)	-808,375	5%	(15,359,116)	-808,375	5%
Contribution to BCHA	(42,992)	(42,992)			(42,992)			(42,992)			(42,992)		
Contribution to Night Shelter	(133,432)	(133,432)			(133,432)			(133,432)			(133,432)		
Leaving Care Income	(20,000)	(25,000)			(25,000)			(25,000)			(25,000)		
S&CS for HIAs	n/a	(174,730)			(174,730)			(174,730)			(174,730)		
Young People / Teenage Parents (various)	n/a	(50,410)			(50,410)			(50,410)			(50,410)		
Carry forward from previous year	(837,121)	0	-837,121		0	-837,121		0	-837,121		0	-837,121	
Total Income	(17,201,035)	(15,785,679)			(15,785,679)			(15,785,679)			(15,785,679)		
Un-identified Savings		(270,205)			0			0			0		
		-1.68%			0.00%			0.00%			0.00%		
Deficit/(Surplus)	(29,047)	0			(52,941)			(49,189)			(50,404)		

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Draft Supporting People Budget by Client Group 2011-12 (Option 1)

	2011-12	Percentage
Expenditure by Client-Group		
People with Learning Disabilities	4,260,058	27%
People in Adult Placement	519,891	3%
Older People, of which:		
Alert Service	1,969,800	
Direct Payments	246,092	16%
Home Improvement Agencies	343,741	
Homeless People	2,314,818	15%
People with Mental Health Problems	1,778,022	11%
Young People	1,380,051	9%
Teenage Parents	443,355	3%
Generic Services	1,520,708	10%
People with Drug Problems	267,480	2%
Offenders	152,684	1%
Women at Risk of Domestic Violence	388,234	2%
People with Physical Disabilities	147,803	1%
Total Expenditure	15,732,738	100%
Income		
Budget allocation	(15,359,116)	
Contribution to BCHA	(42,992)	
Contribution to Night Shelter	(133,432)	
Leaving Care Income	(25,000)	
S&CS for HIAs	(174,730)	
Young People / Teenage Parents (various)	(50,410)	
Carry forward from previous year	0	
Total Income	(15,785,679)	
Deficit/(Surplus)	(52,941)	

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Supporting People Budget Forecasts 2011.12		Apr-11					
	Service Lines	Full Year Net Budget	SAP Forecast Net Expenditure	Forecast over/ (under) Budget	Previous Month	Variation/ Movement	SAP Actuals Year to date
SKE151	Alert						
	People With Learning Disabilities						
SHT216	People with Mental Health Problems						
	Grand Total						
SHT211	Generic Services						
SHT212	Homeless People						
SHT213	Offenders						
SHT214	Drug Problems						
SHT215	Older People						
SHT217	Physical Disabilities						
SHT218	Shared Lives (Adult Placement)						
SHT219	Teenage Parents						
SHT220	Domestic Violence						
SHT221	Young People						
SHT222	Alcohol Related						
	Overall Total						

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SUPPORTING PEOPLE COMMISSIONING BODY – 25 MARCH 2011

Budget Report 2010-11

Introduction

1. Report attached at annex 6b shows the latest budget position broken down by client group, based on actual spend incurred following April to February payments. Report attached at annex 6c shows this information broken down by district area of spend.
2. This paper presents an update on the budget position.

Year end forecast

3. Year end forecast takes into account payments made for 11/12th of the year and latest data on payments yet to be made at provider/service/client level. Data in columns E to G, which shows actual spend to date, has been shaded, as work is continuing on re-coding data following last year's system re-design. This complex system change has been made in preparation for more flexible budget monitoring reporting, considered elsewhere on the agenda. This work would be finished in April and reflected in the final report to be presented to the members in June.
4. The report suggests that most of categories of spend are expected to break even.
5. The following categories of spend are showing variances, which are explained in more detail below.

Older people

6. Following the implementation of the Alert service in 2010-11, the programme has entered into direct payment arrangements with around 800 people who chose to remain with their current landlord and/or support provider. Although these numbers largely matched assumptions made when these changes were planned, overall spend on these services is expected to slightly exceed the budget allocated at the beginning of the year.
7. This budget pressure is expected to continue into 2011-12 and has been reflected in the proposed budget. This area of spend has been identified as a priority for further review as the partnership takes forward work on future spend on older people.

Mental health

8. This category of spend is made up of payments under block contracts and under financial subsidy arrangements for eligible individuals, who receive chargeable long term services. Trends in subsidy applications to date indicate that the category may deliver a relatively small under spend.

Young people

9. Forecast for this category of spend is based on 2010-11 contract values. Recent check identified that one service has been omitted from the original budget due to an administrative oversight.

Teenage parents

10. This category of spend is projecting an under spend due to the fact that we were unable to procure one service, despite going to the market twice.

Offenders

11. There are no plans to use the remainder of the original allocation in 2010-11, therefore it is projecting an under spend. Proposals for future expenditure are being considered elsewhere on the agenda.

Domestic violence

12. Forecast for this category of spend is based on 2010-11 contract values, which have increased compared to last year.

Contribution to the administration grant

13. This category of spend is subject to ongoing review. Any opportunity to reduce this commitment that presented itself during the year has been used (e.g. due to natural turnover of staff).
14. The administering authority continues to monitor and actively manage these categories of spend in order to balance the budget by year end.

Supporting People Budget Budget Forecasts 2010.11 February

	2010/11 Commitments agreed at November 2010 Core Strategy Group	Year End Forecast Inc Feb Actuals	Variance Year end forecast	Budgeted Commitments at 31.01.11	Actuals - April to February payments	Variance @ 28.02.11
Expenditure by Client-Group						
People with Learning Disabilities	4,580,707	4,580,707	0	4,198,981	4,198,981	0
People in Adult Placement	559,023	559,023	0	512,438	539,453	27,015
Older People:	538,700	576,700	38,000	493,808	800,753	306,945
Alert	2,010,000	2,010,000	0	1,842,500	2,593,074	(750,574)
Homeless People	2,498,288	2,498,288	0	2,290,097	2,227,931	(62,166)
People with Mental Health problems	2,247,617	2,196,617	(51,000)	2,060,316	1,941,209	(119,106)
Young People	1,261,996	1,436,996	175,000	1,156,830	1,421,947	265,117
Teenage Parents	501,721	426,721	(75,000)	459,911	401,850	(58,061)
Generic Services	2,051,743	2,051,743	0	1,880,764	926,836	(953,928)
People with Drug Problems	221,619	221,619	0	203,151	164,110	(39,041)
Offenders	38,951	0	(38,951)	35,705	0	(35,705)
Women at Risk of Domestic Violence	355,804	394,804	39,000	326,154	362,194	36,040
People with Physical Disabilities	150,819	150,819	0	138,251	138,737	486
People with Alcohol Problems	0	0	0	0	0	0
			0			
Total Grant Expenditure	17,016,988	17,104,037	87,049	15,598,906	15,717,076	(1,382,978)
			0			0
Contribution to Admin Budget	155,000	90,000	(65,000)	142,083	90,000	(52,083)
			0			0
Total Expenditure	17,171,988	17,194,037	22,049	15,740,989	15,807,076	(1,435,061)
			0			0
Income			0			0
Leaving Care Income	(20,000)	(20,000)	0	(18,333)	0	18,333
Grant Income	(16,167,490)	(16,167,490)	0	(14,820,199)	(14,820,199)	0
Contribution to BCHA	(42,992)	(42,992)	0	(39,409)	(25,079)	14,331
Contribution to Night Shelter	(133,432)	(133,432)	0	(122,313)	(55,597)	66,716
Carry forward from 2009.10	(837,121)	(837,121)	0	(837,121)	(837,121)	0
Total Income	(17,201,035)	(17,201,035)	0	(15,837,376)	(15,737,995)	99,380
			0			0
Deficit/(Surplus)	(29,047)	(6,998)	22,049	(96,387)	69,081	(1,335,681)

Note:

1. Year end forecast has been revised based on latest information about programme commitments at contract/service/client level.
2. Data in columns E to G has been shaded, as work is continuing on re-coding data following last year's system re-design.

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Supporting People Grant Budget Report 2010-11 by District Area

Cherwell	2010
People in Adult Placement	173,297
Older People	190,383
Homeless People	0
People with Mental Health problems	405,979
Young People	233,959
Generic Services	498,574
People with Drug Problems	26,091
Teenage Parents	201,031
Offenders	0
Women at Risk of Domestic Violence	196,033
People with Physical Disabilities	109,530
Total	2,034,876
Oxford	
People in Adult Placement	167,707
Older People	361,963
Homeless People	2,199,358
People with Mental Health problems	1,684,909
Young People	632,157
Generic Services	691,437
People with Drug Problems	195,528
Teenage Parents	175,919
Offenders	38,951
Women at Risk of Domestic Violence	118,619
People with Physical Disabilities	10,332
Total	6,276,880
South Oxfordshire	
People in Adult Placement	72,673
Older People	160,677
Homeless People	0
People with Mental Health problems	94,528
Young People	91,104
Generic Services	276,985
People with Drug Problems	0
Teenage Parents	41,823
Offenders	0
Women at Risk of Domestic Violence	0
People with Physical Disabilities	0
Total	737,789

Vale of White Horse	
People in Adult Placement	44,722
Older People	307,999
Homeless People	50,200
People with Mental Health problems	6,895
Young People	187,973
Generic Services	242,106
People with Drug Problems	0
Teenage Parents	32,734
Offenders	0
Women at Risk of Domestic Violence	0
People with Physical Disabilities	0
Total	872,629
West Oxfordshire	
People in Adult Placement	100,624
Older People	71,196
Homeless People	248,729
People with Mental Health problems	55,306
Young People	116,803
Generic Services	342,641
People with Drug Problems	0
Teenage Parents	50,215
Offenders	0
Women at Risk of Domestic Violence	41,153
People with Physical Disabilities	30,958
Total	1,057,626
Countywide	
Learning Disabilities Pool	4,580,707
Older People	1,956,482
People with Alcohol Problems	0
Total	6,537,189
Total Expenditure	17,516,988