

REPORT TO: HOUSING SUPPORT STRATEGIC PARTNERSHIP

REPORT FROM: DEVON SUPPORTING PEOPLE TEAM

DATE: 26th MAY 2009

FUTURE CONTRACT ARRANGEMENTS – OLDER PERSONS HOUSING SUPPORT SERVICES

OBJECTIVE: To consider the options, and determine which is the preferred future contract arrangements to be used for Older Persons Housing Support Services (excluding Extra Care services).

1. BACKGROUND INFORMATION

1.1 The majority of accommodation based services sit within a block subsidy arrangement; this is because the support is linked to the accommodation. Under this contractual arrangement, providers have stated the full capacity of a service, but a payment is paid to the provider for only those service users who are eligible for a subsidy payment.

1.2 There are currently 6711 accommodation based units for older people. The total cost if all the units were occupied with people who are eligible for a subsidy payment would be £4.6m. Currently, an estimated, 71% of the support services are funded through a subsidy payment (£3.3m) with the remainder being self-payers and void units. Projecting future spend is currently based on subsidy payments. The provider is responsible for collecting the charge from self-payers.

This arrangement poses a financial risk because the service could be filled with individuals who are eligible for a subsidy payment, nor does it offer any flexibility in managing the older persons budget effectively.

1.3 The outcome of the Older Persons strategic review will result in services moving to floating support, unless there is a very strong business case for why they should remain accommodation based. Currently, all floating support services, sit within a block gross arrangement. Under this arrangement, the provider receives funding for the full capacity of the service four weeks in advance.

1.4 Existing contracts expire in February 2010.

2. CASE FOR CHANGE

2.1 In real terms, the Housing Support grant is facing a reduction over 2010/11 and 2011/12. In addition, from April 2010 there will be change as to how Devon's housing support commissioning grant will be allocated. The grant will form part of the Area Based Grant, which will result in having to state how much grant will be required to commissioning housing support services. There is an expectation that un-spent funds will not be carried over from year to year.

2.2 The Joint Commissioning Board, agreed on 15th December 2008, any savings will need to apply to all service user groups. They also agreed to introduce flexibility in managing the homeless budget, by allowing a three year contract with an annually agreed amount that reduces by 10% over the life of the contract. This format will be used for mental health contracts. This creates the potential for:-

- Some level of investment to be reallocated from low performing providers to high performing providers.
- Investment to move from sector to sector in response to any changing needs that become agreed by Commissioners.
- Commissioning specific activities
- Managing the budget more effectively
- The ability to make any required savings.

3. OPTIONS

3.1 Floating Support Services:

Option 1

All contracts could be commissioned on a 'block' arrangement, a percentage of which will be guaranteed and a percentage non-guaranteed with a stepped year on year reduction which would be in line with current homelessness contracts. The eligibility for the non guaranteed amount would need to be determined. There would be an agreement that individuals accessing the contracted floating support service would be eligible for funding. All self-payers would sit outside the contract arrangements.

The advantage of this is that it does facilitate all the points in paragraph 2.2 and allows for an accurate projection of monies required to fund services.

The disadvantage is that business planning would be more difficult for providers because they can not be sure they will receive the non guaranteed element.

With current homelessness contracts, the awarding of the 'non-guaranteed' element of funding is assessed annually, nearing the end of the first year of the contract period.

3.2 Option 2

Contracts would be commissioned under block gross arrangements with an agreed contract value and minimum capacity. There would be an agreement that individuals accessing the contracted floating support service would be eligible for funding. All self-payers would sit outside the contract arrangements

The advantage of this is that providers would have a base-line financial figure to use for business planning.

The disadvantage of this arrangement is that it does not meet all the requirements in paragraph 2.2 and any potential savings would need to be taken into account when agreeing the contract value.

4. FURTHER CONSIDERATIONS

- 4.1 Restricting individuals accessing the contracted service, to only those individuals who would be eligible for funding, gives the provider the opportunity to expand their business outside of the contract for self payers.
- 4.2 Because of the inadequacies of the IT Care Support system, a separate database is used to record the names and appropriate information, of individuals in a block gross chargeable service. The duration of older people services are 'long term' so they are 'chargeable'. Information is used for statistical purposes. Current business processes will need to be examined to ensure any system is manageable within existing staff resources and not over burdensome or bureaucratic for either the provider or Devon County Council's administration team.

- 4.3 If access to the contracted service is restricted to individuals who are eligible for funding, we will need to satisfy ourselves that those individuals are eligible for either housing benefit or a payment as a result of any Fairer Charging Policy. Any monitoring process will need to ensure it is manageable, effective and it will satisfy any audit inspection.
- 4.4 The original view was that new contracts would be issued as and when a provider requested. However, to ensure equity to all providers it is now anticipated that all contracts will need to commence at the same time. This will be particularly important, if Option 1 is chosen as the preferred contract arrangement. New contracts can be issued from February 2010 based on the current value / capacity. The guaranteed / non guaranteed element would take effect from April 2010/11 with any stepped reduction from the financial year 2011/12. This will allow for any changes to fall within a financial year.

5. CONSULTATION WITH PROVIDERS

- 5.1 Mr Max Sillars and Mr Kevin Oke attended the Sheltered Housing Providers Forum on 14th April to discuss future contract arrangements. Providers were invited to give formal feedback by 15th May. No feedback has been received.

6. RECOMMENDATIONS

- 6.1 That where there is an agreement services remain Accommodation Based (excluding Extra Care), the contractual arrangement remains block subsidy but the capacity set to reflect a maximum take up by individuals who would be eligible for a subsidy payment.
- 6.2 Floating support contracts for older people's services to be aligned with homelessness and mental health contracts and agree Option 1.