

REPORT TO: HOUSING SUPPORT STRATEGIC PARTNERSHIP

REPORT FROM: SUPPORTING PEOPLE FINANCE & PLANNING GROUP, &
DEVON SUPPORTING PEOPLE TEAM

DATE: 26TH MAY 2009

OVERALL FINANCE REPORT

STRUCTURE OF REPORT

Financial Strategy Report HSSP-124-09

Appendices:

Appendix 3
Finance Manager
Report

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Finance and
planning group
report on
recommendations
for non recurrent
spend

Appendix 4
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As at 31st Jan 09

Appendix 2
Older Persons
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report

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FINANCE STRATEGY REPORT

RECOMMENDATIONS

The Housing Support Strategic Partnership (HSSP) to:

1. Agree the Finance & Planning Group proposals for use of non-recurrent funds and approach to inflation.
2. Agree the actions needed during 2009 to create a sustainable budget for 2010/11 and 2011/12.

1. BACKGROUND TO ISSUES FOR CONSIDERATION

1.1 From April 2010 Supporting People Grant will be placed into Area Based Grant. This transfer introduces the need for financial planning principles that are shared by both Devon County Council's finance managers, and the Supporting People Joint Commissioning Body. The key elements of these finance principles have already been set out and agreed as the programme's finance strategy. In accordance with this strategy, the HSSP and JCB now need to:

- o Finalise a budget for the current financial year (2009/10)
- o Agree on the actions needing to be taken in this financial year, which will dictate the programme's budget in subsequent years.

2. FINALISING THE BUDGET FOR 2009/10

2.1 The 2009/10 budget is largely already dictated by the 3 year contractual commitments entered into during previous years. However, risks and opportunities for variance within the 2009/10 budget do arise from:

- o Use of Non recurrent carry over from 2008/9
- o The question of how 2010/11 inflationary uplift is dealt with

Use of Non recurrent carry over from 2008/9

2.2 On the 27th April 2009 the Supporting People Finance Group considered a report setting out the proposed uses for the approximate £100k non recurrent funds carried over from the 2008 financial year. The group amended and developed the

report (which is Appendix 1 to this report), and broadly supported the intention that these funds are used to secure important strategic improvements needed across the programme, as opposed to simple temporary expansion of current activities.

The question of how 2010/11 inflationary uplift is dealt with

2.3 In each year prior to 2009/10, Devon Supporting People has set aside funds from within the programme's grant, and reserved these for carrying over into the following financial year for the purpose of making an inflationary award. This practice has raised the overall cost of the programme each year, to the point that the programme would now have to increase the amount of efficiency savings it needs to make, in order to afford any inflationary award.

2.4 In the longer term, (2012) the financial strategy sets out the intention that Supporting People contracts will be uplifted by any inflation applied to the Area Based Grant. However, that is also the point at which Supporting People must expect to contribute towards any targets set for corporate efficiencies.

2.5 On the 27th April 09 the Finance & Planning group proposed that the Devon Supporting People programme doesn't increase its efficiency saving target during 2009/10 in order to create an inflationary award for 2010/11.

3. ACTIONS DURING 2009/10 THAT WILL DICTATE FUTURE BUDGETS

3.1 The actions this year that will dictate future budgets, fall into the following categories:

- Agreeing approach to inflation for 2010/11 (as at 2.3 – 2.5) in June 09
- Repeating the cross sectorial analysis of investment, carried out in Dec 08
- Type of contract used for Older Persons contract renewals in February 2010
- Mental Health and Learning Disability contract renewals in September 09
- Allocation of non guaranteed elements to Homelessness Sector in Dec 09

Agreeing approach to inflation for 2010/11 (as at 2.3 – 2.5) in June 09

3.2 The implication of not attempting to create a budget out of 2009/10's grant to fund an inflationary uplift in 2010/11, is that no routine inflationary award will be available to any providers next year.

Repeating the cross sectorial analysis of investment, carried out in Dec 08

3.3 In December 2008 JCB considered the question of whether the efficiency savings the programme needs to make between 2009 – 2012, should be borne equitably across each sector, or whether the older persons sector should be protected from having to contribute savings. The JCB decided that savings should be equitably shared for 2009/10, but that this position should be reviewed each year to inform possible uses of the non-guaranteed elements to contracts. It is proposed that this review take place in September 2009, to allow time for any adjustments needed to be reflected in 2010/11 contract prices.

Type of contract used for Older Persons contract renewals in February 2010

- 3.4 Assuming there is no change in the JCB position of December 2008, the Supporting People team must make preparations now to introduce contracts for the older person sector that specify a non guaranteed element to them. The options for this have been discussed with the Sheltered Housing provider forum in April 09, and are being developed in draft report at Appendix 2 of this report.
- 3.5 The amount of efficiency savings needing to be made in the older persons sector for 2009/10 and 2010/11 is detailed in the Finance Manager report at Appendix 3.

Mental Health and Learning Disability contract renewals in September 09

- 3.6 These contracts will be replaced in September 2009 with the same 'non guaranteed' element in them as applied to the Homelessness Sector contracts in March 2009. A performance assessment process similar to that used for the Homelessness sector will be applied in March 2010, to allocate the non-guaranteed element of contracts.
- 3.7 The amount of efficiency savings needing to be made in the mental health and learning disability sectors for 2009/10 and 2010/11 is detailed in the Finance Manager report at Appendix 3.

Allocation of non guaranteed elements to Homelessness Sector in Dec 09

- 3.8 The performance assessment process for the Homelessness sector is under development, and will be applied in March 2010 to allocate the non-guaranteed element of contracts.
- 3.9 The amount of efficiency savings needing to be made in the Homelessness sectors for 2009/10 and 2010/11 is detailed in the Finance Manager report at Appendix 3.

4. RECOMMENDATIONS

- 4.1 The HSSP to agree the uses of non-recurrent funds at Appendix 1 to this report
- 4.2 The HSSP to agree to a budget plan that does not facilitate an inflationary uplift for 2010/11.
- 4.3 The HSSP to approve the actions that will inform the budgetary position of 2010/11.