

ANGUS COUNCIL

SOCIAL WORK AND HEALTH COMMITTEE
HOUSING COMMITTEE
RESOURCES AND CENTRAL SERVICES COMMITTEE
STRATEGIC POLICY COMMITTEE

13 January 2004
15 January 2004
29 January 2004
3 February 2004

SUPPORTING PEOPLE: GRANT ALLOCATION 2003-04
JOINT REPORT BY THE DIRECTOR OF SOCIAL WORK AND HEALTH LIAISON AND
THE DIRECTOR OF FINANCE

ABSTRACT

This report advises members of the financial position in relation to the grant for Supporting People for financial year 2003-04.

1 RECOMMENDATIONS

It is recommended that the committees:-

- i) note that the December 2003 grant offer received from the Scottish Executive has been accepted on a provisional basis, subject to resolution of outstanding issues;
- ii) note and approve the proposals for managing the Supporting People budget contained in this report;
- iii) instruct the Director of Social Work and Health Liaison to provide an update on the financial position early in financial year 2004-05.

2 INTRODUCTION

The implementation of the Supporting People agenda has been the subject of a number of committee reports in recent years. Supporting People was implemented in April 2003.

The draft Supporting People Strategic Plan was submitted to the Social Work and Health Committee and the Housing Committee on 20 November 2003 and also to Strategic Policy Committee on 9 December 2003

Information has been exchanged with the Scottish Executive about funding requirements on a regular basis and following receipt of the latest grant offer, this report outlines the implications for Angus Council.

3 FINANCIAL POSITION STATEMENT

December 2003 grant offer

In December 2003, the Scottish Executive issued all local authorities with a revised grant offer in relation to Supporting People. For Angus Council, the offer value was £5,521,134 (net).

The revised grant offer position is:

	Grant Offer £'000
Transitional Housing Benefit (THB)	4,541*
Special Needs Allowance Package (SNAP)	111*
Unpooled Housing Revenue Account (HRA)	869*
Grant Offer	5,521*
Add HRA payment RE Protected tenants	429
Add Income From Charging	963
TOTAL	6,913

(* - source: Scottish Executive letter 5 December 2003)

The Supporting People team in Angus has reviewed the detail behind the grant offer which has raised certain questions. The Department of Work and Pensions (DWP) has indicated, for instance, that duplicate entries for Transitional Housing Benefit were identified and removed from the claim. This was done without any consultation and the accuracy and validity of this action cannot be confirmed. Furthermore there were a number of 'late' awards which DWP undertook to include in the claim, but these would not appear to have been included. However DWP has now agreed to refer one of these late items (value £107,000) to the Scottish Executive for a decision. The other discrepancies and the resource implications of these are also being pursued with DWP and the Scottish Executive.

In the interests of prudence, this report has been prepared on the basis of the December 2003 grant offer. However, all of the above matters will be pursued with the Scottish Executive and the outcome will be reported to the relevant committees. The December 2003 grant offer has been accepted on a provisional basis, subject to the resolution of outstanding issues.

Comparison of service costs and grant

After the submission of the final grant claim, the Supporting People team has reviewed the cost of services commissioned, to ensure that all providers are funded appropriately for the services that they are providing. (This review is not a full review of each contract, but was undertaken to address identified discrepancies.)

This exercise resulted in an updated funding requirement of :

	£'000
Angus Council Housing Department	1,292
Angus Council Social Work Department	2,743
External Providers	3,022
TOTAL	7,057

Based on this revised information, there is a shortfall of £144,000 between the funding required to commission services (£7,057,000) and the December 2003 grant offer from the Scottish Executive (£6,913,000).

The provision for growth of 1.44% which is within the revised grant offer had to be utilised to restrict the deficit to £144,000.

Any favourable movement in the grant offer will obviously reduce the funding gap. However lack of clarity on a number of issues together with an intimated audit of the process leads to some uncertainty on the grant position.

Income targets

The model used by the Scottish Executive to determine the Supporting People grant assumed an income target for Supporting People services – for Angus this target is £963,000 in 2003-04.

Charging for Supporting People services is based on guidance issued by the Scottish Executive. Angus Council incorporated this guidance into our non-residential charging policy on 25 February 2003 when committee report 249/03 was approved by the Social Work Committee. Under this guidance all service users in receipt of Housing Benefit/ Transitional Housing Benefit are automatically exempted from charges for the services received.

This means that there is almost no income being generated from Supporting People in Angus. This is a budget pressure that will need to be carefully managed, to minimise the risk to the Council. However, the Scottish Executive – in a letter dated 21 January 2003 – gave an undertaking to “consider the impact of the implementation of this charging policy following the introduction of the new arrangements”. This issue will be raised with the Scottish Executive along with the areas indicated above.

It is anticipated that there will be limited income generated over the next few years, with income only being realised as new service users enter the system. This will need to be reflected in the next review of the Supporting People Strategic Plan.

Impact on Funding Arrangements

There is therefore an overall shortfall of £1,107,000 to be managed. (Grant shortfall of £144,000 and unrealised income of £963,000).

In identifying the way to address this, consideration needs to be given to the principles of the Supporting People agenda and to the long-term position.

During the course of this financial year, Angus Council has adopted a prudent approach to implementing Supporting People. On 14 May 2002, the Policy and Resources Committee agreed to fund a number of services provided by the Social Work Department from the Transitional Housing Benefit (THB) scheme (now Supporting People). This decision was taken to allow existing resources to be released for new and/or improved service provision.

However, given the uncertainty surrounding the funding for Supporting People, there have been no proposals to date for using the resources released from the “mainstream” budget.

As indicated above, the Supporting People services provided by or through the Social Work Department are currently projected to cost £2.743m. These services fall into three categories, as follows:-

	Annual cost	
	£'000	£'000
New “Floating Support” Services		
Domestic Assistance Team	120	
Throughcare & Aftercare for Young People	258	
Keptie Road, Arbroath	5	
	<hr/>	383
Supported Accommodation		
**Lilywynd, Forfar	572	
**Cliffview Court, Arbroath	451	
Silverway, Montrose	103	
St. Drostan’s Court, Brechin	165	
	<hr/>	1,291
Support Services formerly funded from “mainstream” budget		
Domestic Assistance	862	
Community Alarm	207	
	<hr/>	1,069
TOTAL		<hr/> 2,743

(** = funded by resource transfer from Tayside Health)

It is not possible to achieve any contribution towards the shortfall from the new "floating support" services, as these are either currently fully committed or are likely to be fully committed during the course of 2004-05. These services were initiated under Supporting People and were not otherwise funded from the Social Work budget.

It is proposed that the unrealised income target is matched to the "mainstream" funded support services. This means that in future years, this funding will only be released as income is achieved from Supporting People.

It is also proposed that the balance (grant shortfall) will be found from the supported accommodation projects. All of these projects are currently funded from the Social Work revenue budget or by resource transfer from Tayside Health. It is therefore proposed that the element of the shortfall relating to the Supporting People grant is allocated to these projects on a *pro rata* basis.

This will enable some of the resources currently allocated to these initiatives to be released for other purposes – either service developments or budget cuts. In the current financial year this will manifest itself in an underspend estimated at £500,000.

In 2004-05 it is anticipated that the resources released will be available to accommodate shortfalls in core funding, service developments or budget cuts.

By using this combined approach, it will be possible to manage the Supporting People budget within the funding available for 2003-04. Based on the current level of funding, it is likely that the budget can also be managed in 2004-05. The position will be reviewed when the grant available for 2004-05 is confirmed.

4 RELATED FINANCIAL ISSUES

Future years

There are no guarantees about future funding arrangements. The Scottish Executive has indicated that there will be a further review of funding, due to be completed by March 2004. It is hoped that the current level of funding will be sustained. However, there are concerns about funding for inflation, growth and future pipeline projects. The relevant committees will be kept informed as the level of funding for 2004-05 and beyond is clarified.

In addition, the £429,000 for protected tenants (funded from the Housing Revenue Account) will decrease over time as new tenants will not be entitled to this protection. No alternative funding scheme has been identified to replace this other than increased income from charging - as it materialises. This will need to be reflected in the next review of the Supporting People Strategic Plan.

The Scottish Executive has confirmed that the Revenue Support Grant for 2004-05 has been reduced by £139,000 in respect of the 5% residual subsidy for Housing Benefit. This amount will be included in the Supporting People Grant. The impact of this can only be assessed when the Supporting People grant for 2004-05 is confirmed.

Pipeline Projects

Pipeline projects with a value of £771,000 (taking account of part year commissioning) have been approved for Angus Council by the Scottish Executive for 2003-04. This amount covers all identified pipeline projects for this year. However, some of the planned projects are behind schedule and funding will only be paid in respect of the actual housing support costs from when projects come on line.

Several pipeline projects were due to come on line in 2004-05 and 2005-06. Although capital funding has been identified, and the Scottish Executive has approved them, the funding of pipeline projects for future years is uncertain. The annual value of the projects will rise to £2,295,000 by 2005-06. Again, the implications of funding announcements for pipeline projects will be reported to relevant committees.

5 FINANCIAL IMPLICATIONS

2003-04

Given the prudent approach that has been adopted, it is anticipated that the expenditure for Supporting People will be contained within the funding available.

Indeed, as referred to above a related underspend in the Social Work Department's budget is anticipated. This is currently estimated at approximately £500,000. It is proposed to use this underspend – when it is confirmed – to support one-off projects related to Supporting People, possibly *via* the Local Capital Fund. Again, this will be reported to committee in due course.

2004-05

As indicated above, the position for 2004-05 is still unclear, with further information to be provided by the Scottish Executive.

6 HUMAN RIGHTS ACT IMPLICATIONS

There are no human rights implications arising from the recommendations contained in this report.

7 CONSULTATION

The Chief Executive and the Director of Law and Administration have been consulted in the preparation of this report.

8 CONCLUSION

The measures outlined in this report will allow the Supporting People budget to be managed in the current financial year. However, there is still uncertainty about the position in future years.

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Director of Social Work and Health Liaison

D Sawers
Director of Finance

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.