

Report to:	CABINET
Report of: Date of Decision:	Interim Corporate Director Adult Social Care & Health 27th June 2017
SUBJECT:	STRATEGY FOR DELIVERING PLANNED BUDGET SAVINGS: SUPPORTING PEOPLE CONTRACTS & GRANTS TO THIRD SECTOR ORGANISATIONS
Key Decision: Yes	Relevant Forward Plan Ref: 003697
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s) or Relevant Executive Member for Local Services:	Cllr Majid Mahmood - Value for Money and Efficiency Cllr Paulette Hamilton - Health and Social Care
Relevant O&S Chairman:	Cllr Mohammed Aikhlaq - Corporate Resources & Governance Cllr John Cotton - Health, Wellbeing and the Environment
Wards affected:	All

1. Purpose of report:
<p>1.1 To report back to Cabinet on the outcome of the consultation proposals in relation to Supporting People contracts and Third Sector Grants. All consultation responses received are available for viewing in Group Offices prior to the Cabinet meeting.</p> <p>1.2 To advise Cabinet of the proposed strategy that will be applied to deliver the budget savings (HW1) from the Supporting People contracts & Third Sector Grants for 2017/2018.</p> <p>1.3 To set out the details of a proposed approach to delivering the remaining savings requirements for 2018/19.</p> <p>1.4 The accompanying private report seeks approval for extension of individual grants to Third Sector provider organisations to support proposals within this report.</p>

2. Decision(s) recommended:
<p>That Cabinet:</p> <p>2.1 Notes the findings of the consultation report as detailed in Appendix 1.</p> <p>2.2 Approves the strategy recommended in this report, which secures the required savings for 2017/18 of £3.2m subject to final ratification by the Health and Wellbeing Board on the 4th July 2017.</p> <p>2.3 Notes the priority work needed in relation to the investment in community based preventative activity which reduces, delays and avoids the requirement for statutory adult social care interventions. This will be the subject of a further report to Cabinet this financial year and will also set out a proposed approach for any remaining savings requirements for 2018/19.</p>

- 2.4 Notes the requirement for the extension of the grants associated with the Third Sector Grants Programme for a further period of 6 months until 31 March 2018 is set out in the private report.

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3. Consultation

3.1 Internal

Cabinet Members for Housing and Homes, Children Family & Schools and Transparency, Openness and Equality have been consulted on the contents of this report and support the recommendations. Legal and Financial Services have also been consulted.

3.2 External

A meeting between service providers, Citizens Panel, the Cabinet Members for Health and Social Care and Housing and Homes took place on 9th of January 2017 to explore the possible implications of the budget reductions for service users, communities, the local authority, wider partners and service providers.

A further 60 day public consultation through Be Heard was undertaken between 10th March and 9th May 2017 in order to fully understand the impacts of the proposals to enable the Council to manage any associated risk and to minimise any disruption to service users, their families and the commissioned service providers.

Members of the Citizens Panel have been fully engaged in the consultation and have contributed to the design of the consultation documentation for service users. An easy read version of the consultation document was created for citizens with the support of an external organisation. Service providers were also provided with a template to help support them with a dialogue with their service users.

Discussions have taken place with key stakeholders from Health, Probation, and Third Sector lead organisations in order to identify mitigations and alternative funding sources for the organisations affected by the budget reductions.

The responses to the public consultation have informed the Equality Analysis and the proposed next steps and actions as set out in section 5 of this report.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

This report supports the Vision and Priorities, as agreed by Cabinet on May 16th 2017 across all four priority areas:

- Children – a great place to grow up in: Make the best of our diversity and create a safe and secure city for our children and young people to learn and grow.
- Housing – a great place to live in: Provide housing in a range of types and tenures to meet the housing needs of all the current and future citizens of Birmingham.
- Jobs and Skills – a great place to succeed in: Build on our assets, talents, and capacity for enterprise and innovation to shape the market and harness opportunity.
- Health – a great place to grow old in: Help people become healthier and more independent with measurable improvement in physical activity and mental wellbeing.

The recommendations also clearly support the Corporate Parenting responsibilities of the local authority by ensuring that Supporting People services continue to be available to young people in care or leaving care that require access to supported accommodation and support to live independently within their own homes.

4.2 Financial Implications

The City Council currently spend £24.1m a year on the commissioning of Supporting People services and £2.7m a year on Third Sector Grants. The budget saving requirement (HW1) is to reduce the overall combined spend on these activities by £3.2m in 2017/18 and by a further £1.8m in 2018/19.

The detailed savings proposals for 2017/18 are set out below:

- Identifying underutilised resources within contracts and managing performance across both Supporting People and the Third Sector spend within the Directorate – (£693.1k).
- A permanent transfer of some services to alternative funding streams e.g. the Homeless Prevention Grant (£279.1k).
- Some organisations either serving notice on the Council to end their agreement or organisations requesting a variation to reduce their contract value (£227.6k).

This activity has generated a combination of one off and permanent savings totalling £1.2m. The remainder of the savings requirements, totalling £2m for 2017/18 has been provisionally secured from funding being made available in the national government Spring Budget specifically to support adult social care through the Improved Better Care Fund (iBCF). Final ratification of this decision will be provided by the Health and Wellbeing Board on the 4th of July 2017.

In 2018/19, the on-going (permanent) saving will be £1.167m leaving a balance of £3.833m to be the subject of a further report to Cabinet this year. The initial outline of the approach is set out in section 5.10 of this report.

4.3 Legal Implications

The relevant legal powers afforded to Birmingham City Council as Administering Authority for the Supporting People programme are contained in section 93 of the Local Government Act 2000. The Council's relevant legal powers are contained in the Care Act 2014 together with the associated legislation and guidance relating to the provision of preventative services.

Under Section 111 of the Local Government Act 1972, a local authority has the power to take action which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions and therefore has a general power to enter into contracts for the discharge of any of its functions.

4.4 Public Sector Equality Duty

A full Equality Analysis has been completed and is attached as Appendix 2 of the Public Report. The possible high level impacts have been identified through a combination of contract and grant intelligence held by the service area, information and comment received via the public consultation and specific feedback from providers and service user representation. This in turn has shaped the recommendations proposed within this report. It is important to note, however, that it has not been possible to foresee every potential impact at this stage; these are likely to materialise should service providers start to take their own executive decisions locally over the next two years.

Any potential impacts as a result of service provider's requests to reduce or end their agreements with the local authority have been identified and mitigations agreed. For example, the securing of alternative support provision for any remaining service users, ensuring any vacant properties are being considered for re-designation to other priority uses or re-sale for investment in affordable housing. The use of Exempt Accommodation Status housing benefit funding where appropriate is being negotiated in one instance to pay for support requirements through existing housing benefit regulations.

Part of the implementation plan for the budget reductions and planning for 2018/19 and beyond will include the on-going dialogue with providers, service users and key stakeholders in order to retain the Equalities Assessments and impacts and mitigations log. This will be managed through the Commissioning Centre of Excellence and reporting to the relevant Cabinet Members as appropriate.

5. Relevant background/chronology of key events:

- 5.1 The approach to the budget reductions as set out within this report aims to take into consideration the body of evidence both locally and nationally for continued and increased investment in prevention and early intervention. At a local level, the prevention services funded through Supporting People and Third Sector Grants currently support approximately 31,000 people a year in Birmingham to remain independent and to continue to live in their homes. The provision of prevention services also directly supports the objectives of the Council by offering the potential to reduce demand and expenditure on more costly statutory interventions including Social Care, Homelessness and Health.
- 5.2 The original proposal outlined within the public budget consultation document was to deliver a total of £10m in savings from the Supporting People Programme and Third Sector Grants.
- 5.3 During the consultation period (8th December 2016 – 16th January 2017), significant feedback was received from a range of stakeholders, citizens accessing the services, service providers and the general public. The final budget reductions required were reduced to £3.2m for 2017/18 and a further £1.8m in 2018/19 and agreed by Cabinet and then at Full Council on the 28th February 2017.
- 5.4 On the 10th March a further 60 day consultation was launched to determine the approach to delivering the savings requirement. Meetings with providers and citizen representatives also took place on the 3rd and 10th of March.

Some high level key points from the consultation include;

- The potential detrimental impacts upon the most excluded and vulnerable citizens.
- The important role of the Supporting People and Third Sector Grant funded organisations in providing a safety net of preventative services. This support avoids or delays the escalation into statutory responses particularly with regards to homelessness, children's and adult social care or health.
- The view that there is a lack of local authority recognition or strategy with regards to the role of the third sector providers and community based services in supporting the objectives of the local authority.
- Concerns that two very distinct funding streams (Supporting People and Third Sector Grants) were being badged together under one budget reduction proposal (HW1).
- Potential loss of services that are considered as national best practice.

5.5	During the consultation period, officer activity focused upon a combination of contract performance discussions with Supporting People providers and the identification of possible mitigations by moving some services from both Supporting People and Third Sector Grants into alternative funding streams. The intention being that this would generate a combination of one off and permanent savings with limited or no negative impacts upon citizens receiving services and reducing the risk of significant job losses within the provider organisations. One organisation requested a reduction in their contract value in support of their internal business re modelling in light of the pending welfare reform changes. Another organisation has notified officers of their intention to serve notice on their contract to end the agreement with the local authority. Discussions have taken place with both organisations in order to identify any negative impacts and agree possible mitigations.
5.6	At the same time the Cabinet Member for Health and Social Care and Interim Corporate Director for Adult Social Care and Health have set out their ambition and commitment to shaping and influencing the third sector within the City in order to enable citizens to live independently for as long as possible. This is intended to ensure that support delivered to citizens by third sector community based organisations works in a way which builds their resilience and enables people to look after each other within communities. There are significant opportunities to develop this approach jointly with Health Partners.
5.7	The 2017 national government Spring Budget announcement of March 2017 provided additional funding to the Council in order to support adult social care over three years via the Improved Better Care Fund (iBCF). The Supporting People and Third sector Grant services provide funding to organisations which prevent, reduce or delay more intensive Care provision and enable people to live independently within their communities. It is therefore considered appropriate to utilise part of the iBCF funding to mitigate against any immediate potential reductions in these preventative services whilst a longer term strategy is developed. This will contribute to a better long term outcome for vulnerable citizens
5.8	Provision for further extensions to the Third Sector Grant funded organisations for a 6 month period have previously been agreed through the delegated authority report approved on 5 th May 2017. Extensions will therefore be initiated as required from October 2017 in order to avoid the immediate loss of key third sector capacity and expertise and allow time for the approach set out in 5.9 and 5.10 of this report to be delivered. The details of individual organisations are set out in the private report.
5.9	There will be some on-going support and engagement in this process through some capacity building resources previously agreed through BVSC. This will include additional business modelling support to organisations.
5.10	<p>A further report and equality analysis setting out the strategy for delivering the savings for 2018/19 will be presented to Cabinet later this year. The strategy for delivery will set out;</p> <ul style="list-style-type: none"> • A more focused approach to investment in prevention services which enables citizens to live healthy independent lives within communities. This in turn avoids reduces or delays reliance upon more costly statutory interventions. • The contribution and role of the third sector or not for profit organisations in building the resilience of communities

- Any interim management action undertaken as part of the business management of the services.
- Any further reductions in contracts or grant values required to deliver the remaining savings.
- How proposals fit with the objective of tailoring services to neighbourhoods.

5.11 In addition, proposed changes to the Housing Benefit Regulations in relation to payment for supported accommodation comes into force in April 2019 and will impact upon Supporting People accommodation providers. The changes do afford the opportunity to explore strategically how we commission and source supported accommodation for vulnerable people within the City.

5.12 The development of a new approach will provide the platform for the delivery of quality care and support that recognises the individual needs of vulnerable people and supports them to optimise their independence and to remain within their communities. The intention being that this will lead to a system of closer partnership working with investors, commissioners, providers and a wider network of third sector organisations.

6. Evaluation of alternative option(s):

6.1 100% decommissioning of third sector grant funded organisations as per the proposals set out in the recent Be Heard consultation for this budget line (HW1) is not the preferred option as having considered the implications and heard the responses during consultation, this could generate greater burdens on the Council's adult social care services. This option also significantly reduces the local authority's aspiration to work more closely with the third sector in order to deliver the priorities for the City

6.2 An equal percentage reduction for both Supporting people and Third sector providers. This is not the preferred option because the impact of this will result in removal of support to current service users. The likely consequences could result in the escalation of their needs into more costly statutory interventions.

7. Reasons for Decision(s):

7.1 To deliver the savings as agreed by Council on the 28th Feb 2017.

7.2 To mitigate, wherever possible risks to service users and their families.

7.3. To ensure continued investment in preventative services which enable people to live independently within their communities whilst giving the opportunity for a proper review of those services within an overall strategy.

7.4 To give more time to work in partnership with the key partners and providers to agree an approach to future investment in preventative services that enable people to live independently within their own homes and communities for as long as possible.

7.5 To optimise current and future funding for the purpose of delivering value for money solutions and reduce the strain on adult and children social care, health and homelessness systems.

Signatures	<u>Date</u>
Cllr Majid Mahmood Cabinet Member for Value for Money & Efficiency
Cllr Paulette Hamilton Cabinet Member for Health and Social Care
Graeme Betts Interim Corporate Director Adult Social Care & Health

List of Background Documents used to compile this Report:
Equality risk impacts monitoring log

List of Appendices accompanying this Report (if any):
<ol style="list-style-type: none"> 1. Consultation analysis in response to the savings requirements for the budget line HW1 2. Equality Analysis

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