

CIPFA

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**CIPFA Local Authority
Housing Panel**

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AT THE HEART OF
PUBLIC SERVICES 

INTRODUCTION

Welcome to the eighth edition for finance practitioners and CIPFA members working in local authority housing. This newsletter has been prepared by CIPFA's Local Authority Housing Panel. This month's issue focuses on the Supporting People programme. It also contains some information on the Panel's forthcoming Housing Finance event; new Prudential Code Guidance and forthcoming events in the PMPA.

SUPPORTING PEOPLE: FUNDING FOR 2005/06 TO 2007/08

The Government announced on 31 August a substantial funding package of over £5 billion to support independent living for vulnerable people over the next three years.

The funding settlement, which had originally been expected with the Spending Review 2004 announcement, will provide £1.72 billion in 2005/06, followed by around £1.7 billion in both 2006/07 and 2007/08 for the Supporting People programme. This compares with a funding level of £1.8bn for 2004/05. Individual allocations for local authorities are not expected to be announced until the Autumn, but efficiency savings of up to 7.5% are likely.

The three-year settlement is intended to provide crucial housing-related support to vulnerable people, including home visits, alarm systems and advice on accessing benefit entitlements.

Since its introduction in April 2003, Supporting People has grown so that it now provides vital housing-related support to over 1.2 million people, including the elderly, people with learning difficulties and those fleeing

from domestic violence. A programme of work, including a series of Audit Commission inspections on behalf of the Government, has taken the view that there is considerable scope for local authorities to make savings in the Supporting People scheme, in order to improve value for money and reach unmet demand.

The Office of the Deputy Prime Minister (ODPM) has said that it will be working with local authorities and providers over the coming months to help them improve procurement, contract management, value for money and the sharing of good practice.

More information about the Supporting People programme is available from www.spkweb.org.uk

Shortly before this recent announcement, CIPFA held a seminar event covering exclusively the various issues around Supporting People. Speakers included Eugene Sullivan, Public Sector Partner, RSM Robson Rhodes, Roy Irwin, Chief Inspector of Housing, Audit Commission, Wendy Jarvis, Divisional Manager- Supporting People, Office of the Deputy Prime Minister, Samih Kalakeche, Deputy Director – Joint Commissioning, Brent NHS Primary Care Trust, Lindsey Wishart, Head of Community Services Accountancy, Royal Borough of Kingston Upon Thames, and Anne Turner, Finance Director, Jepson Housing. A summary of the main sessions is set out below.

The Robson Rhodes Review

Eugene Sullivan, Public Sector Partner, RSM Robson Rhodes, gave an in-depth look at the Robson Rhodes Review of the funding of the Supporting People Programme. He explained how the Review had come in response to the

huge increase in the Supporting People grant. It had been tasked with focussing on the future, taking the present situation as a given and making recommendations on key points related to the funding distribution and value for money of the programme.

The Review analysed the funding of the legacy provision (which is made up of the housing related support services element of any service that was, at 31 March 2003 funded wholly or in part by sources including, for example, Supported Housing Management Grant, DSS Resettlement Grant and Un-pooled Housing Revenue Account and Large Scale Voluntary Transfer grant) and sought to understand the transitional period in terms of how funding reached £1.8bn. The Review was to give due consideration to the Service User Group and Provider issues as they affect the four main client groups - people with learning difficulties, people with mental health problems, older people with support needs and single and family homelessness.

The Review had to take account of the two legitimate perspectives on the Programme – perspectives that would have to be reconciled for the Programme to move forward effectively.

The ‘public purse’ perspective denotes that £1.8bn in legacy funding is unaffordable and unsustainable; especially in view of the fact that originally £700m was planned for the whole of the UK. There is also concern that the extra funding has not led to extra provision.

The equally legitimate ‘allow us to manage’ administering authorities perspective confirms that it was anticipated and expected that the

legacy provision would not be wholly in line with rational needs led commissioning, but to make the necessary changes effectively will take time and the provision must be secured until reviewed.

The main finding of the Review is that £1.8bn for the legacy provision is too much and the programme is not delivering value for money. This is because by definition the legacy provision is an aggregation of a range of existing and recently developed services and between 80-90% of the provision was provider-led, not commissioning-led. Distribution has been uneven and has not been related to need. Many of the schemes developed are priced on the basis of cost and lack the competitive pressure of market testing. In addition the range between high and low unit costs raise questions about value for money, quality of service and whether services are exclusively for housing related support services. The review recognised that legacy provision should be brought in line with the proper market rate for good quality, strategically relevant housing related services and that efficiency savings should be optimised to release funds for new provision. These findings did not come as a surprise to Supporting People Team Leaders who acknowledge that the supply map as currently configured would not be what they would design if they could start afresh.

The ODPM has begun a review process for the legacy provision, however the pace of change could be too slow and service reviews may not fully deliver the total realisable benefits. Equally, Administering Authorities and providers would argue that the pace of change must recognise the need for stability and that a proper

timescale for reviewing and where, appropriate reconfiguring service provision is required. The need to ensure the liberation of the legacy provision happens at a pace, which

ensures stability for service providers was recognised as a crucial issue in the review.

The Recommendations

The principals for future grant allocations could be the removal of all unit cost funding above a predetermined level and provision of protection to any Local Authority that would otherwise suffer reductions above a given percentage and/or cash value. Such protection could be conditioned upon an early review or inspection. Further, ODPM should retain any differences between the Supporting People Grant voted by Parliament and the amounts distributed for the purposes of funding growth through both capital and revenue schemes. This would enable funds to be set aside for new schemes.

ODPM should liberate resources tied up in the legacy provision for future grant allocations, subject to the following caveats:

- ⊘ Limited range of acceptable and prudent options for changes to be implemented by April 2004.
- ⊘ Proposed changes should be implemented in a consensual manner.
- ⊘ To avoid damage to valuable services and providers, changes should be managed carefully.
- ⊘ Liberated funds should be redirected as necessary and to meet growth based need.

Efficiency savings should not be retained by Associated Authorities

based on current distribution, a proportion should be retained by ODPM to redistribute to areas of unmet need and to fund new provision based on evidence of need.

Administering Authorities should seek to manage any reductions in allocations based on the following principles.

- ⊘ Only decommission services which are not strategically relevant and/or of unacceptable quality.
- ⊘ Only reduce prices to third party providers following review and negotiations.
- ⊘ Secure extra income sources for those groups where the integrated package includes more than just housing related support.

Administering Authorities departing from these principles run the real risk of the loss of valuable provision, damage to third party providers and an increase in council tax.

The Review recognised that there is a level of unmet need remaining within the main client groups, though no robust and evidence based assessment of such need exists. However such unmet need must take priority in line with other services and can only be met with proper fiscal disciplines and a business case approach should be used to agree funding levels for future spending rounds.

Lessons from Inspection

Roy Irwin, Chief Inspector of Housing, Audit Commission explained the supporting people inspection process, the key issues and considered the resulting outcomes.

The Audit Commission's Strategic Plan 2004-2007

- ⚡ Ensure value for money.
- ⚡ Achieving real improvement for users of public services.
- ⚡ Evaluate services from the public's perspective.
- ⚡ Target regulatory resources strategically.
- ⚡ Support self improvement.
- ⚡ Work in partnership.
- ⚡ Drive continuous improvement.
- ⚡ Ensure strategic regulation as a driver for improvement.
- ⚡ Secure improvement in practice.

The Supporting People inspection process

The Supporting People programme inspection process involves the participation of the Housing Inspectorate with Her Majesty's Inspectorate of Probation and the Commission for Social Care Inspection. It looks to provide two judgements.

- ⚡ How good is the service? *Star rating 0-3.*
- ⚡ Will the service improve? *Poor/uncertain/promising/excellent*

These judgements are made within the context of local needs and day-to-day community issues and place an emphasis on outcomes for vulnerable people. So far 22 reports have been published.

The key issues considered in the inspections were.

- ⚡ Governance – Administering Local Authority.
- ⚡ Delivery – service providers.
- ⚡ Partnership working.

- ⚡ Customer care, user involvement and access to services – how they are strategically organised.
- ⚡ Diversity.
- ⚡ Quality and monitoring – service reviews.
- ⚡ Value for money.
- ⚡ Outcomes for service users.

To date the inspections have found:

Positive Outcomes.

- ⚡ Outcomes for service users
 - ∞ #Improved services
 - ∞ #Greater independence
 - ∞ #New services
 - ∞ #Improved/new support plans.
- ⚡ The improvement or creation of positive relations with service providers.
- ⚡ Innovative approaches to needs assessments.
- ⚡ Clear analysis of strategic links.
- ⚡ Effective partnership working
 - ∞ #Providers
 - ∞ #Health
 - ∞ #Probation.

Positive Inputs

- ⚡ Robust systems in place
 - ∞ #Contracting and payments
 - ∞ #Service reviews.
- ⚡ Service reviews
 - ∞ #Clear and shared methodology
 - ∞ #Monitoring and reporting systems in place
 - ∞ #Positive outcomes for service users.
- ⚡ Value for Money
 - ∞ #Clarity around eligible services
 - ∞ #Evolving clarity including benchmarking
 - ∞ #Robust analysis
 - ∞ #Identified savings.

Areas of concern

Governance: Commissioning Bodies and Core Strategy Groups.

- ⚡ Lack of focus and purpose.
 - ⚡ Health and Probation – poor engagement and commitment.
 - ⚡ Role of service provider, both internal and external, lacks clarity.
- ### *Governance and delivery: Corporate commitment and partnerships*

- ⚡ Weak linkages between departments, elected members and officers, frontline and management staff.
- ⚡ Lack of shared commitment.
- ⚡ No mapping/pooling of knowledge/skills and resources leading to a lack of shared understanding and engagement.

Strategic relevance and poor understanding

- ⚡ Some LAs do not view Supporting People as a mainstream programme.
- ⚡ Senior/middle managers and frontline staff do not understand plans.

Diversity

- ⚡ Poor engagement across user groups.
- ⚡ Exclusions of hard to reach/unpopular groups.
- ⚡ Lack of corporate read across.

Performance management and monitoring

- ⚡ Lack of robust systems – problems with payments, contracts and continuity.
- ⚡ Processes for and action following service reviews are not through.

- ⚡ Poor work planning for work identified in reviews.
- ⚡ Poor/no reporting systems: progress and spend.

Value for Money

- ⚡ Confusion around eligible grant expenditure.
- ⚡ Lack of understanding.
- ⚡ Lack of partnership.
- ⚡ Inability to respond to known problems.
- ⚡ Lack of cross-authority working.

Service reviews

- ⚡ Lack of progress.
- ⚡ Lack of skills/capacity.
- ⚡ Uncertainty over outcomes.
- ⚡ Weak engagement with service users.
- ⚡ Outcomes for service users not considered in planning and implementation.

This notwithstanding the outlook for the Programme is positive and there are a number of outcomes that the Commission is certain can be achieved by each locality, including.

- ⚡ Clear access routes for service users.
- ⚡ Services to promote independence with dignity and security.
- ⚡ High quality, well monitored services cross tenure and cross sector that achieve value for money.
- ⚡ Links to primary health care.
- ⚡ Strategic Partnerships and Joint Commissioning.
- ⚡ Sustainable hospital discharge.
- ⚡ Reduced A&E admissions.
- ⚡ Reductions in risks to communities.
- ⚡ Reduction in risks to vulnerable people.

ODPM perspective

Wendy Jarvis, Divisional Manager-Supporting People, Office of the Deputy Prime Minister gave an overview of ODPM's current position on the Programme. Although the Spending Review had been announced at the time the seminar took place, decisions on the amounts available for the Supporting People were still under consideration and she was not able to make any announcements on likely grant levels.

ODPM was currently looking at the distribution formula and had established a Sounding Board Group to provide advice on the subject. The Group will look at a formula for relative need and will be consulting on the process. An email group has been set up to receive feedback on this area – spdistributionformula@odpm.gsi.gov.uk and the group will report in the autumn, after which ODPM will look at the timetable for introduction. The Department is sending a very clear message to the Treasury that efficiency savings have to be tailored and is looking at redistribution as well as cuts.

The implications and possibilities if removing the ring fence will be considered as a means through which Authorities could gain more autonomy, however it will remain for 2005-06.

ODPM see Supporting People as a method of capacity building, which will enable Authorities to deal with the challenges faced and allow for a shift from the legacy phase to a needs based programme. It is clear that there is a need for greater clarity on the level of resources that can be utilised and the skills required to enable the Programme to move forward. Towards

this end, greater focus will be placed on knowledge sharing for which a 'Positive Practice' website maybe developed.

Oxfordshire, Salford, Suffolk and Telford and Wrekin are beacon Councils for the Programme and can be contacted if further information is sought. Details on the themes covered in the pilots can be obtained from www.idea.gov.uk/knowledge Health Pilots have also just started in Northants, North Lincolnshire, Doncaster, Salford and the London Boroughs of Southward and Waltham Forest. Information will be provided as it becomes available.

ODPM is now considering more pilots concerning themes such as improving procurement and re-engineering services and Performance Benchmarking so that organisations can compare performance and learn how to develop and improve. The Department will also focus on why Supporting People providers are not doing more and how it can help overcome this. For Local Authorities and Providers this means that they should be prepared to demonstrate that they are achieving value for money and engaging more effectively with service users and the Commissioning Bodies to understand what are their priorities are and also develop a robust five-year strategy.

Improving Value for Money

Samih Kalakeche, Deputy Director – Joint Commissioning, Brent NHS Primary Care Trust explained how the NHS agenda is to support people at home and ensure that they are safely discharged and able to access the services, which enable them to make more choices and how the Supporting People Programme promotes this.

Housing is a crucial part of this as it is necessary for a healthy nation. The needs of the population is changing and becoming more focused on keeping people in their own homes. For this to happen effectively, people must be able to obtain access to housing, something that will only be achieved effectively if one unit not multiple is providing for the needs of the client.

The provision of joined up services requires benchmarking information and the programme is currently too new for this to be available. Future service reviews will have to analyse value for money, risk and strategic relevance, however it is important that the partnerships developed do not concentrate solely on such reviews. It is as equally important that care managers and clinicians become more involved to ensure effective care in the community can be provided through a singular service.

Supporting People in Practice, Improving Value for Money. A Local Authority Case Study.

Lindsey Wishart, Head of Community Services Accountancy, Royal Borough of Kingston Upon Thames gave a case study analysis of improving value for money in housing under the Supporting People Programme.

RB Kingston's biggest client group is older people and whilst it has strong partnerships with the health sector and has enough sheltered housing, it currently does not have the capacity to provide extra care. There is a small number of providers (housing associations) and a lack of specialist providers that can accommodate clients with complex needs.

Value for money in the programme is an important issue area to consider as it highlights how resources can be used to best effect and gives the ability to redirect funds to tackle unmet need. There is as is known pressure on the Supporting People pot and ODPM have made it clear that they want more units of supported accommodation to be developed.

RB Kingston is resisting cuts across the board in the belief that this is the wrong approach to take in dealing with this problem. Instead the Authority is trying to mirror the Council's normal budget process and has given an inflationary uplift, though further significant cuts in the Supporting People pot will prevent this from happening again. It is intended that cuts will be made opportunistically in a way, that will protect the best and the most needed services. Service reviews have targeted providers with high costs or performance issues and contracts have been reduced where prices are unjustified. Ultimately, if efficiencies cannot be identified then service reductions will have to be considered. However where larger providers may be able to spread services more thinly, smaller providers are unlikely to be able to do so and the Authority has already lost one that could not cope with the bureaucracy of the Programme.

RB Kingston is working with Richmond and has carried out a provider questionnaire, which had increased the comprehensiveness of ODPM's Returns and matrix survey. It is currently looking at direct costs and overheads and seeking information on outcomes. What has become clear with regards to provider funding is that greater clarity is required in relation to other funding for Supporting People Services and self-funders, (people

within the system that are not receiving a subsidy).

Measuring the outcome of the Programme is not as easy to measure as outcomes in temporary provision. However, what is clear is that the alternatives (single homeless in B & B accommodation, repeat homelessness and eviction to name but a few) are not as positive.

Supporting People in Practice – A Case Study From the RSL Perspective

Anne Turner, Finance Director, Jepson Housing gave an overview of the how the Supporting People Programme works in practice for an RSL provider.

She explained that essentially no two Supporting People contracts are the same as each Local Authority amends the master copy provided by ODPM. For Jepson this has resulted in, for example, significant variations in notice periods, review and payment dates.

Local Authorities have reacted differently to cuts in funding, with some teams restricting new claimants, on the grounds that all available funding is committed. Some teams have added inflation this year, some have not and steady state contracts are not being issued until teams know what money is available. Equally, Local Authorities are carrying out Service Reviews differently, with the result that different grades are being assigned to the same services.

Ultimately, the Supporting People programme has generated substantial amounts of administration, which has not only had significant cost implications, but also, because it has led to a change in (especially site) staff

roles, has led to recruitment issues. Despite guidance, there are significant differences in practice between Local Authorities and providers, which increase the level of issues faced by a provider that deals with more than one Authority. It has also made future investment problematic as needs and expectations vary and future funding streams are more difficult to predict. On a positive note however, service has improved over and above what was available without the Programme and there is a greater consistency in the service provided.

SEMINAR ON DEVELOPMENTS IN HOUSING FINANCE: 5 NOVEMBER

CIPFA will be holding a seminar event in London on 5 November 2004. The event will cover the major issues currently affecting housing finance, including: Overview of Housing Policy Changes, Accounting for Supporting People, Market Renewal Homelessness, Leaseholder issues and Housing Stock – the fourth option?

There will also be breakout sessions on the options of ALMOs, PFIs and LSVTs.

This event can be booked on line through the CIPFA shop at: www.cipfa.org.uk or e-mail Sarah Edwards sarah.edwards@cipfa.org

PRUDENTIAL CODE: GUIDANCE OUT NOW

The Prudential framework of local authority capital investment, introduced through the local government act 2003 and the local government in Scotland act 2003, is having a real and beneficial impact on service delivery by supporting strategic planning for capital investment at a

local level.

CIPFA has now published further guidance on the application of the Prudential code that underpins the new framework, in particular identifying how the code interfaces with the legislative context in which it operates. The update also reflects first experience of practitioners during the application of the code. The guidance concentrate specifically on the application of the Prudential code in respect of issues of affordability, prudence and sustainability.

The new guidance, entitled *The Prudential Code: Guidance Notes Practitioners*, can be purchased online from the CIPFA shop at: www.cipfa.org.uk

PUBLIC MANAGEMENT AND POLICY ASSOCIATION (PMPA)

The PMPA offers managers and policy makers a range of opportunities to keep in touch with and understand the wider cross-cutting developments in public policy making that affect the governance, general and financial management of public services.

Forthcoming events:

7 October 2004: Well placed to deliver? Sir Michael Lyons

30 November 2004: Are we ready? Civil Service reform. Ed Straw

To find out more:

The PMPA is a national membership organisation, managed and supported by CIPFA. Members of CIPFA, ACCA and CIMA are entitled to join at a discounted rate of £75.00.

Further information on joining the

PMPA is available from the PMPA website – www.pmpa.co.uk (which includes a downloadable application form) or from Sandra Harper at CIPFA, 3 Robert Street, London WC2N 6RL. Tel 020 7543 5679; fax 020 7543 5695; email sandra.harper@cipfa.org

THE HOUSING PANEL

CIPFA's Local Authority Housing Panel meets three times a year and is responsible for all financial management and policy issues that affect housing finance. The Panel:

- €# develops Institute responses to Government, professional bodies' and other bodies' consultation/discussion papers and exposure drafts
- €# develops, promotes and maintains best practice, standards and guidelines
- €# produces and disseminates relevant advice and material for members and employers in local authority housing
- €# establishes positive and productive professional relationships with Government, government departments and agencies, the national audit bodies, professional regulators and other bodies falling within the Panel's defined areas of responsibility.

The current Panel members are:

Ken Lee	<i>Flyde Borough Council</i>
(Chairman)	
Bev Angell	<i>Nottingham City Council</i>
Paul Cook	<i>Consultant</i>
John Hawes	<i>Sedgfield Borough Council</i>
Sukvinder Kalsi	<i>Birmingham City Council</i>
John Kettlewell	<i>LB Tower Hamlets</i>
Rhys Makinson	<i>LB Camden</i>

Anne Phillips *Powys County Council*
Adrian Waite *Consultant*
Simon Wiles *City of York Council*
Tony Wardrobe *National Assembly*
for Wales
Lindsey Wishart *Kingston upon*
Thames

Members by Invitation:

Subroto Duttaroy *ODPM*
Steven Nisbet *Perth and Kinross*
Council
David Thomas *Consultant*

Further information about the Panel's activities, publications and seminar events is available on the panel website at: <http://www.cipfa.org.uk/panels/housing/> or from the Secretary, Suzanne Dowse by emailing suzanne.dowse@cipfa.org Tel: 020 7543 5795.