

NEWSLETTER ISSUE NUMBER THIRTEEN

CIPFA LOCAL AUTHORITY
HOUSING PANEL

June 2006

AT THE HEART OF
PUBLIC SERVICES



Welcome to the thirteenth 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 edition includes summaries of key sessions from a recent CIPFA seminar *Supporting People: The Finance Challenges Ahead*, the full text of two CIPFA responses to ODPM consultations on Supporting People, some items on developments in CIPFA and an update on forthcoming PMPA events.

SEMINAR EVENT: 29 JUNE, INTRODUCTION TO HOUSING FINANCE

This course is an entry-level jargon free event which introduces the key issues impacting on the finance function in Local Authority Housing Departments. With a mixture of practical sessions from practitioners, funding and advisory bodies, the course considers key business aspects of housing funding.

It will cover:

Plenary and workshop sessions include:

- Strategy and Finance
- Regional Housing Boards and Capital Allocations
- Methods of Managing Housing Stock
- Housing Finance Framework
- Supporting People
- ALMOs
- Homelessness
- Financing Council Housing
- The Financial Management of Housing Benefit.

To find out more or to register a place, visit the CIPFA Shop at <http://www.cipfa.org.uk/>

SUPPORTING PEOPLE: THE FINANCE CHALLENGES AHEAD – MAY SEMINAR

This seminar attracted 88 participants. Speakers included The event was chaired by Paul Cook, Independent Consultant, author and member of CIPFA's Local Authority Housing Panel.

Speakers included Jane Everton, Manager of HHS Supporting People Division, Department for Communities and Local Government; Andrew Jepps, Supporting People Team Manager, Northamptonshire County Council; John Nawrockyi, Director of Social Services, London Borough of Greenwich; Alan Hagger, Supporting People Manager, Hampshire County Council; Lindsey Wishart, Head of Community Services Accountancy, Royal Borough of Kingston upon Thames; Paul Kingsley, Group Director, L & Q Supported Living and Yvonne Davies, Head of Housing (North), Audit Commission.

Some of the key sessions are summarised briefly below.

DELIVERING A SUPPORTING PEOPLE STRATEGY

Jane Everton, Manager of HHS Supporting People Division, Department for Communities and Local Government (DCLG), pointed to continuity from the previous Office of the Deputy Prime Minister, as both Phil Woolas MP and Yvette Cooper MP remain as ministers in the new Department. Following the recent Supporting People consultation, which attracted over 450 responses from service users, officials will be discussing the strategy for taking the programme forward with ministers over the summer. The role of

partners working with local authorities was very important. Over £1 billion per year has been invested in third sector delivery of the initiative, including by housing associations. Supporting People involves not only the DCLG, but also the Home Office, Education and Skills, Health, and Work & Pensions Departments. The Government sees people becoming or remaining independent, older people being helped to stay in their own homes, and young people being helped to set up home for the first time, as among the achievements so far of Supporting People.

The initiative is seen as an "invest to save" programme, producing financial benefits and savings for a variety of services including independent living, homelessness / sustainable tenancies and social care services. A new strategy is now needed as the end of the implementation phase approaches, to build on the better understanding of what housing-related support achieves, and of specific outcomes. The initiative is critical to the cross - Government agenda on social care, tackling social exclusion, crime and anti-social behaviour. However, further improvements in commissioning and delivery are needed.

The issues to address up to the year 2011 include:

- Continuing the focus on prevention and enabling independence
- Integrating housing – related support with other services
- Further improving user - focused services and user choice
- Effective and appropriate flexibility for local authorities
- Better informed commissioning
- Recognising and supporting the role of the Voluntary and Community Sector.

Key areas for officials to discuss with ministers, initially in the DCLG and then across Departments, include:

- Continued promotion of Local Area Agreements (LAAs)
- Explore options for attaching a statutory duty to the delivery of Supporting People
- Continue to develop an Outcomes framework for Supporting People
- Develop better Contracting and Procurement arrangements
- Strengthen Government support for the Voluntary and Community Sector.

DCLG recognises that up to the present, Supporting People funding has been time-limited to one or two years, but aims for longer term agreements with service providers. Cross-Government co-operation at national level on the initiative should be mirrored at local level under the umbrella of a community plan. Any grant reductions will need a targeted approach to pass on to service providers, rather than flat rate reductions across the Supporting People programme. Financial management and practices will need to be able to adapt to use with Voluntary and Community Sector providers.

The 2007 Comprehensive Spending Review will involve robust assessment of Supporting People expenditure's Value for Money. Authorities would of course be welcome to ask the Treasury to continue its budget support for the initiative.

THE SUPPORTING PEOPLE DISTRIBUTION FORMULA

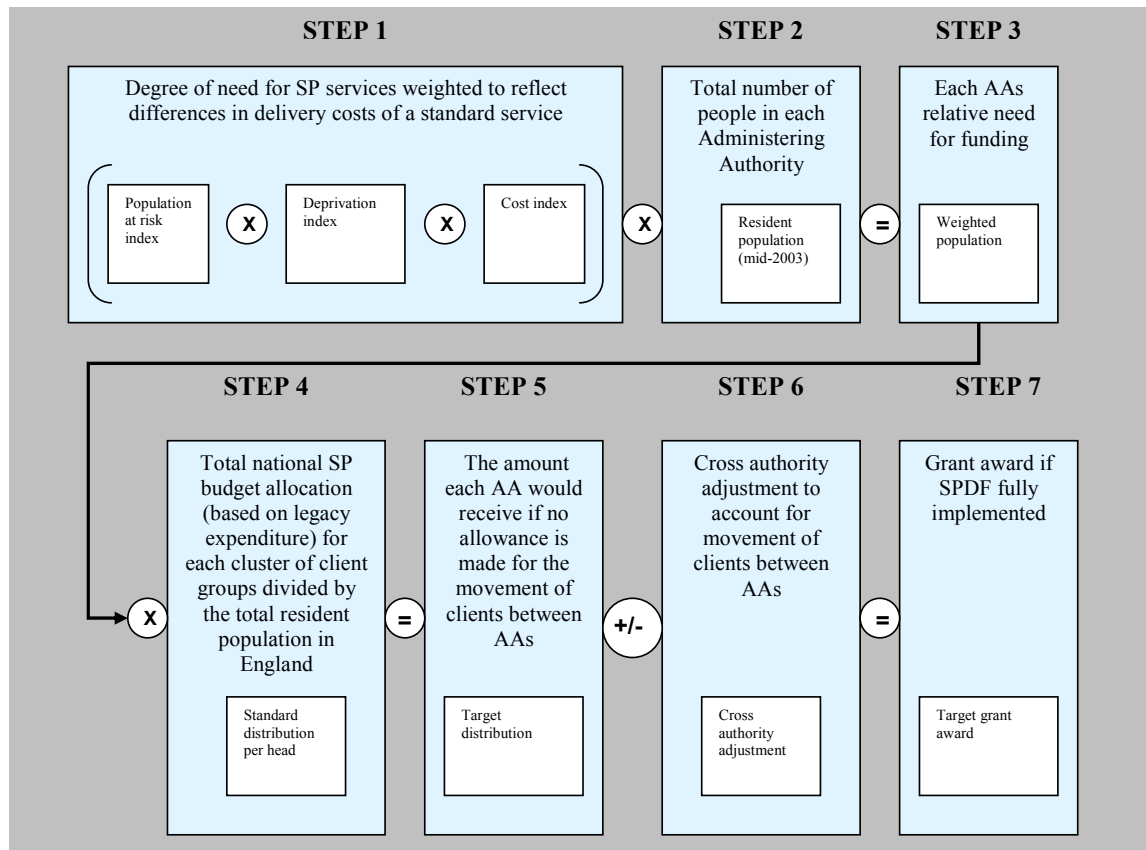
Andrew Jepps, of Northamptonshire Supporting People, summarised the current arrangements as follows:

- 2003/04 budgets built up from "spend on the ground"
- Growth driven by Transitional Housing Benefit claims
- Led to inequitable distribution and some poor value services
- Overall "pot" larger than ODPM/Treasury had anticipated – around £1.8bn
- Robson Rhodes review asked to look broadly at value and cost shunting

- Overall "pot" has declined to around £1.7bn
- Eg around 5% less cash going into 2005/06 than previous year, around 2% less cash going into 2006/07.

He suggested that the biggest driver for budget change today has been the amount of national funding available and that the overall size of the national pot remains the biggest risk factor for the programme as a whole – the next comprehensive spending review may lead to a very different amount of money being available. Lack of confidence in the size of the National pot is a significant factor leading to (typically) quite short contracts being offered providers.

The following diagram sets out the basic structure of the latest version of the formula.



The second biggest risk to Supporting People programmes in the various authorities remains the manner in which the national pot is apportioned. The latest version of a distribution formula, on which DCLG consulted over Christmas, could potentially lead to some big winners but also some big losers. After discussing the main elements of the formula in some detail, Andrew turned to the main issues. There is the conflicting feedback from urban areas versus rural ones. The pace of change, as ever, throws up winners and losers. There are issues around avoiding discrimination between client groups and potential negative allocations. There is the problem of the omission of growth areas.

Other areas of discussion included integration with care funding, low level support and individual budgets, socially excluded groups and the issue of ring fencing.

Supporting People funding is likely to form part of many of the Local Area Agreements (LAAs) and if LAAs work, this would be a sensible way forward and looks attractive,

though a declining budget locked into homes for life may be less so. Moreover, some risk may arise as a result of LAA partnerships typically being built more quickly than Supporting People partnerships. A pragmatic view of aligning priorities and funds with LAAs but holding onto the best parts of the SP programme in the meantime is probably the best way of managing the balance between opportunities and risks.

In conclusion, Andrew suggested that there is no easy solution. Uncertainty remains in supporting people funding - but there is a clear need to develop better value and tighter focus on outcomes.

PRACTICAL FINANCE ISSUES – LOCAL AUTHORITIES

Lindsey Wishart, Head of Community Services Accountancy, Royal Borough of Kingston upon Thames, outlined the local characteristics of the Borough, a relatively affluent area but with pockets of deprivation. Social Housing included 5,000 Council homes, with 2,000 provided by other organisations. The small number of providers for Supporting People services locally had helped to build good working relationships. The largest client group is older people, but specialist service and housing provision for other groups is lacking. The Borough found that guidance available on Supporting People was generally useful, and that being able to demonstrate good performance on these services was important within the Comprehensive Performance Assessment.

Routine monitoring had replaced service reviews, although final work by the council on performance indicators and outcomes would await the DCLG's own review of the initiative. The council had extended the initiative's scope to fund Handypersons. Authorities are advised to let their Internal Audit colleagues know that a statement of Supporting People grant usage will need to be certified by them, to then forward to the DCLG – not all Internal Audit colleagues will be familiar with this process. Time taken to prepare evidence for Internal Audit, of compliance with grant conditions and details of spending, will be useful to all authorities.

Considering Value for Money involves questions such as: what would happen to services if the number of clients in a population group rises – for example the number of people with learning disabilities? The council believes that Supporting People can demonstrate savings, compared to the anticipated costs of providing services individually without this joined-up approach. Income and charging linked to the initiative can cause confusion – it is important to inform the public what services any charges fund, and for IT services backing up the initiative to work well. Any carried forward underspends can be used as reserves in effect. It is not always possible to pay inflation-matching grants to providers.

Accounting for Supporting People within the council uses two cost centre codes, one for Grant Income, the second for Contract Expenditure. In house providers also have a Supporting People income code. It is helpful for evidence purposes to keep a running total of savings associated with Supporting People, as gathered during Service Reviews. Performance can be monitored using a contract management structure, with a quality assessment framework and checking progress against improvement plans.

CIPFA RESPONSE TO ODPM'S CONSULTATION PAPERS ON SUPPORTING PEOPLE GRANT CONDITIONS & DIRECTIONS 2006-07

The full text of CIPFA's response to the consultation is as follows:

General

CIPFA is pleased to submit comments to the ODPM's consultation papers on Supporting People Grant Conditions & Directions 2006-07.

CIPFA welcomes the review process as a fundamental part of the first three years of the Supporting People programme and a means for Administering Authorities to understand their inherited provision of housing related support in order to deliver services that are strategically relevant, value for money, good quality and meet local priorities.

CIPFA's specific comments focus on the practical problems in the implementation of the proposed funding formula discussed in the Supporting People Distribution Formula – Technical Consultation Paper and are set out below.

ODPM Consultation Question: What Approach Should We Take To The Future Allocation Of Funding For Housing-Related Support?

In CIPFA's view, the recent lack of certainty about funding for Supporting People has created problems affecting the service, especially around budget planning. Indeed, some of the flaws in the current operation of the service identified within the Consultation Paper could be linked to those uncertainties around funding.

If hypothecated grant funding is retained, CIPFA suggests it might make sense to retain the current arrangement of dedicated Commissioning Group to oversee use of budget.

ODPM Consultation Question: To What Extent Should We Carry Out Redistribution Of Funding Between Authorities, And Over What Period?

CIPFA understands the Government's move to distributing the Supporting People "pot" according to relative need rather than on the basis of the historic pattern as arguably both a fairer and a better use of limited public funds. However, the move to make Supporting People funding based so heavily on a deprivation formula has created many anomalies for some authorities. These include those with a low overall deprivation score but with pockets of significant deprivation. As a consequence, the impact on funding for certain groups – rough sleepers, single homeless, mental health and women escaping domestic violence for example - is significant. In those areas affected, the resultant shortfall in funding will by necessity create pressure on the funding services: social services, police and health care, for example. In CIPFA's view, a deprivation-only based formula is over-blunt. A formula that included an element of per-head funding would cause fewer problems and less turbulence.

In CIPFA's view, a clearer, set timeframe over which the distribution formula would be implemented would be helpful. As currently set out, taking into account the proposed floors, ceilings and damping mechanisms it would take some authority many years to reach their revised allocation under the new formula

In the light of the above comments, CIPFA would support a phased implementation over an immediate one.

Local Area Agreements

CIPFA has welcomed Local Area Agreements but suggests that at this stage Local Area Agreements are still untested. Further pressure will be created in the future, when Supporting People programmes need to be drawn into Local Area Agreements. Supporting People programmes may find it advantageous to retain some flexibility over the use of funding and an ability to move resources from one service user group to another to meet changing priorities. If funding is assigned under LAA block, this flexibility would be lost. Finally, CIPFA notes that Supporting People funding could fall into more than one block.

CIPFA RESPONSE TO ODPM'S CONSULTATION ON PROPOSALS FOR THE REQUIREMENTS OF THE STATEMENT OF ACCOUNT TO BE PROVIDED BY SOCIAL SECTOR LANDLORDS TO SERVICE CHARGE PAYERS

The full text of CIPFA's response to the consultation is as follows:

General

In CIPFA's view, it is both reasonable and appropriate that service charge payers should have such a Statement of Account and we welcome the changes now reflected in the revised proposals.

CIPFA understands that the revised statement as now proposed should be quite workable for many local authorities with relatively little IT modification, but that some authorities may need to make more detailed changes to existing accounting systems in order to meet fully the requirements of the revised Statement – perhaps some flexibility in the timetable may be allowed here.

Certificate to Support the Statement

With regard to the certificate that will be required to support the Statement, we note that the Secretary of State will have power to make exemptions. CIPFA suggests that to avoid additional paperwork it might be sensible to exempt local authorities from having to issue a certificate in every case; it would seem sufficient to retain the present practice of only issuing a certificate at the request of individual leaseholders. There have always been additional safeguards in local authorities and these will be strengthened by the inspection regime.

RSL Sector

The above response represents CIPFA's view with respect to Local Authority Housing. CIPFA proposes to add any further comments with regard to the RSL sector at a later stage, during the period of public consultation.

NEW CIPFA HOUSING ADVISORY NETWORK WEBSITE

The CIPFA Housing Advisory Network (HAN) has launched a new website, giving subscribers and housing practitioners access to a wealth of information from the social housing sector. The website houses details of all upcoming CIPFA HAN workshops and events, as well as materials and presentations from past events. Members will also have access to all archive CIPFA HAN documentation including:

- Practical tool-kits
- Practice guides
- Policy papers/speeches
- Bulletins
- Useful links and resources

For further information, visit www.cipfanetworks.net/housing

PUBLIC FINANCE SURVEY – WIN AN IPOD

Complete the Public Finance reader survey by 9 June and be in with a chance to win an iPod. Visit the website at <http://www.cipfa.org.uk/>

FREQUENTLY ASKED QUESTIONS

CIPFA's Technical Enquiry Service has published online some of the most frequent questions it receives, together with model responses. These questions cover accounting issues relating to local government in England and Wales and are divided into five categories: accounting issues relating to BVACOP/SORP; capital accounting; the Prudential Code; accounting issues specifically relating to housing; professional requirements for CIPFA members working in private practice. More frequently asked questions will be added to the website as they are identified. http://www.cipfa.org.uk/pt/technical_faq.cfm

THE PMPA

The Public Management and Policy Association (PMPA) is a national membership organisation which seeks to provide a forum for public sector managers, academics and those with an interest in public services to meet and discuss the public policy and management issues of the day. Members are drawn from across the public sector (central and local government, NHS, police etc) and from public policy departments in universities across the country.

The PMPA provides a forum for its members to:

- network and learn within and across sectors
- keep abreast of and explore a broad range of cross-cutting issues
- learn from the experience of others and avoid "re-inventing the wheel".

The PMPA is managed by CIPFA and members receive:

- the journal Public Money & Management and the quarterly newsletter Review
- priority booking for PMPA's free evening lectures and a discount at the annual conference
- PMPA Reports, providing analysis or view points on cross-cutting themes.

Annual individual membership rates are £80 for full members; £75 for members of associated organisations and £37.50 for full-time students, unwaged or retired members.

Corporate membership gives PMPA benefits to five or more employees and starts at £350, and corporate "e-membership" allows organisations to provide the benefits electronically through their intranet or e-bulletin. Sponsorship and partnership opportunities are also available.

For information on partnerships, corporate or individual membership, contact Janet Grauberg, Development Director. Tel: 020 7543 5683; email janet.grauberg@cipfa.org or visit www.pmpa.co.uk

Forthcoming events

PMPA Lecture: 28th June*. Cheryl Miller and Richard Penn. **"Managing in a Political Environment"**. This lecture follows up the work of a SOLACE commission on the subject and Cheryl Miller, Chair of the Commission and Chief Executive of East Sussex Council, will be speaking, with Sir Simon Milton (Leader Westminster Council) in the Chair. The lecture will focus on local government and the skills that local government managers and elected members need to deliver good services and take their councils forward in a political environment. 5.45pm at CIPFA, 3 Robert Street with a light drinks reception at 7pm.

PMPA Lecture: 7 November * Louise Casey (The Government's Co-ordinator for Respect)
- **Delivering Respect: Why Strengthening Communities and Making Public Services More Accountable is at the Heart of Success.** Robert Street, London.

*Unless otherwise indicated all PMPA lectures start at 5.45pm and will be held at CIPFA, 3 Robert Street, London WC2N 6RL. PMPA events are free to attend, book online at www.pmpa.co.uk or email info.pmpa@cipfa.org for further details.

Public Management and Policy Association Annual Conference 2006, Tuesday 5th December, Central London - When will we ever learn: can public sector organisations learn from their mistakes?

The conventional wisdom is that we learn from our mistakes. But does this apply to the public sector? Does the political environment mean we must make the same mistakes again and again? Do public scrutiny, performance management, and the media spotlight help or hinder?

This conference will allow us to reflect on how public sector organisations can learn from failures of policy and implementation and the role that public managers can play. We will hear from senior public sector leaders who are trying to develop learning organisations, from those who challenge and scrutinise when things go wrong, and from practitioners with experience of managing in difficult circumstances.

If you are leading an organisation delivering public services in a political environment, or you study, comment on or offer solutions to such organisations, then this one-day conference is for you.

To register your interest in attending and for further information, contact Rikki Ellsmore, CIPFA Courses Unit. Tel 020 7543 5746; email rikki.ellsmore@cipfa.org

To find out about speaking and exhibition opportunities, contact Janet Grauberg, Development Director PMPA. Tel 020 7543 5683; email janet.grauberg@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 on 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.

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 Julian Smith by emailing julian.smith@cipfa.org Tel: 020 75435795.