



Supporting People Distribution Formula –
Technical Consultation Refresh: December 2007
Summary of responses



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Introduction

Communities and Local Government published *Supporting People Distribution Formula – Technical Consultation Paper: Summary of responses and invitation to refresh responses* on 6 December 2007 alongside the indicative grant allocations for the Supporting People programme for 2008-09, 2009-10 and 2010-11. The model used to calculate these allocations was published on 14th December 2007. The Department committed to publishing a summary of refreshed responses alongside a Written Ministerial Statement in February.

The consultation refresh document explained that the Department had concluded that the Supporting People Distribution Formula is fit for purpose within certain parameters, and represents the most effective option for better targeting Supporting People funds to meet need. This decision was based on consideration of the responses to the *Supporting People Distribution Formula – Technical Consultation*, published in November 2005, policy developments and an exploration of alternative approaches to determining allocations.

The document also summarised responses to the November 2005 consultation and invited Administering Authorities and others to refresh their responses, if they believe matters had changed locally in such a way that they would have answered the consultation in a materially different way now. Responses have been considered under these terms and this document is limited to these points.

In order to confirm allocations to authorities in early February the consultation refresh period ran for 5 weeks, closing on 14 January 2008. Where possible we have considered responses received after that date.

Summary of refreshed responses

The Department received 27 formal responses from a range of organisations including local authorities, local authority networks, Supporting People service providers and special interest groups. The Department has considered each of these and six key issues arising from the responses are outlined below.

1. The 3 year allocation settlement is welcomed

Respondents noted that the three year allocation would greatly assist with local planning and delivery of services, providing welcomed stability to the programme, and certainty over the future of the housing support sector.

2. Removal of the cross-authority adjustment mechanism

There was concern that removing the cross-authority adjustment would disadvantage mobile client groups' ability to access services and net importing authorities' finances. This concern was coupled with a fear that local arrangements with exporting authorities could not be relied upon to address all cross-authority movement.

The Department continues to believe that adjustments to grant allocations after they have been announced runs contrary to the provision of a three year settlement, which is needed to provide stability and certainty at a time of significant change in the performance and funding framework within which local government will deliver services from April 2008. In addition, evidence on cross-authority mobility shows that this is limited to small numbers for the majority of authorities, and that where this happens, many authorities now have in place appropriate agreement with exporting authorities.

3. Data issues

Respondents raised concerns over the quality and appropriateness of some data sources feeding the formula and, therefore, the reliability of the allocations it calculated. Examples of this include using P1E data as an indicator of homelessness because it is a measure of statutory homeless acceptances; using data relating to people with drug problems as a proxy for the number of people with alcohol problems; and not using the most recent population figures.

The Department used the most up to date data available at the time, including ONS population projections and Index of Multiple Deprivation (IMD) data at a local authority level. Within the IMD, EDDENSITY was also included which places extra weight to pockets of population density within otherwise less populated areas. In addition, we highlighted the data gaps in both consultations, and applied a central range in response to allow for the inexact elements in the data (responses to the central range are summarised below). Going forward, the Department

will commission an independent assessment of the data sources that feed the formula and the deprivation index applied to it, and establish whether alternative data sources can be developed to inform the next Spending Review allocations. For example, we are aware that the Department of Health is developing a data source for mental health which will account for approximately 15 per cent of the data gap.

4. Central range and pace of change

A central range was proposed in recognition of the gaps in data for some client groups, and concern over the reliability of some socially excluded data which together equate to around 40 per cent of the national Supporting People budget. The central range means those authorities whose allocation is either 30 per cent less or 20 per cent more (10 per cent more in 2010-11) than their target allocation would not receive any change in their allocation. The central range is complemented by floor and ceiling caps which limit the maximum pace of change in allocations to 5 per cent for a reducing budget and 7 per cent for an increasing budget. Understandably, those authorities whose budget is reducing would like these two levers (the central range and the floor/ceiling caps) to be set at levels which ensure that they lose as little funding as possible each year, while those authorities whose budget is increasing would like to be able to access the funding as soon as possible.

The Department's task was to strike a reasonable balance between ensuring funding is allocated according to need and ensuring that the pace of change in doing so secures the best provision of housing support services to vulnerable people. The Department remains of the view that the levels set for the central range and floor and ceiling caps strike a reasonable balance.

5. Perverse incentives

Some respondents were disappointed that the formula did not reward good performance, and noted that the lack of a reward element in the model could create perverse incentives to inflate the number of vulnerable people in need to increase funding. Some authorities have reduced the level of need in their area by delivering successful and effective preventative services, yet these result in reduced funding. Such services require continued funding to maintain the low levels of need, and some respondents were concerned that the formula does not take account of this.

The formula is a tool for allocating funding determined by relative need. The Department does not believe the formula should contain a reward element. Reward for good performance against priorities in each authority will be recognised in the new local performance framework, via the general reward grant available in the new Local Area Agreements (LAA). Further details on the level of funding and the model to calculate it will be announced shortly, but the intention is for all designated improvement targets to be incentivised via LAA reward grant.

6. Commitment not to redistribute after the next Spending Review

Respondents were supportive of the fact that, subject to resource, redistribution would not be pursued after the Spending Review following CSR07 (ie that covering 2011–12 and 2012-13).

The Department received a number of responses that were outside the refresh process. The main issues raised were the length of the consultation, use of the formula at all and future increases in population.

- **Length of consultation**

The Department notes respondents' comments that the consultation was too short. The Department wanted to give Administering Authorities and others the opportunity to refresh their original consultation response on key issues, whilst ensuring that it could confirm allocations in early February.

- **Use of the formula at all**

The consultation refresh document made clear that the Department had concluded that the formula would be used to distribute funding, and only sought comments on its application. Requests that the formula should not be used at all were therefore not relevant to the consultation.

- **Future increases in population**

The Department recognises that there will be increases in population in some areas, especially where high levels of new housing are being planned. The formula was updated with the latest available projected population data from ONS.

Conclusion

After careful consideration of the consultation response, the Department maintains its decision that the formula used to calculate the indicative programme grant allocations, published on 6 December 2007, is fit for purpose within the set parameters, and represents the most effective option for targeting Supporting People funds to meet need. Indicative allocations will be finalised in a Written Ministerial Statement alongside this document.

Next steps

Indicative programme grant allocations for 2009-10 and 2010-11 were published on 6 December 2007. Final allocations will be confirmed closer to the beginning of those financial years. In line with the Government's policy on three-year settlements, it is not intended that the 2009-10 and 2010-11 indicative allocations will be changed from those published 6 December, other than in exceptional circumstances.

Annex A

List of respondents

Bournemouth Borough Council
Bournemouth Homeless Strategy Team
Bracknell Forest Borough Council
Brighton and Hove City Council
Cambridge City Council
Cambridgeshire County Council
Croydon Council
Hampshire County Council
Haringey Council
London Borough of Hillingdon
London Borough of Tower Hamlets
Manchester City Council
National Housing Federation SW Supported Housing Forum
North East Lincolnshire SP
North Somerset Council
Oxford Citizens Housing Association
Oxford Supporting People
Portsmouth City Council
Redcar and Cleveland Borough Council
Resettlement of Offenders Co-ordinating Committee (ROCC)
Seninel Housing Association
Southampton City Council
The Home Group Ltd
The Royal Borough of Kensington and Chelsea
Torbay Council
Woking Borough Council
Yateley Industries for the Disabled Ltd