

**OFFICE OF THE DEPUTY PRIME MINISTER**

**Review of the  
Supporting People Programme**

**Independent Report**

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January 2004



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# Foreword

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The Supporting People (SP) Programme is a new Programme which went live on 1 April 2003. The Programme provides services, which help vulnerable people - including victims of domestic violence, older people and teenage parents - live independently in their accommodation.

The Government announced a grant allocation of £1.8 billion for the first year of the Programme.

In October 2003, the Office of the Deputy Prime Minister (ODPM) and Her Majesty's Treasury (HMT) asked me to lead an Independent Review to gauge the true picture of how the funding is being utilised. I was asked to report in draft by Christmas 2003, in order to inform SP Grant allocations decisions for the next financial year.

This review is in the context of the growth of the Transitional Housing Benefit (THB) element of SP, which has increased by £400 million from the Golden cut estimates by local authorities which were announced in February 2003. In all there are now an estimated 250,000 units of housing support, excluding sheltered and Community Alarms, compared to fewer than 100,000 estimated in 2000.

The review was commissioned because of the final cost of the Programme, estimated in the 1998 White Paper to cost some £350 to £700 million across Great Britain (GB). Estimates and costs rose to a golden cut level of £1.4 billion in December 2002 and finally to a platinum cut level and 2003-04 allocation of £1.8 billion in England alone.

In the early stages of the review it became clear to me that there was a need to reconcile two legitimate perspectives. The "public purse" perspective argued that the grant was unevenly distributed and was not demonstrably value for money. The "allow us to manage" perspective argued for a managed change to the existing provision over a three year period.

These two perspectives have been given equal consideration as I evaluated the evidence and made my recommendations.



Eugene Sullivan  
Head of Public Sector Services  
RSM Robson Rhodes LLP

12 January 2004

# 1 Introduction

## Purpose of Review and Scope of Engagement

The purpose of my review was defined in the Terms of Reference on the kweb, [www.spkweb.org.uk](http://www.spkweb.org.uk), 21 November 2003.

My role as Independent Review leader has required me to bring together multidisciplinary teams under my direction and supervision. These teams have undertaken a range of research and analytical activities to ensure that my conclusions are evidence-based and informed. To complete this report by the deadline I have concentrated my, and my team's activities, on the following areas:

- a high level analysis of the funding of the legacy provision looking at total allocations, unit costs, regional/local authority cluster variations and provider prices
- an understanding of what happened during the transitional period, based on visits to and evidence from Administering Authorities (AAs), Providers, representative bodies and other stakeholders
- an appreciation of the Service User Group issues as they affect four main client groups, People with a Learning Disability, People with Mental Health problems, Older People with Support Needs and Single/Family Homelessness. These groups represent 75% of the total SP allocation
- an appreciation of two specific types of provision - Floating and Generic - mainly by reference to the four client groups above
- a review of the Governance and Grant Arrangements for the SP Programme, including the arrangements and timetables for Service Reviews and Inspections
- a survey of AAs and Providers.

In determining these activities and selecting the sample of client groups, I do not imply that the four client groups are the most important, simply the most significant in terms of units and costs. I recognise that the needs of people in the other client groups are important to them and the Government Departments responsible for them. I have consulted the Home Office and the Department for Education and Skills on the issues of need for their client groups.

# 1 Introduction

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In addition I have been assisted and informed through discussions and consultation with a range of stakeholders involved in or affected by the SP Programme. These have included the following organisations, I am grateful for their time and assistance:

- HM Treasury
- Department of Health
- Home Office
- Audit Commission
- Local Government Association
- Association of London Government
- National Housing Federation
- SITRA
- Several AAs and their SP Team Leaders
  - Blackburn with Darwen Borough Council
  - Cheshire County Council
  - Darlington Borough Council
  - Liverpool City Council
  - London Borough of Camden
  - London Borough of Ealing
  - Manchester City Council
  - Rochdale County Council
  - Somerset County Council
  - Suffolk County Council
  - Sunderland City Council
  - Wirral Metropolitan Borough Council
- New Era Housing Association Limited
- Stonham Housing Association Limited
- Advance Housing and Support Limited
- Whitefriars Homes North Limited
- Whitefriars Homes South Limited
- The Carr-Gomm Society Limited
- Byker Bridge Housing Authority
- Erosh

# 1 Introduction

I was also assisted in my work by an Advisory Group to help determine key areas of focus and evaluate emerging conclusions. I am grateful to the Advisory Group for their time, support and advice:

- Terrie Alafat *ODPM*
- Bert Provan *ODPM*
- James Bowler *HMT*
- Simon Hannan *HMT*
- Claire Cooper *ODPM*
- Nigel Rogers *SITRA*
- Paul Webbewood *Department for Education and Skills*
- Ian Berry and Crispin Acton *Department of Health*
- Danny Friedman *National Housing Federation*
- Mark Brangwyn *Association of London Government*
- David Thompson *Local Government Association*
- Kevin Lloyd *ODPM*
- Neil Hadden *The Housing Corporation*
- David Perry *Home Office*

I have also been assisted by, and am grateful to, secondees from ODPM and the National SP Implementation team:

- Jo Linney
- Lorraine Regan
- Alison Davis
- Kay Jaspal
- Nichola Wood
- Carl Jones
- Trevor Steeples
- Domini Gunn (Audit Commission)

My team's work on client groups has been informed and assisted by domain experts assigned by the relevant sponsoring departments. I am grateful to the following domain experts and their departments for their help.

Name	Department	Primary Client Group
Helen Keats	ODPM	Homeless People
Denise Gillie	DH	Older People
Carolyn Merry	DH	People with Mental Health Problems
Steve Strong	DH	People with Learning Disabilities

# 1 Introduction

I was not required or expected, as part of my review, to provide a historical commentary as to how the SP Programme got to where it is today, except for where it was deemed relevant to my assignment. My review was asked to be forward looking, taking the present situation as a given and making recommendations on several key points related to the funding distribution and value for money of the Programme.

The SP Programme involves some 150 authorities, over 6,000 providers and approximately 37,000 individual contracts. My review concentrated on high-level analysis and major questions. It did not attempt to answer detailed questions about what happened in individual authorities or providers. I and my team met authorities and providers as a reality check on key lines of enquiry. Such meetings do not constitute a representative sample from which I could extrapolate across the whole population. A full understanding of the complex issues surrounding this Programme can only be obtained by a more detailed analysis of service provision within client groups focusing on the AA and its arrangement with providers.

As Review Leader it was my responsibility to form an independent judgement in line with my terms of reference. My judgements and conclusions are based on the evidence of the review, influenced by the views and advice I receive from ODPM, other stakeholders and the Advisory Group.

I have been given no indication of the likely future funding level for the SP Programme in 2004/05 or 2005/06. These decisions are for the Government. My role as Independent Review Leader was to provide the Government with sufficient analysis and facts to help them make those decisions.

## Status of Report

My report addresses a number of major issues which I believe will help achieve a sustainable and balanced approach to the current issues affecting the provision of non-statutory housing related support, currently intended to be met through the SP Programme. The main issues are:

- the value for money of the legacy provision
- the level of grant for SP needs and future allocations for 2004/05 and beyond
- who should fund the needs of certain client groups
- how the SP Grant should be distributed
- governance and management arrangements
- ring-fencing and "Freedoms and Flexibilities"
- future capital and revenue growth.

## Acknowledgement

I am grateful to everyone who gave their time to assist myself and my team in our work.

## 2 Legacy provision

### Context

The Platinum cut resulted in a SP Grant of over £1.8 billion for the financial year 2003/04 compared to the previous estimate of £1.4 billion in December 2002 and 1998 White Paper Estimates of £700 million across GB. It was always expected, and indeed intended, that the single grant for Supporting People (and the introduction of Transitional Housing Benefit) would lead to a growth in service users and service costs. However the extent of the growth was not anticipated or planned for in terms of public sector spending assumptions.

At present the funding for the SP Grant is included in the Social Security Benefits category and is funded as Annually Managed Expenditure (ie: non cash limited expenditure). The purpose of moving to a grant basis was to achieve better budgetary control over what is now a significant figure in public spending terms.

In the early stages of my review it became apparent that there were two legitimate perspectives – what I call the “public purse” perspective and the “allow us to manage” perspective.

Those who argue the “public purse” perspective would claim that:

- the £1.8 billion grant is unevenly distributed and not related to need
- much of the increased cost is for provision which was, and perhaps should still be, funded from other mainstream Programmes
- high unit costs raise questions about value for money in terms of price
- and low unit costs raise questions about value for money in terms of service quality.

Those who argue the “allow us to manage” perspective would claim:

- it was always known and expected that the legacy provision would not be wholly in line with rational needs-led commissioning
- AAs were asked to secure this legacy provision through contracts and assurances about the continuity of service and income until reviewed
- AAs were asked to review the legacy provision over a three year period
- AAs are embarked on that and now need a reasonable period of time to assess what they have inherited, decide what they want and sensibly/properly move from one to the other without destabilising vulnerable people or the providers of services.

I recognise the legitimacy of both views and that navigating a constructive way through these two perspectives is crucial for the continued viability of the SP Programme.

A fundamental part of my review has been to understand more fully **the process** of determining the legacy provision, and **the financial outcome** in terms of costs by type of authority and client group.



## 2 Legacy provision

### The Process

The AAs receive grant monies for welfare services under S93-95 of the Local Government Act 2000. Each AA must use the grant monies in the financial year beginning on 1 April 2003 only in connection with welfare services to vulnerable people, and with the exception of authorities deemed “excellent” under CPA ratings, must ensure that the services fall into at least one of the categories set out in Schedule 1 to the Grant conditions.

The categories referred to in Schedule 1 include “the legacy provision”, being the housing related support services element of any service that was, at 31 March 2003, funded (wholly or partially) by:

- Supported Housing Management Grant (SHMG)
- DSS Resettlement Grant
- Transitional Housing Benefit (THB)
- Probation Accommodation Grant (PAG)
- Home Improvement Agency Grant
- Unpooled Housing Revenue Account and Large Scale Voluntary Transfer Grant
- Income Support or Job Seekers Allowance.

AAs were required to, and given guidance by ODPM on how to, calculate the contract value of the legacy provision to ensure continuity for Service Users and providers of those services over the transition to the new SP Grant.

The ODPM guidance and systems, with AA input, enabled the legacy funding and provision to be converted into priced contracts for determining the SP Grant for 2003/04 by:

- placing all services into relevant contract groups
- matching all legacy funding to relevant services
- capturing the cost of the legacy funding on specialist software, known as SPINTLS
- SPINTLS automatically converting the legacy funding into the 2003/04 grant.

My review was not expected to explain the reason for the significant change between the Golden and Platinum cuts. However, it was important for me to have a reasonable understanding of what happened during the period when the THB System was in place. THB was designed to find out how much was being spent by local authorities and other providers on housing related support services and to improve service provision.

During the existence of THB (the “window of opportunity”) AAs and providers were reacting to THB Guidance issued by the Department of Work and Pensions, and other Government policy directives to develop new provision as well as better costing of their current provision.

## 2 Legacy provision

Commentators, stakeholders, SP team leaders and providers offer many explanations about how AAs and providers responded to the window of opportunity. Such explanations include:

- de-registration of residential homes to create person centred living accommodation which was eligible for THB
- development of integrated packages for funding under THB, and ultimately the SP Grant, which may have been previously funded by other responsible bodies - eg: Health, Social Services, Housing
- the development of new schemes, including floating and generic schemes, which met needs but were driven by the opportunity to secure THB funding and ultimately SP Grant
- removal of some local authority grant funding to providers in the not-for-profit, charitable and voluntary sectors with the consequences that the funding shortfall was picked up by THB, and ultimately SP Grant.

It has been put to me on several occasions, and I readily accept, that it is not wrong or improper that such things have happened - in fact many would argue that such initiatives were inline with the philosophy of a single pot for funding the needs of vulnerable people. During my review I discussed these practices with SP team leaders, Providers, Representative Bodies and the Advisory Group. There is a general consensus among these stakeholders that:

- some of the de-registration was proper and in line with the philosophy of person centred living, but not all of it was
- some of the transfer of costs from other budgets to the SP Programme was in line with the intention and proper application of the SP objectives, but not all of it was
- some of the opportunistic introduction of services was relevant to need, but not all of it was and much of it was provider led
- some of the removal of other sources of funding was in line with the intention and proper allocation of the SP objectives, but not all of it was.

During the course of my review I explored the reasons for growth in THB and ultimately the SP Grant with SP team leaders, providers and various other stakeholders. There is consensus that some AAs and providers may have been more "opportunistic" than others in relation to maximising funding during the window of opportunity.

There is a consensus that not everything that happened in the transition was in line with the intention and proper application of the SP objectives. I attach a range of quotes from SP team leaders, Provider Representative Bodies and others, see Appendix A. These quotes show quite clearly that SP team leaders and others have first hand knowledge of certain practices which were driven by the desire to maximise the funding opportunity. I have been told by SP team leaders that their AAs have benefited to varying degrees, (by several million pounds in some cases) in their Housing, Social Services and overhead budgets.

## 2 Legacy provision

I am persuaded that the legacy provision contains some schemes which:

- previously existed and are now costing more because of better costing of services and recharging overheads
- were originally funded by mainstream budgets in Housing, Social Services and, perhaps, Health bodies
- have been recently developed because of the funding opportunity afforded by THB
- include support other than that intended and defined as housing related support.

I am confident that this will not come as a surprise to those involved in the provision of SP services to vulnerable people. There is a clear and compelling need for further investigation to quantify the extent and consequence of such provision on an authority by authority basis.

### Financial Outcome

The legacy provision provides over one and a quarter million units (including Community Alarms and sheltered accommodation) at a total cost to the nation of over £1.8 billion. The money is granted to AAs and then further distributed, through contracts, to service providers.

My team undertook on my behalf a high level analysis of the cost of the SP legacy provision. This analysis is based on the SPINTLS programme and data developed for ODPM by consultants and made available to me for the purposes of my review. There are some minor issues about data quality and data categories but they are not material to the high level analysis. It will be important, however, to address those issues if unit costs are a feature in the principles for determining the allocation for 2004/05 and beyond. I have used these analyses to inform me about the:

- overall national picture
- picture for each of the main client groups
- range of unit costs by type of authority
- range of unit costs by region.

I have not included all analyses in this report. My analyses have been made available to ODPM in hard copy and on CD ROM. In addition to overall analyses I have also produced profiles for each AA by client group. These profiles have also been made available to ODPM in hard copy and CD ROM.

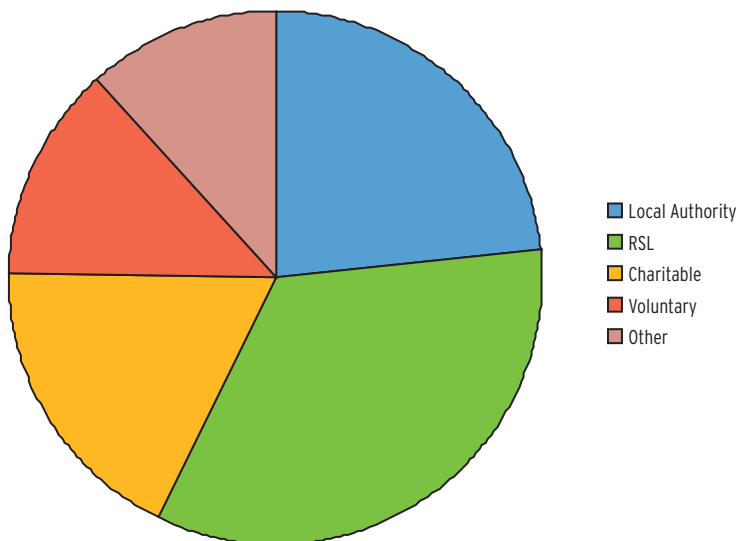
## 2 Legacy provision

### The National Picture

Set out below are some national statistics and exhibits. These are mainly for context. Given that they include units across all client groups nothing should be read into the size of the grant or its relationship with units.

#### Exhibit 1

*The main providers of services are local authorities, registered social landlords, registered charities and the voluntary sector. Together they account for over £1.5 billion (over 80%) of the SP Grant.*



The four main providers account for £1.5 billion, over 80% of the total grant

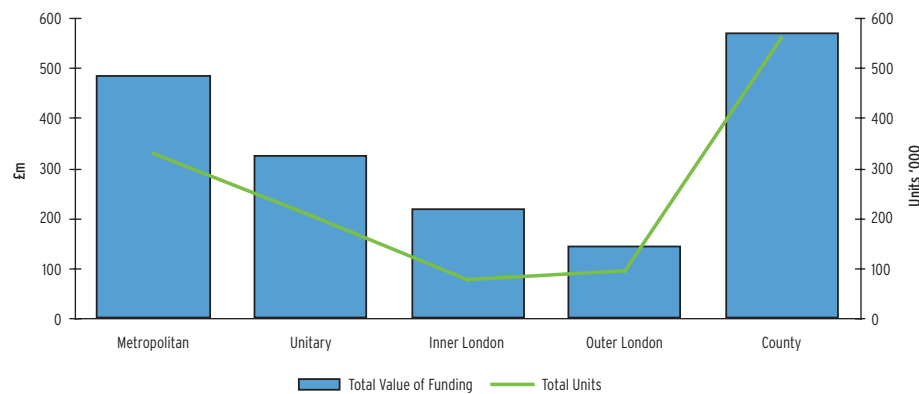
Of the remaining grant £135 million relates to schemes provided by private companies and individuals, and just over £40 million for schemes provided by NHS Trusts.

## 2 Legacy provision

### Total Value of Funding and Total Number of Units by Administering Authority

#### Exhibit 2

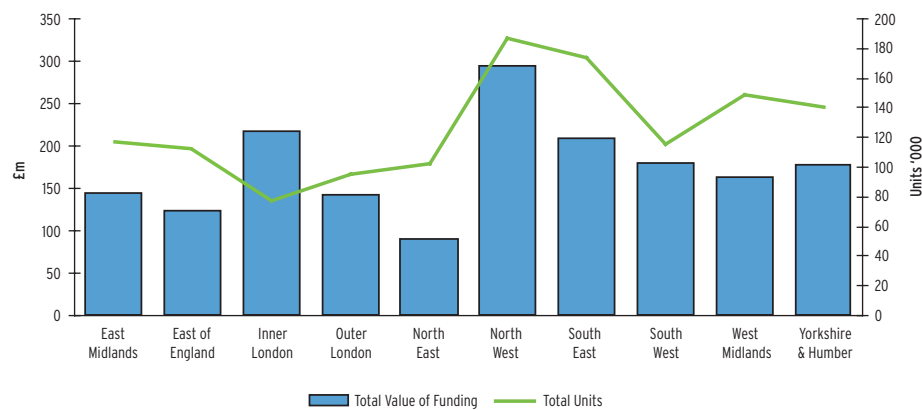
*County Councils and Metropolitan Boroughs receive the largest share of the grant.*



### Total Value of Funding and Total Number of Units by Region

#### Exhibit 3

*The North West region receives most grant and provides the highest number of units. The North East receives the lowest grant and provides fewer units than all regions outside London.*

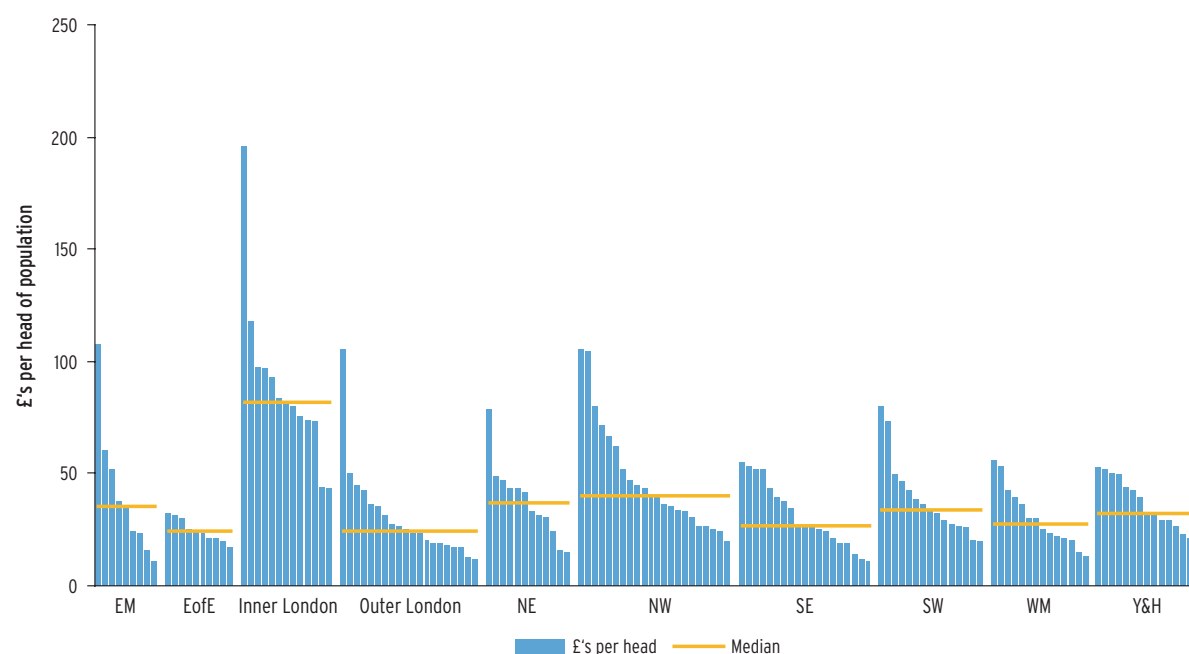


## 2 Legacy provision

### SP Grant 2003/04 per Head of Population by Region

#### Exhibit 4

*The regional allocation per head of population shows a wide variation across authorities within the regions. At face value this analysis supports Ministers concern about the uneven distribution of the grant. However, at the median level the distribution looks more even for most regions.*

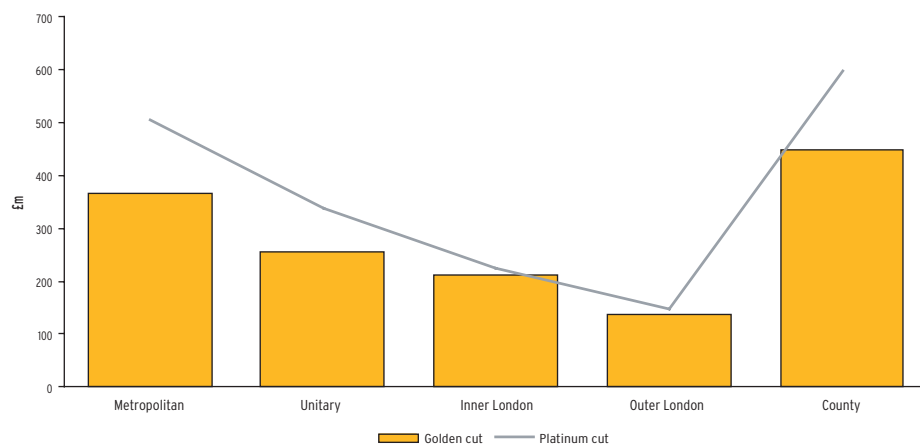


## 2 Legacy provision

### SP Grant Movement between Golden and Platinum cut by Type of Administering Authority

#### Exhibit 5

The final grant figure (Platinum cut) was almost £400 million more than the previous estimates in December 2002 (Golden cut). The largest increases between the Golden and Platinum cuts were in the Counties (£150 million), Metropolitan Boroughs (£138 million) and the Unitary Authorities (£83 million).



### Main Client Groups

The overall statistics and headline figures for the main client groups are set out in the next section of this report.

### Unit Costs

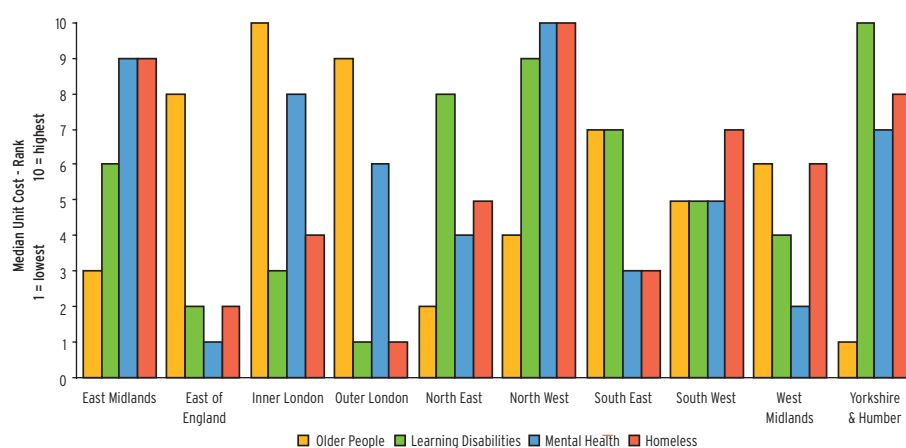
Unit costs are an important diagnostic tool. They help identify areas for further scrutiny. There are necessary caveats about the use of unit costs in isolation from a fuller understanding of the scope and quality of the service package. But unit costs are useful in providing a challenge to the legacy provision. Those authorities and providers with high unit cost need to demonstrate that they represent value for money in terms of relevance, quality and affordability of provision. Equally those authorities with low unit costs need to demonstrate that they represent value for money in terms of relevance and quality of provision.

## 2 Legacy provision

### Unit Costs for the Main Client Groups Ranked by Region

#### Exhibit 6

*Surprisingly, despite the high cost base in London and the South East, there is no obvious regional pattern to the unit costs, which suggests that regional cost variations are more to do with the provision than the labour rates in those regions.*



Within the regions, for each main client group, there is a wide range of unit costs. These are shown below as follows:

- older people (exhibit 7)
- people with learning disabilities (exhibit 8)
- people with mental health problems (exhibit 9)
- homeless people (exhibit 10)

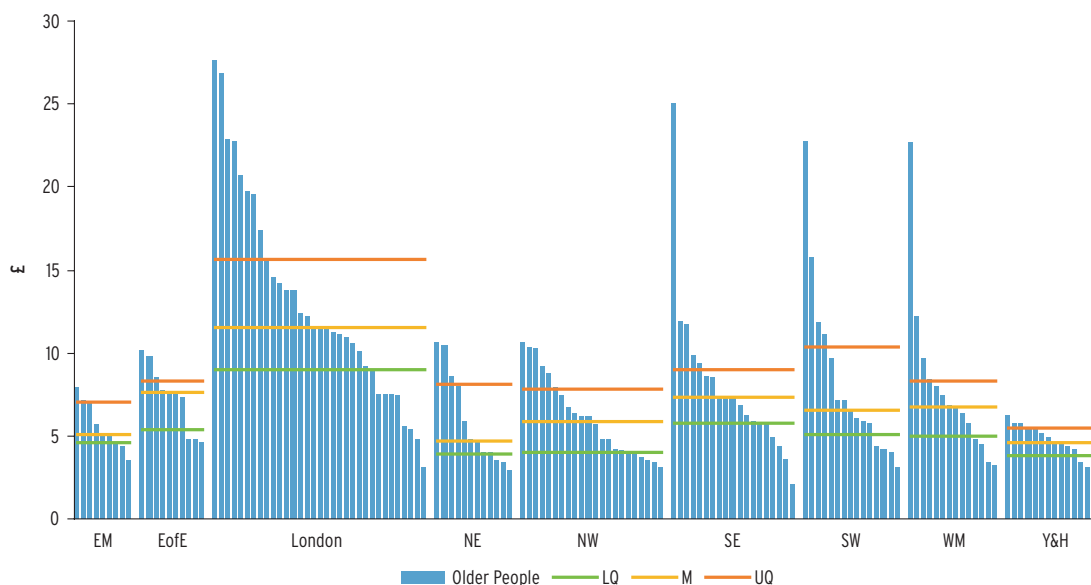


## 2 Legacy provision

### Regional Unit Costs for Older People

#### Exhibit 7

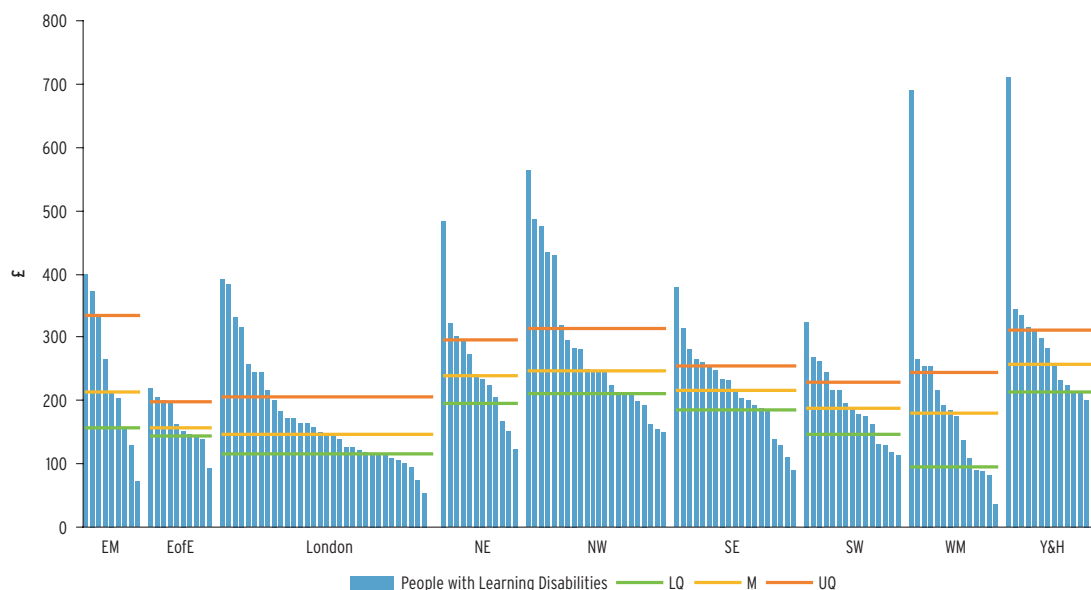
*There is a wide range of unit costs for Older People across Administering Authorities within Regions.*



### Regional Unit Costs for People with Learning Disabilities

#### Exhibit 8

*There is a wide range of unit costs for People with Learning Disabilities across Administering Authorities within Regions.*

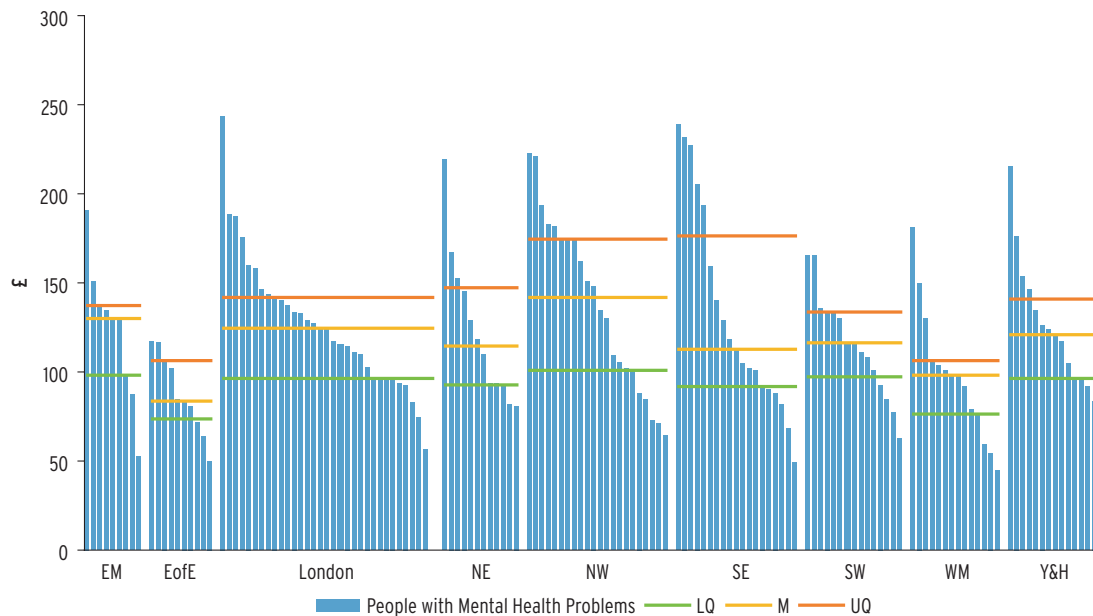


## 2 Legacy provision

### Regional Unit Costs for People with Mental Health Problems

#### Exhibit 9

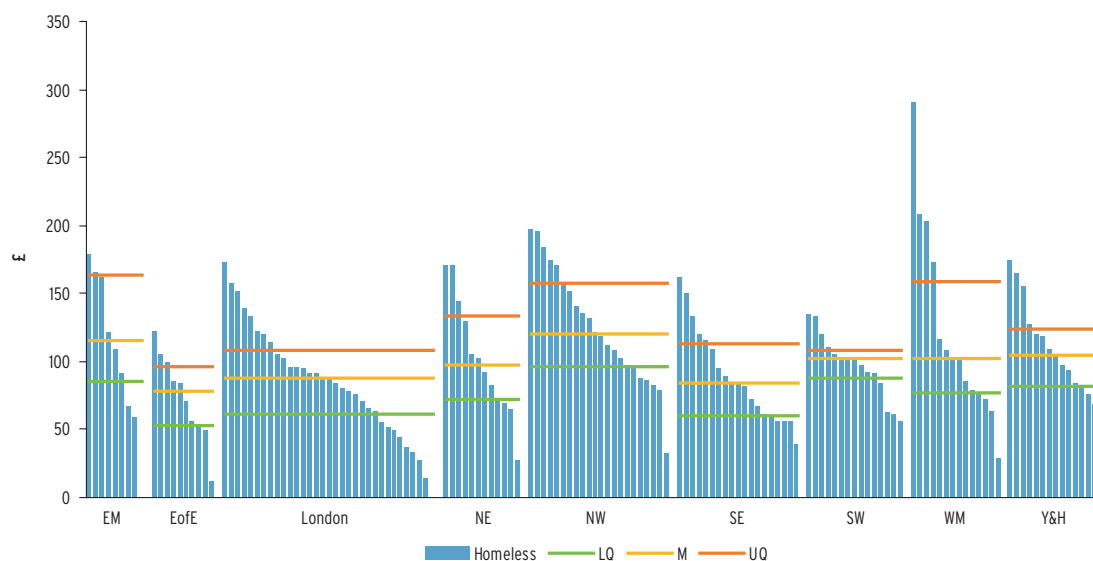
*There is a wide range of unit costs for People with Mental Health Problems across Administering Authorities within Regions.*



### Regional Unit Costs for Homeless People (Single and Families)

#### Exhibit 10

*There is a wide range of unit costs for Homeless People (Single and Families) across Administering Authorities within Regions.*



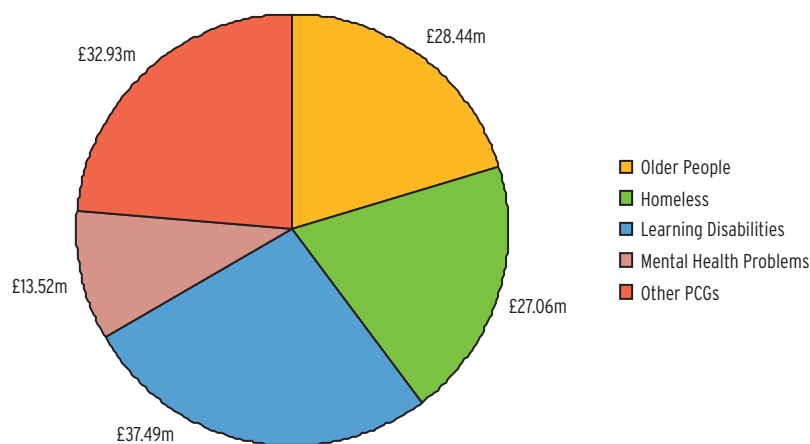
A greater understanding of the variation in unit costs across the main client groups is necessary and urgent.

## 2 Legacy provision

### The Value of Unit Costs in Excess of Upper Quartile (Top 75%)

#### Exhibit 11

The value of excess unit costs (i.e. the costs which are above the upper quartile for the client group) is almost £140 million, of which nearly £107 million is to be found in the four main client groups.



### High Cost Authorities

The individual profiles of AAs have enabled me to identify a sample of authorities who stood out for their high unit costs across a range of client groups. I believe there is a case for more fully understanding the range of unit costs within authorities, and would suggest that ODPM consider appropriate criteria for identifying the main authorities for early consideration.

I have identified a list of approximately 30 authorities who stand out for a variety of reasons, but mainly their unit costs. In summary this group accounted for:

- £540 million (30%) of the total Supporting People Grant
- £65 million (46%) of the excess unit cost above the upper quartile
- £70 million of the movement from Golden to Platinum cut, for just six of these authorities, representing an increase of over 60% on their Golden cut
- A significant proportion (22) of the authorities whose Supporting People allocation was greater, in aggregate by approximately £150 million, than a proxy allocation using a deprivation index.

## 2 Legacy provision

*I recommend that the ODPM should use the SPINTLS data, and other knowledge from the National Supporting People Team, in conjunction with Audit Commission knowledge to identify top priority authorities that should be considered in more detail to understand the value for money and appropriateness of services in the existing provision.*

**STATUS:1**

Such consideration could be based on a combination of Strategic Reviews, Inspections and Value For Money Reviews. The criteria for selecting these bodies needs to be determined in consultation with the Local Government sector.

### Overall Conclusions

I am persuaded that £1.8 billion is too much to pay for the legacy provision. I doubt that this will be a surprise to many in the SP sector. It was always recognised that the legacy provision should be reviewed and reconfigured where appropriate. The main reasons for this view, supported by my analysis and interviews with AAs, providers and other stakeholders, are:

- by definition the legacy provision is an aggregation of a range of existing and recently developed services
- SP team leaders acknowledge that the supply map as currently configured would not be what they would design if they could start afresh
- most of the provision, 80-90% based on the survey results, was provider led, not commissioning led
- SP team leaders acknowledge that some schemes introduced under THB were of doubtful strategic relevance
- the THB guidance and the role of Housing Benefit Officers as gatekeepers allowed schemes and prices which would not be eligible under the current definition for SP eligibility
- AAs, in meetings and through the survey, acknowledge that a proportion of schemes funded by the SP Programme are integrated packages, which include more than housing related support
- SP team leaders acknowledge that services currently funded by the SP Programme include costs which were previously funded by local authorities, Social Services and Housing Departments – as well as some services which were previously funded by the NHS
- schemes and services are priced on the basis of cost and lack competitive pressure or market testing
- the range of very high unit costs, especially in a number of authorities, raises questions about whether the service is value for money and/or exclusively for housing related support services
- the range of very low unit costs, especially in a number of authorities, raises questions about whether the provision is of sufficient quality.

The fact that £1.8 billion is too high a price for the legacy provision is a major concern for the future of the SP Programme. It is important that the cost of the legacy provision is brought in line with the proper market rate for good quality strategically relevant housing related services. It is also important that efficiency savings are optimised and secured as early as possible to release funds for new provision.

## 2 Legacy provision

It was always envisaged that this would be the case and the ODPM has designed tools and service review processes to enable this to happen over a three year period. I am concerned that the three year period for service reviews may be too slow, and that service reviews may not fully deliver the total realisable benefits. Equally, I recognise that AAs and providers would argue that the pace of change needs to recognise the need for stability and a proper timescale for reviewing and, where appropriate, reconfiguring service provision. Most would agree that the programme of service reviews is intended to manage more rational re-provisioning and release efficiency savings over time. They would also argue for a proper pace of change to allow provision to be reconfigured in a managed way, to avoid adverse consequences for individual service users and their providers.

I have sympathy with this viewpoint and would particularly stress the importance of managing the impact on the service users and the financial standing of providers. Most providers are in the not-for-profit, charitable and voluntary sectors. They operate on low margins. Any changes to their income streams, with a consequential need to review their cost base, must be properly managed.

However, I believe the needs of vulnerable people, and the need to secure best value for the taxpayers' money, dictate that an accelerated pace of change is necessary.

I do not believe that all efficiency savings should be retained by AAs based on the current distribution. I believe that a proportion of efficiency savings should be retained by ODPM to redistribute to areas of unmet need and to fund new provision based on evidence of need and business case criteria.

### Future Grant Allocations

Although I am persuaded that £1.8 billion is too much to pay for the legacy provision, it is not clear to me that it is too much for the needs of the vulnerable groups in this country. There is undoubtedly unmet need for vulnerable groups just as there is in other areas of public services. The SP stakeholders and providers should not expect that all unmet needs should be met as a matter of principle. It is for government departments to assess the unmet need and address that through their policies and priorities through the Spending Review Process.

I recognise the public spending pressures and the additional pressure caused by the unexpected increase in the 2003/04 SP Grant. There are three immediate questions arising for the Government in relation to 2004/05:

- what should be the 2004/05 allocation to the SP Programme?
- can/should other Departments contribute to the SP Programme from their Departmental Expenditure Limits (DELs)?
- how should the money be distributed to Administering Authorities?

## 2 Legacy provision

### 2004/05 SP Allocation

The overall determination of the 2004/05 SP allocation is a matter for the Government. I have made no recommendation as to the level of grant.

### Who Should Fund?

There is evidence of non-housing related support funded through SP and support originally funded through mainstream budgets, particularly Health and Social Services. It is impossible, without detailed analysis to determine how much non-housing related support is funded through the SP Programme.

There is a view that other Government Departments' Programmes have benefited, and continue to benefit, from the current operation of the SP Programme. In particular, there is a view that under THB there were "unfunded mandates" driving what was essentially demand-led funding, with the ODPM SP Programme ultimately providing funds for activities for which the Programme has not been established.

The transition to a single fund for the SP Programme has created some unintended tensions around funding. In theory, the legacy funding matches the legacy provision. However, much of the growth in the legacy funding came through THB and now resides in the SP grant.

There is strong circumstantial evidence that the provision passed on 1 April 2003 provides more than just housing related support, and that a proportion of the cost is the responsibility of others (perhaps DH, Local Authority, Social Services and Housing Departments).

There is consensus that some of the current legacy provision relates to services which were previously funded by other than the identified legacy funds, excluding THB. I believe that THB picked up costs for existing and new provision that would previously have been picked up by other local authority or departmental budgets. However, it is not possible, other than through detailed analysis at each AA, to determine the extent to which other budgets have benefited from THB and, ultimately, the SP Grant.

As an example, there is a strong possibility that:

- some of the provision, including a proportion of the £40 million currently provided by NHS Trusts, was previously funded by health bodies
- some of the support packages include other than housing related support and, for the more intensive packages, possibly include health care.

It is not necessarily the case that budget shifts are improper, but I believe that in a significant number of AAs there have been benefits to their Housing, Social Services and overhead budgets from the introduction of THB and SP Grant. However, those benefits have now been subsumed into other budgets and will be difficult to identify and release. I consider the issue of "who should fund" in Section 3 dealing with the main client groups.

## 2 Legacy provision

*I recommend that departments work urgently together to consider the extent of non-housing related support and the benefits that accrue from care and support services to core departmental objectives in considering funding for future years as part of the Spending Review.*

**STATUS:1**

Departmental contributions could be made to eliminate or ameliorate the impact of any reduction. Also Departmental contributions could be used to fund any new provision where appropriate. The view has been expressed to me, during the review, that it is now too late for government departments to find funds for 2004/05. They are already largely committed to their plans for that financial year. I understand that logic but it will be no easier for local authorities and providers to face hard financial decisions in the short-term between the probable announcement of the 2004/05 grant allocations and the start of their financial year.

The development of services has been driven, in many cases, by the parallel programme of delivering key government and cross government priorities for groups such as teenage parents, homeless people, people with learning difficulties, and ex offenders. It has not been part of my review to quantify the extent to which the legacy funding contributes to the delivery of this programme, and other work is investigating this issue. Nevertheless it is clear that the extent and nature of the contribution of this legacy funding should be carefully examined in the context of considering the issue of departmental contributions. This particularly needs to consider the extent to which high unit costs indicate the provision of services which are not core services to the programme, but form part of a more extended and integrated package of services.

There may be a case for considering, if not now some time in the future, for a differentiated approach to funding which could include:

- separating out the current funding for people with learning disabilities and mental health problems for allocation to pooled budget arrangements across health and social services
- releasing the current allocations for older people with support needs into the mainstream local authority funding process without grant conditions
- distributing the current allocation for single and family homeless separately, possibly through Regional Housing Boards
- ring-fencing a separate single pot for the remaining smaller, less popular vulnerable groups.

*I recommend that the ODPM, in conjunction with other departments, should build on work in hand for SR2004 to analyse a representative sample of support packages (say 100 per main client group) to determine:*

- *if any element of support is other than housing related*
- *and, if so, whether that additional support is social or health*
- *and what proportion of the total funding should be borne by different agencies*
- *how to deliver this locally as an integrated package.*

**STATUS:1**

## 2 Legacy provision

*I recommend that this analysis is used to inform the allocation and funding decisions including departmental contributions in and as part of ongoing work to produce a framework of unit costs and the Spending Review 2004 process.*

**STATUS:1**

*I recommend these analyses should be used as the basis for all future discussions on cost of services for funding of calculations (allocations and funding) unless and until it is replaced with a more appropriate body of evidence.*

**STATUS:2**

*I recommend that the ODPM considers a suitable timetable for consulting other government departments, AAs and other stakeholders about the single pot. This consultation should be prefaced by an exercise to identify and evaluate the various options.*

**STATUS:2**

*I recommend that the ODPM with others should give early consideration to measures to establish and protect an adequate level of funding and provision for the least popular vulnerable groups.*

**STATUS:1**

### Distribution for 2004/05

Whatever the outcome of that process I would advise against distributing the 2004/05 and future allocations in full or on the basis of the 2003/04 distribution. If future unmet need is to be funded the legacy funding must be unlocked as quickly as is practicable.

This process could be started in 2004/05 by reducing the current allocations on a fair and consistent basis, but with the greatest impact on those authorities with the highest unit costs. I am mindful that allocations will not be notified to AAs until some time in early 2004. Any reduction in the headline allocation and/or reduction in monies for distribution in 2004/05 need to be within manageable limits. The authorities and providers have arrangements in place that cannot easily be unpicked in advance of service reviews without damage to vulnerable people and/or providers, unless the reduction is capable of being managed.

I am persuaded that much of the growth in funding has been provider led and there are marked differences in unit cost paid for similar services in the same client group between AAs.

*I recommend that, in constructing an allocation formula, the ODPM takes action to reduce this variation and determine appropriate maximum rates for housing related support costs for various groups and packages of support.*

**STATUS:1**



## 2 Legacy provision

The main principles underlying the 2004/05, 2005/06 and 2006/07 allocations could be to:

- not increase allocations by the full amount for movement in pay and prices
- remove all unit cost funding above a predetermined level for all client groups with differential rates used for different parts of the country, particularly London, to reflect regional variations
- give protection to any local authority who would otherwise suffer reductions above a given percentage and/or cash value
- make protection conditional upon early strategic reviews or inspections of the whole SP Programme or major parts of it, for certain authorities.

*I recommend that ODPM should come forward with proposals for liberating capital funding that is constrained by current resources.*

**STATUS:1**

*I recommend that AAs should seek to manage any reductions in allocation on the following principles:*

- *only decommission services which are not strategically relevant and/or are of unacceptable quality and only with proper notice and consultation*
- *only reduce prices to third party providers following review and negotiations, and with suitable notice and consultation*
- *secure extra income sources for those groups where the integrated package includes more than just housing related support, including local authority funding where it is felt that other budgets have benefited from the introduction of the SP Programme.*

**STATUS:1**

If the reduction in distribution were unmanageable in 2004/05, and/or if AAs departed from the above principles there is a real risk of:

- the loss of valuable provision
- damage to third party providers and their financial standing
- increases in council taxes.

It is important that both ODPM and AAs act reasonably and responsibly in relation to 2004/05 distribution and consequential impact on providers.

I undertook a short desk review of the financial statements of a small number of significant Housing Associations and Charities. The review showed that some organisations depend quite heavily on SP funding, they operate on low annual surpluses but may have, in some cases, reasonable liquid reserves.

However, it would not be fair to expect these bodies to fund losses from their reserves. The position for smaller Registered Social Landlords (RSLs), charities and voluntary bodies could well be much more acute.

## 2 Legacy provision

*I recommend that:*

- *ODPM should start the process of liberating resources tied up in legacy provision in 2004/05 with further reductions over 2005/06 and 2006/07, subject to the following caveats:*
  - *only a limited range of acceptable and prudent options for changes to envisaged funding should be implemented by April 2004*
  - *any proposed changes should be implemented in a consensual manner with the active co-operation and involvement of voluntary and other service providers and full consultation with users*
  - *any proposed changes should be carefully managed to avoid damage to valuable services and current valued providers*
  - *any redirected funding needs to be allocated to meet growth based on need and business case.*

**STATUS:1**

### Distribution of Grant

Analyses across AAs show an uneven grant allocation per head of population. Determining the basis of allocation is complex. Most AAs and providers would favour a per capita formula weighted by need and cost factors. ODPM have commissioned such a model and there has already been consultation on that model – SPAF, SP Allocation Formula. There was no consensus regarding SPAF and there were concerns that it was overly complex and difficult to administer.

During my review it was put to me several times that there are some deprivation indices that could be used and that many people would welcome the certainty whichever index was used.

It is also important to recognise that many vulnerable people do not remain in their home area. They tend to gravitate to the capital, to regional capitals and urban centres. They also tend to gravitate to where there is provision.

It is, therefore, reasonable to recognise that the funding has been allocated this way because it reflects the legacy provision. That is an inevitable consequence of the transitional phase of the SP policy.

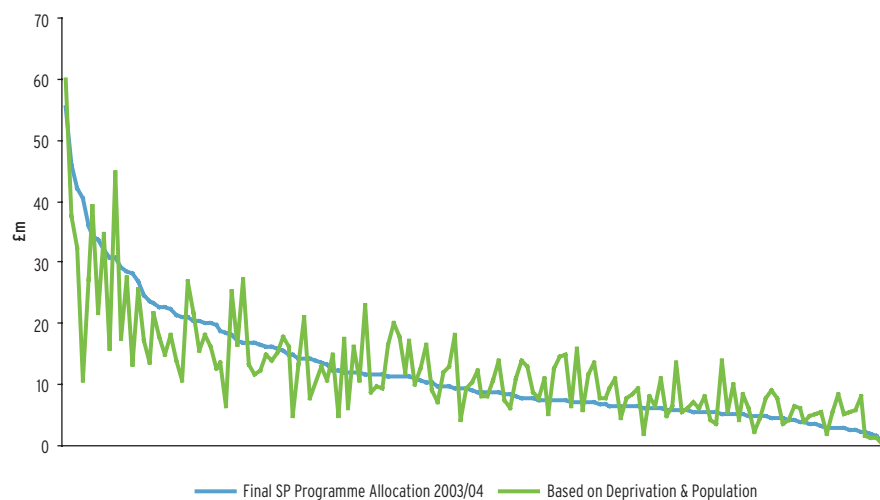
With the help of the Audit Commission I modelled how the SP Grant might have been distributed using a combination of Council Tax Benefit, Housing Benefit, deprivation and capitation to determine a proxy for a need based grant allocation. The allocations based on these indices have been plotted alongside the actual allocation.

## 2 Legacy provision

### Actual SP Allocation Compared to Allocation Based on Deprivation Formula (Proxy)

#### Exhibit 12

*There is a reasonable correlation for most authorities' actual allocation with some significant peaks and troughs where the SP Grant is higher than would have been allocated on the basis of the formula.*



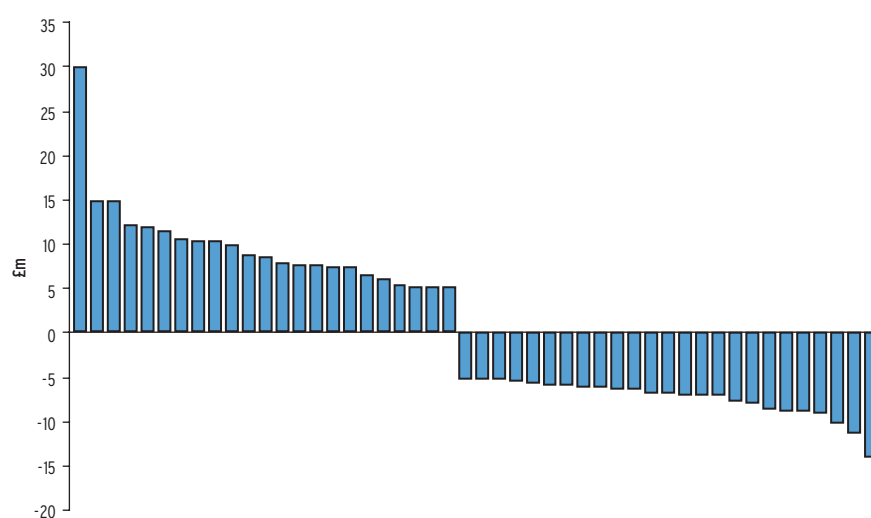
A feature of these graphs is that some of the previously identified authorities, in terms of high unit cost, feature as peaks in terms of allocation. Therefore, any action to address unit cost will automatically bring allocation more in line for those authorities. The release of funds from high unit cost areas will create flexibility for ODPM to redistribute these monies for new approved schemes, wherever the need is based on evidence and business case criteria.

## 2 Legacy provision

### Authorities Affected by Allocation on Deprivation Formula (Proxy)

#### Exhibit 13

*Twenty three authorities have each received more than £5 million in SP Grant than indicated by the deprivation formula. Twenty four authorities have each received over £5 million less than indicated by the formula.*



There is a clear need for ODPM to develop or determine a suitable allocation formula as a matter of urgency. Any changes in allocation arising from the formula will need to be managed carefully. The reductions for some will need to be linked to the pace of change and any increases for others need to be related to demonstrable need for approved new relevant schemes. To achieve this shift the ODPM needs to liberate some of the funding for the legacy provision for (a) re-distribution and (b) growth.

My review suggests that the national distribution of funding may not be as inequitable as first feared, but there are several authorities that have received a larger percentage than might have been the case through a funding formula. However, this reflects the current configuration of the legacy provision.

The principles underpinning the distribution of 2004/05, 2005/06 and 2006/07 could progressively claw back excessive allocation in those areas and create available resource for redistribution based on need, and business case submissions.

## 2 Legacy provision

*I recommend that the ODPM agree a suitable formula for determining future allocations. The formula should reflect population, need and cost where this is practical and acceptable to do so. If the pursuit of such a formula or the necessary consensus would add further delay and uncertainty then the ODPM should review the existing funding and deprivation formulae and consider/consult/agree on which to use.*

*I recommend that the agreed formula is used as a basis for determining the extent to which the current distribution may be thought to be "inequitable". This should take full account of:*

- *the value of the legacy provision after strategic and service reviews*
- *the evidence to support unmet need and its distribution.*

**STATUS:1**

*I recommend that there should be a process to encourage AAs to bring forward new provision based on need and business cases, in addition to the underlying formula overview.*

**STATUS:2**

### Future Growth

Throughout my review I have been mindful that the cost of the legacy provision needs to be reconfigured to create savings to fund new capital and revenue provision. This was always intended but some AAs believe that all of those savings should be retained within their allocation. I am not persuaded to that view until the ODPM has managed to liberate some excess cost and address uneven distribution. I have made the point elsewhere in my report that I believe there should be a process for clawing back that excess cost and uneven distribution.

The SP sector is already facing a significant problem in relation to unlocking capital finance. The Housing Corporation is currently receiving and evaluating bids for up to £149 million of capital grant which will also attract £70 million of Private Finance. The bids need to include confirmation that the AA will support the scheme and commit to its revenue funding.

AAs are reluctant to enter into such commitments without greater certainty and stability about the future funding of the SP Programme.

I recognise that this is an important issue but the revenue implications are not thought to be huge (either in national terms or on an authority-by-authority basis) and will not impact until 2005/06.

Although the bids have now been submitted for 2004/05, The Housing Corporation will not make final determinations until mid-February. It may be possible to secure additional capital for 2004/05 by moving quickly to create the necessary certainty about revenue funding.

## 2 Legacy provision

*I recommend that ODPM and AAs consider ways to give the necessary revenue commitments for schemes that are deemed strategically relevant. It may be that this can be achieved by:*

- *ODPM earmarking future monies for such schemes and/or*
- *giving authorities sufficient certainty about future allocations.*

**STATUS:1**

*I also recommend that ODPM engage with AAs about the business case process by which they can access the growth funds retained to meet new evidenced need.*

**STATUS:2**

### 3 Main client groups

#### Context

In my preliminary analysis of the SP Programme I identified, with the assistance and agreement of the SP National Team, that the majority of the SP Grant was directed towards four main vulnerable groups - older people, people with learning disabilities, people with mental health problems and homeless individuals/families. The total legacy expenditure on these groups is over £1.3 billion, representing over three quarters of the total Programme:

#### The Main Client Groups, and Provision, by Type of Provider

##### Exhibit 14

*The sample selected for this review represents over 75% of the total provision and is mainly provided by local authorities, RSLs, charities and the voluntary sector.*

	Older People £m	People with Learning Difficulties £m	People with Mental Health Problems £m	Homeless People £m	*Floating Support £m	Generic Support £m
Local Authority	161	103	29	57	83	34
Registered Social Landlord	136	51	87	147	89	31
Charity	11	92	40	76	56	5
Voluntary Sector	8	61	40	50	36	8
Private Sector	6	66	38	7	16	4
NHS		28	13		3	
Sub-total	322	401	247	337	283	82
<b>Total [all providers]</b>	<b>330</b>	<b>412</b>	<b>250</b>	<b>340</b>	<b>288</b>	<b>82</b>

I also identified that there were two types of provision - floating and generic - that were significant in service and financial terms and representing approximately £370 million of the legacy provision.

*\* Floating services are also included in the costs for the other client groups.*

#### Main Client Groups

I have concentrated on the main client groups, and floating/generic support, as part of my review.

The main client groups' categories are quite significant in other ways. Prior to THB the needs of these groups were already being met, in part, by local authorities, NHS, Registered Social Landlords, Charities and the Voluntary sector. They were funded by a mixture of rent charges (funded through Housing Benefits), special grants from government departments, grants from local authorities and "subsidy" from other mainstream budgets of the main providers including local authorities, NHS and RSLs.

## 3 Main client groups

With the introduction of THB and the SP Programme there was an inevitable and intended sharpening of focus on the needs of these groups and how those needs should be met and funded. This sharpening of focus has led to a variety of changes that have placed a significant cost on the SP Programme. There are valid reasons, explained earlier, for believing that some of those changes have had windfall benefits for other budgets which are not all justified in line with objectives of the SP Programme.

There remains a need to understand more fully the impact that the SP Programme has had on other budgets such as Housing Benefits, LA Housing and Social Services and NHS bodies. There is also a clear need to understand more fully the nature of the legacy provision in terms of whether it is exclusively housing related support and if not who should fund it.

There were inevitably some common themes across the main client groups. My team and I looked at the needs of each group, the current supply and cost of services and certain key issues for the future of services to each group. A summary of the key statistics from our detailed analysis is included as Appendix B.

### Government Priorities

For each client group we found that the philosophy of the Supporting People provision was in line with other government priorities for the relevant client group. In particular we identified common themes which linked to government priorities such as National Service Frameworks for older people and people with mental health problems, the Valuing People Policy and "More than a roof", a strategy paper for homeless people:

- treating people as individuals with their own needs, circumstances and priorities
- the recognition of individuals' rights including the right to choose
- real opportunities for independent living
- social inclusion
- better joined up working between agencies.

### Analysis of Need

There has been insufficient research to determine how many people in each client group have housing support needs and whether those needs are being met. For people with learning disabilities the estimates and research appear better than for other client groups. But even for that group more needs to be done to establish a clearer national picture of the number of people with learning disabilities and their needs.

### Who Should Fund?

There are a number of issues which cloud the question of who should fund the services currently being provided and funded through the Supporting People Programme, specifically:

- the need for clearer definitions for certain groups
- the need for a clearer definition of what is, and is not, housing related support
- identifying and managing the boundaries between housing related support, social care and health care.



### 3 Main client groups

I recognise that these issues are not easy to determine and it is perhaps even harder to obtain professional consensus. However this is a challenge that the ODPM and all other stakeholder departments must accept and share. Unless these issues are addressed there will continue to be debates about what is fundable and who should fund it. I believe it is time for a fresh approach to these uncertainties.

#### Fresh Approach

There is a consensus that definitional and boundary issues do not and should not matter at service user or service delivery levels. There should be integrated packages of care and support designed to meet the assessed needs of the individual. It is at commissioning and contracting level that issues of definitions, boundaries and funding packages need to be resolved.

This is particularly true for the more intensive packages for people with learning disabilities or mental health problems. Such packages may well involve housing related support, social care and health care. More investigation needs to be done in this area.

People with higher-level needs can require a multi-layered package of social care, health care and housing related support. This will necessitate bringing together a range of provision funded from various sources including housing related support, funded through Supporting People, with social care and nursing care paid for from Social Services and Health budgets.

The evidence presented to me over the course of my review leads me to suggest that there needs to be a fresh approach taken to agreeing and providing funding for the full range of services currently provided to the main client groups.

I am clear about the principles that should underpin such an approach:

- there is a need for all funding and potential funding partners to agree a common, robust and workable definition of criteria for assessing eligibility of potential services currently provided under the SP Programme client groups, and for agreeing alternative sources of funding for those which are deemed to fall outside the specific SP Programme
- regardless of the specific individual decision on each case or group of cases, the whole package of care and support provided to a specific individual or under a specific service, both from within the SP Programme and elsewhere, needs to be fully integrated and coherent, both in its funding and in its delivery
- there is a need for clearly understood and consistently applied rules and procedures for collectively managing the boundaries of care and support provided across the range of partners, and this should not be the responsibility of care and support providers
- flowing from the above principles, there needs to be a collective, rational, equitable and evidence-based approach agreed to the funding responsibilities of each partner in the integrated care and support package
- there needs to be a much closer alignment between departmental responsibility for the support needs of people and the funding. Expecting a department to fund but not have influence does not seem appropriate. Equally, a department having, or requesting to have, influence and not contributing in the funding does not seem appropriate either.

## 3 Main client groups

### Arriving at a Robust Evidence Base

There is an urgent need to develop a robust evidence base upon which partners can agree the rational and equitable basis for the fresh approach.

I have made recommendations in Section 2 on an evidence based approach to determine who should fund care and support to the main primary client groups. This exercise should be completed early in 2004 to inform the 2005/06 spending review and SP Grant allocation. This exercise should include:

- a representative sample of around 100 service packages currently provided under the SP Programme should be selected for detailed analysis. These packages should provide adequate representation across the Upper Quartile, Median and Lower Quartile of unit cost
- detailed analysis of such packages should be carried out and agreed by the partners
- an assessment of each package against the agreed eligibility criteria proposed above
- a collectively agreed assessment of the percentage of services currently provided through SP which should remain SP funded, and the percentage which should be met through other specifically identified methods
- an aggregation of the full results of all 100 packages of care.

It should then be possible to arrive at a robust basis for agreeing future funding arrangements and responsibilities for packages of support and care currently provided under the primary client group.

*I recommend, for each of the main client groups:*

- *improvements in the commissioning of strategically relevant services for the main client group to include better management of the market for SP services for the main client group*
- *accurately and fully assessing need to develop the necessary range of support services*
- *a review of services for the client group in each locality to ensure they are strategically relevant, meeting need and represent value for money*
- *undertaking reviews of individual services, which initially focus on:*
  - *high unit cost*
  - *very low unit cost*
  - *schemes which have de-registered in the last 24 months*
- *developing and sharing good practice models of service provision*
- *identifying what are reasonable support costs for different levels of support*
- *effective inter-agency working to agree, integrated packages of care and support and respective funding responsibilities*
- *robust arrangements for referring, accessing and approval of housing related support*
- *development of support plans for users based on a comprehensive needs assessment*
- *setting and measuring outcomes for service users.*

**STATUS:1**

### 3 Main client groups

#### Addressing Unmet Need

Having agreed a rational basis for distributing funding packages of care and support, it is then necessary to address the question of potential unmet need within the client group.

Having considered all the evidence and arguments presented to me, I believe that:

- there is a level of unmet need remaining within the main client groups, but
- that there does not yet exist an agreed, robust and evidence-based assessment of the actual level of unmet need; and
- unmet need can only be met within the proper fiscal disciplines and realities of the funding totals agreed by Ministers through the Spending Review process.

*I recommend that all partners and stakeholders collate/produce the evidence to support their estimates of the current and likely future level of unmet need within the main client groups.*

**STATUS:2**

*I recommend that the evidence base produced through a needs exercise should form the basis of a "Business Case" approach to agreeing funding levels through the future Spending Rounds. This needs to be undertaken by the relevant departments and stakeholders urgently and in good time for it to feed into departmental 2005/06 spending reviews.*

**STATUS:2**

#### Floating Support

The Client Group teams have looked separately at floating support which, in aggregate, is a significant proportion of the total SP Grant. The total spend on floating support services increased from £160 million to £332 million between the Golden and Platinum cut – a 107% increase which indicates a late development of services and a suspicion that there has been opportunistic development of services. The increase (£172 million) represents 47% of the total SP Programme's Golden cut to Platinum cut increase, which was much easier for floating support, unlike accommodation-based services which were constrained by planning timescales and capital resources. The largest increase was in London followed by the South West, the East Midlands and Yorkshire & Humberside.

I am persuaded that floating support is a proper, modern and flexible response to the needs of vulnerable groups. However, I am concerned about the high level of provision captured after the Golden cut. As with all provider led provision, there is a suspicion that some of the new provision is opportunistic. I am persuaded that more needs to be done to understand the specific nature and type of service being provided and to ensure relevant need is met.

I did not have the data set to enable me to analyse the floating schemes by provider, by client group. Such analysis is important and should be done as soon as practicable.

## 3 Main client groups

*I recommend that the relevance, purpose and nature of all floating provision should be a priority in all service reviews and any strategic reviews of main client groups.*

**STATUS:1**

### Generic Support

#### Introduction

Unlike other SP provision, Generic services do not have a single, identifiable client group. Generic services cater for a wide range of service users and allow greater flexibility for people, with multiple and complex needs. The total spend within the Supporting People Programme on schemes classified as Generic is £82.6 million. The majority of generic schemes include an element of floating support.

#### Relevance to Government Priorities

The generic approach fits well with the general thrust of Government policy. As well as a general call for joined-up thinking about social issues, ODPM and DH have strongly promoted partnership working, and in particular the message that housing, health and social services should be strongly linked in providing coherent support to the end user. This partly explains the rise in generic support, with AAs encouraged to use the uncapped resources of Supporting People to achieve as much as possible in terms of all-round care.

During my review several stakeholders commented that in the development of the SP Programme, particularly in the early days, there was a sense of excitement that by April 2003 there would be a Programme and funding for meeting all needs for non-statutory housing related support in a coherent, but flexible fashion. They felt that generic support in particular fitted well into this Programme.

#### Key Statistics

The total spend within the Supporting People Programme on schemes classified as Generic is £82.6 million, with RSLs and Local Authorities as the main two types of provider, accounting for over 80% of the total spend. Between the Golden and Platinum cut, there was an increase in total spend on Generic schemes of £26 million.

At a regional level, the highest total spenders on Generic schemes are London, then the South East. Low spending regions are East of England and North East. In terms of unit cost, Yorkshire & Humberside has the highest median unit cost followed by the North East. The West Midlands has the lowest median unit cost followed by the East of England.

## 3 Main client groups

### Growth

There has been real growth in the generic floating support sector since THB was introduced. New services have been introduced by providers to meet previously unmet need. There was an initial increase by the time of the Golden cut, which gathered pace into the Platinum cut, because it took time for RSLs and other providers to realise the opportunity they had to introduce new services, and in particular because they didn't initially realise how "flexible" the new system was compared with what went before.

In particular the eligibility criteria for THB made it "easier" to develop new services. This was especially the case with "floating" support services compared with "residential", because there wasn't a need to develop capital to match the "floating" support. So it was easier to gain revenue, and there was a quicker run-in, because it wasn't tied to capital.

Within Generic services it is more difficult to identify what types of services or groups of services are specifically being funded by the generic scheme and what specific strategic need is being met by the service. There are good examples to show that the specific need for a generic scheme are being identified and demonstrated. An approach used by one Housing Association to provide floating tenancy support to 60 concurrent tenants identifies potential recipients of tenancy support either pre-tenancy or pre-signing of tenancy agreement, through a structured application form, which incorporates key triggers for likelihood of dedicated support needs. The Housing Association intend to go to the Council at the time of Service Review to demonstrate this unmet need. Identifying similar types of approach across other areas and spreading their practice across CBs and AAs could be beneficial.

Two thirds of the schemes whose primary classification is "Generic" either have no secondary classification (42%) or are described as meeting "complex needs" (22%), which does not help an easy understanding of the provision. Where Generic schemes do have a more precise secondary classification, the most common is mental health (11%), followed by homeless (9%) and older people (6%).

Supporters of Generic schemes say that this is deliberate and a positive feature, in that it allows for flexibility in the range and types of service that can be provided and that it is not helpful to classify someone as having a "mental health problem" when they could also have drug and alcohol related issues, have been recently homeless and/or suffered domestic violence.

But it also results in a significant amount of expenditure being allocated to services whose strategic relevance and specific focus is difficult to identify at first sight. And it gives rise to the suspicion, commonly expressed during my review, that some generic services have been introduced as a device to maximise an AA's share of the SP "pot". This is further fuelled by the provider-led nature of generic services.

## 3 Main client groups

### Conclusion

I am persuaded that Generic services have been introduced to meet previously unmet need. As with all provider-led provision, especially with such a large increase in the Platinum cut, I recognise that there are suspicions that some of the new provision is opportunistic. I am also persuaded that more needs to be done to improve information about the specific nature and type of service being provided and the need which is being met. One option could be to require all Generic service to be given a meaningful secondary classification. This could be combined with a fresh look at the ways in which information on Generic services are classified and understood to improve their efficacy.

I am not persuaded that the significantly provider-led development of Generic services, coupled with the information issue which I have already identified, is justification for an acceleration of the Review Programme for Generic services. But I would suggest that AAs should separately consider the risks of their generic schemes and how that affects their service review timetable.

*I recommend that AAs should consider their existing generic provision by reference to their local knowledge and its characteristics and costs. This risk assessment may affect the service review timetable and, in some cases, suggest the need for a Strategic Review.*

**STATUS:2**

*I recommend the following in respect of new or reviewed generic services:*

- *better management of the market for the provision of strategically relevant generic services*
- *improved commissioning of generic services, including better control by CBs and AAs over referrals and assessment*
- *improved strategic management and development of generic services at AA, regional and sub-regional levels*
- *a risk review of the generic provision overlayed with the current service review timetable for those services*
- *improved information about the specific types of service, or groups of services, that are being provided under the "Generic" heading.*

**STATUS:2**

## 3 Main client groups

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### Other Client Groups

I did not look in detail at other client groups but I recognise and respect the importance of these groups and their needs. They are in many ways the people most likely to benefit from the preventative nature of housing related support, without which they would be a demand on other parts of the public services.

I have received numerous and consistent representations that these groups are not only among the most vulnerable but also the least popular. There is a genuine concern across all stakeholders that these groups should not be marginalized or exposed to the budgetary pressures on AAs. I am persuaded that there is such a risk and that government departments should consider appropriate measures to manage that risk, including possibly separating the funding into a stand-alone ring fenced grant.

There is some evidence of unmet need for these groups. It is not sufficiently robust evidence at this moment but I am persuaded that unmet need does exist. There is a need for better analysis to support unmet need and for departments to present the evidence as part of their Spending Reviews.

## 4 Governance

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### Context

As part of my review I was asked to look at and comment on the governance arrangements for the SP Programme particularly in relation to grant conditions and ring-fencing for excellent authorities. The context of this request was to inform ODPM about future options while recognising the need for a period of stability. The nature of my review has been to understand the present arrangements and, where appropriate, offer suggestions for consideration.

I concentrated mainly on those aspects that will affect the transition from legacy provision to steady state. Unless expressly stated otherwise my views in this section of my report should be regarded as “there may be merit in considering and further evaluating the arrangements”.

My starting premise is that changes to design and structure should be resisted unless there are compelling reasons and/or there is consensus/consultation with those responsible for commissioning, administering and providing the SP Programme.

I considered nine areas concerning governance and management arrangements where there may be further developments which would help consolidate the legacy provision as well as ensure the successful long-term future of the SP Programme. These areas are:

- commissioning services
- managing the market
- referrals and assessments
- service and strategic reviews
- capacity building
- SP Inspection Programme
- grant conditions
- excellent authorities
- underpinning the SP Programme with quality data.

### Commissioning Services

I am conscious that commissioning is a function that is still evolving. Inevitably in the period of transition there were some limitations on the role of Commissioners. Equally inevitably, some Commissioning Bodies (CBs) have established themselves better, and quicker than others.



## 4 Governance

There is clear evidence that CBs have made a good start. The legacy provision has been secured within all AAs, there are strong relationships between AAs and providers and over 80% of contracts have been signed by both parties. The early SP Inspections undertaken by the Audit Commission highlight examples of good practice, including:

- partner representatives on the CB are at a senior level and voluntary sector involvement is evident on the core strategy group
- CB has demonstrated that it is capable of taking bold decisions in a manner that demonstrates joint ownership of the needs of local residents and the requirement to prioritise these needs
- CB operates under a terms of reference that recognise the relationship between the CB and the administering local authority
- CB is robust and has grappled with some difficult decisions, notably those around the funding for new schemes.

However, the early inspections also highlighted concerns with a number of CBs because of:

- instances where there was a perceived lack of senior representation on the CB
- poor attendance from health and probation partners
- lack of clear purpose and command
- poor engagement by and recognition of role of elected members and board members
- poor risk and contingency planning.

There are similar problems with Core Strategy Groups (CSG) with some additional problems such as:

- agendas which can alienate those outside the AA
- confusion between the role of CSGs and CBs in some areas
- confusion over the role of providers, especially regarding the lack of external providers and a failure to recognise their genuine fears about conflicts of interests for the AA regarding internal provision.

Some AAs and CBs have extended the CB role into a role for Joint Commissioning and there are obvious overlaps with other forums, such as Local Strategic Partnerships, Health and Social Care Boards, Regional Housing Boards and Drug Action Teams.

I think there is merit in further work to develop good practice criteria for the model of good commissioning which may be a compendium of current good practice across a range of CBs to help CBs assess their current arrangements and performance.

In particular, based on my discussions with SP leaders, the Audit Commission's Housing Inspectorate and a review of the early SP inspections, I believe there are some aspects of the Commissioning model which could be considered for future refinement, including the need to:

- improve arrangements for commissioning
- develop objective needs analysis to underpin decisions about future funding levels and service provision
- improve strategic management and development of services at AA, regional and sub regional levels
- focus on specific targets and outcomes for the SP Programme
- better "manage the market" for the provision of SP services.

## 4 Governance

During my review, I explored with all parties their view of the merits of commissioning being decoupled from AA boundaries. There was genuine interest in considering alternative models such as partnerships across London Boroughs, or within regional or sub-regional boundaries or within metropolitan areas. Most saw some attraction and benefits but intuitively they felt that the democratic link to local needs was important and should not be broken.

I do not have a strong view that Commissioning should be aggregated across several AAs but there may be a case for piloting the option in one or two areas where there is consensus and a “volunteer” grouping.

*I recommend that ODPM develop a good practice guide for a model of commissioning for CBs to use as a self assessment tool.*

**STATUS:2**

*I do not recommend any changes to the structure or configuration of CBs but recommend that the good practice criteria are used by CBs to determine the most appropriate structure for them in the context of other forums in their area.*

**STATUS:3**

*I recommend that ODPM consults AAs on whether one or more “partnership” grouping wishes to volunteer to pilot different commissioning models across AA boundaries.*

**STATUS:3**

### Managing the Market

The SP Programme is a substantial public investment in preventative support services for vulnerable groups. There is a developed market in supply comprising local authorities, RSLs, the Voluntary and Charitable sectors as well as the NHS and some private companies and individuals. The SP Programme has not yet been able to get the best from this market through better benchmark data, market testing and competition, where appropriate. And there are many contracts in place, for large sums, which have not been subject to any market test or proper procurement process.

The CBs and AAs will need to embrace modern approaches to strategic procurement, working with providers as valued supply partners as well as putting in place measures to comply with EU requirements.

I believe there are real benefits to be gained from managing the market. The ODPM should encourage research to develop good practice criteria for how to manage the market with a view to securing sustainable supply at a competitive rate. This research should include consideration of how best to stimulate the voluntary and community sector to provide local specialist services.

## 4 Governance

*I recommend that ODPM work with AAs to develop good practice criteria on how to manage the market with a view to securing sustainable supply at a competitive rate, and the stimulation of the voluntary and community sections in providing local specialist services.*

**STATUS:2**

### Referrals and Assessments

Some of the SP schemes are accommodation based, others are floating. Some are to serve the semi-permanent needs of certain client groups, others are to serve the short-term needs of other client groups.

CBs and AAs need to ensure they have secured a sufficiency of capacity to meet the fixed and floating needs of semi-permanent and short-term user groups. By entering into the contracts with providers to maintain these types of schemes they are securing the “availability” of capacity. The CBs and AAs then need to ensure that the available capacity meets current “demand” in the most appropriate way. To do this the CBs and AAs need to control or influence decisions over:

- who can refer
- who assesses the support needs of that individual
- who determines the most appropriate and cost effective package for meeting those support needs
- who should fund that package, including any element of non-housing related support.

Some authorities have central referral and assessment procedures for these decisions. In some circumstances these decisions are made by providers. In the latter case it is important for AAs to stipulate their criteria as part of the contract process.

### Service and Strategic Reviews

AAs have followed ODPM guidance in establishing Service Review Programmes and, as of August 2003, a resource intensive task was envisaged of completing over 22,000 service reviews in the three years April 2003 to March 2006. Within this overall Programme, AAs were planning to complete over 7,000 service reviews by 31 March 2004. By August 2003 only 430 had been completed and I understand that some AAs have suspended reviews pending the outcome of the decision over future funding.

This gives rise to three questions:

- do the AAs currently possess the resources and skill capacity to actually carry them out successfully?
- does progress to date show that this overall Programme of service reviews is likely to be completed on time?
- is the currently envisaged Programme of over 22,000 service reviews the best way to help AAs deliver the SP Programme and ensure in overall terms that the SP Programme delivers the strategic outcomes which it is meant to achieve?

## 4 Governance

My overall assessment is that the progress to date does not suggest that the overall Service Review Programme is likely to be delivered on time as originally envisaged. The evidence I have collated over the course of my review also leads me to conclude that the AAs do not currently possess the resources and skill capacity to carry out the review Programme as originally envisaged. My conclusion has partly been informed by the concern expressed by the AAs in their responses to the survey. This showed that almost half of AAs rated their skill and capacity to undertake Service Reviews as *Poor* or *Average*. Their preferred main solution to this problem is additional staff, with staff training and access to specialist skills coming joint second.

In my view, the Service Review Programme will not be achieved within the timescale set and will not deliver the required level of change to the legacy provision. There are too many narrowly focused reviews and the workload to complete such a Programme is out of proportion to the benefits that are likely to accrue. The Programme has already slipped behind schedule and in overall terms the pace of change likely to be delivered by the current Programme will be insufficient.

I have therefore considered alternative ways for AAs to review the legacy provision.

One option would be to reduce the overall number of reviews to be carried out, but to increase their strategic relevance across a wider range of activity, for example by looking at provision for an entire client group. I believe this can best be achieved through approaching the commissioning and development of services at a strategic level, client group by client group, rather than focusing on commissioning and developing services at the individual contract level. This approach should include, where appropriate, a strategic approach across the regional and sub-regional level, including across major conurbations. My consultations with a range of stakeholders as part of my review leads me to the conclusion that this is an approach that would find favour and support with several stakeholders.

An additional option would be to focus initial review activity on the particularly high risk service areas within the overall Programme, in terms of quality, materiality of the service elements and value for money.

*I recommend that ODPM encourage all CBs to undertake Strategic Reviews of the provision across the four largest client groups.*

**STATUS:1**

*I recommend that ODPM consult with AAs and CBs on the resources necessary to undertake such reviews on a reasonable timescale.*

**STATUS:1**

## 4 Governance

*I recommend that Strategic Reviews include, among other things, specific issues relating to:*

- *integrated packages and the proportion which is housing related support*
- *integrated funding*
- *value for money*
- *cross authority access*

**STATUS:1**

*I recommend that Service Reviews should be risk-based, including local knowledge and criteria about the provider, service standards, service costs and the overall size of the contract.*

**STATUS:2**

Adopting this approach would have the following benefits:

- it would enable the Review Programme to be significantly accelerated
- it would focus the Review Programme activity at an earlier stage on the areas of highest risk
- in doing so, it would increase the likelihood of being able to deliver real value to the overall Programme at an earlier stage, for example in time for the 2005/06 Spending Review.

*I recommend that SP teams, in conjunction with CBs should reconfigure their Service Review timetable in the context of the timetable for Strategic Reviews. It is important that these strategic reviews incorporate external professional and independent challenge.*

**STATUS:2**

### Capacity Building

My recommendations in relation to Service Reviews and Strategic Reviews would provide a compelling reason for looking at ways to address the skills and capacity issue identified by the AAs. It is my view, however, that ODPM would need to look at capacity building even if my recommendations are not adopted.

## 4 Governance

Capacity building within and around the SP teams is not as straightforward a task as providing resources for each AA to go out and recruit more staff. Many of the skills that the AAs require are highly specialised and strategic in nature. These skills include:

- contract management
- procurement
- financial expertise
- service specific experience and knowledge
- communication skills
- change management
- legal

Many of these skills are already present within individual AAs, but under current arrangements the ability of the SP Programme at a strategic level to maximise their potential benefit is limited in two ways. If the specialist skills are present in the individual AA but not within the SP team, their contribution to the SP Programme is limited to a proportion of their day-to-day tasks. However, if the specialist skills are present in the SP team itself, their contribution to the wider strategic SP Programme can be limited because for a proportion of their time they will not be using those specialist skills. Neither situation is ideal.

The option suggested in the previous section for carrying out more Strategic Reviews at a strategic level across a wider range of activity would enable the creation of specialist strategic teams, maximising the use of scarce resource and talent, targeting its effectiveness exclusively on the SP Programme and spreading its benefits across a wider number of SP teams. For example, taking a metropolitan area as a whole, a specialist team brought together to lead a Strategic Review conducted across all of the Metropolitan Boroughs would not only provide investment in extra skills and capacity for the entirety of AAs themselves, but would also allow the existing skills and capacity in the entire Metropolitan area to be further leveraged for the collective benefit of the whole area. For example, these specialist teams could as part of their work carry out some of the additional training which the AAs are saying their existing staff require in order to maximise their own individual effectiveness.

There is a case for using administration resources specifically to support this model of organising SP teams and their work. It would represent good value for money to invest in boosting the skills and capabilities within and surrounding the SP teams in this way to help reconfigure the resources currently consumed by the legacy provision.

*I recommend that the ODPM invest in capacity building for the SP teams to help them deliver a more cost effective development of the SP Grant.*

**STATUS:1**

*I recommend that ODPM invite SP teams to volunteer for pilots which might enable local SP teams to work closer together and to share skills.*

**STATUS:2**

## 4 Governance

### The SP Inspection Programme

The SP Inspection Programme headed by the Audit Commission has already yielded valuable insights in its first nine months. These include a range of examples of good practice by AAs, including:

- the willingness to embrace certain aspects of partnership working, such as working in a cross departmental way
- the commitment of AAs to make things work for users
- the existence of robust delivery mechanisms.

SP Inspection evidence to date has highlighted that progress has not been so good in the following areas:

- agreeing a clear vision and priorities for AAs SP Programmes
- ensuring that there is clarity about roles and responsibilities
- establishing adequate governance arrangements
- risk and contingency planning and performance management
- preparation for service review and monitoring responsibilities
- ensuring that all the key communication channels are in place and are working well in practice
- financial management
- engaging with service users.

I understand that the Audit Commission intends to publish the key findings from its early inspection work in a "Learning from Inspection" report in early 2004. I welcome the Audit Commission's commitment to share early findings in this area. The Learning from Inspection report should contribute greatly to the development of good practice for CBs and AAs.

Under current arrangements it is envisaged that the Inspection Programme will be completed over a five year period ending in September 2008. I have suggested options that could enable a Service and Strategic Review Programme to deliver real value to all SP stakeholders at an earlier stage through accelerating the pace of reviews and focusing initial activity on particularly high risk areas within the overall Programme.

There may also be scope, subject to due process and the proper application of strategic regulation, to harness the Inspection Programme to an accelerated pace of change, especially for any authorities deemed high priority.

I am aware that ODPM and the Audit Commission have already had discussions on this subject and discussions are continuing about due process, the criteria to be applied and the resourcing/timing implications.

## 4 Governance

*I recommend that ODPM continues its discussions with the Audit Commission to review its inspection Programme to secure an earlier completion of the high priority authorities.* **STATUS:1**

*I recommend that these inspections at the high priority authorities should be holistic reviews looking at all aspects of need, strategy, user outcomes, service provision and value for money.* **STATUS:1**

### Grant Conditions

The objective of any funding mechanism is to ensure that the Department's policy objectives are met and that money voted by Parliament is spent for the purposes intended.

Under existing arrangements, the SP funding is ring-fenced, although a much lighter ring-fence is applied in CPA "excellent" authorities. This is normal where funds are approved for a specific purpose - in this case, non-statutory housing-related support to vulnerable groups. The SP funding is made available on the specific understanding that its purpose is to help vulnerable people to lead independent lives to the greatest degree possible, without having to become a burden on other, more expensive services - for example through recourse to local health services.

In my view there is merit in moving the focus of the funding regime away from an input-based specific grant, towards a needs-based allocation. The key advantages would be that:

- the need to define eligible expenditure would be removed, which to date has proved complex and problematic
- funding would reflect need rather than historic provision
- better incentives would be provided to authorities to ensure value for money and joined up service provision.

However, I recognise that movement to an allocation system cannot happen overnight and would require the ODPM to:

- design an allocation formula which adequately reflects needs
- form a view on reasonable unit costs
- clearly define outputs and performance measures against which authorities would have to demonstrate achievement.

In the longer term I believe ODPM should move to unring-fenced grant for all authorities, in accordance with the principles of strategic regulation and reducing the accountability burden.

In both the medium and longer term there is a strong case for retaining specific grants for vulnerable groups for which ODPM may wish to influence local provision and gain assurance that funding has been used for the specific purpose intended.



## 4 Governance

I have looked at the grant arrangements and considered the options available to ODPM based on good practice principles for funding and assurance mechanisms across three main options:

- specific grant based on eligible expenditure
- allocations based on need
- unring-fenced/mainstream grant.

My report identifies that there are clearly a number of issues regarding the size of the overall SP pot, resulting from the Platinum cut exercise, which remain to be addressed. In particular, prima facie evidence relating to examples of:

- high unit cost of provision
- provider-led, rather than needs-based, provision
- cost allocation and apportionment
- significant in-house local authority provision which may include budget shifts, non-housing related support and high unit costs.

These are valid issues but are largely matters of value for money, rather than compliance. It is possible for expenditure to be eligible in accordance with the conditions of grant, but represent poor value for money.

It is my view that a compliance audit of the 2003-04 grant will not help address issues regarding the overall size of the pot. Neither do I think that external audit certification of the grant is the most appropriate assurance mechanism to address issues about value for money.

Assurance on value for money should primarily be sought through:

- the service review process, including the wider strategic reviews I have recommended elsewhere
- the inspection process, which should be targeted initially on high priority authorities
- AA and ODPM review of performance monitoring reports, and challenging apparently high unit costs.

*I recommend that ODPM:*

- *reconsiders the proposed external audit certification of the 2003-04 grant, seeking instead to:*
  - *gain independent assurance on actual 2002-03 THB expenditure through reconciliation of Platinum cut figures to audited 2002-03 Housing Benefit subsidy claims*
  - *gain assurance on the key risk area of value for money in the ways outlined above*
- *considers merging the Administration Grant with the SP Grant*
- *moves, over time, from a specific grant based on eligible expenditure, to a needs-based allocation and ultimately unring-fenced grant.*

**STATUS:2**

## 4 Governance

*I recommend that ODPM review the detailed analysis of AAs profiles perhaps in conjunction with the AAs external auditors to enable them to consider, as part of their normal risk-based planning, the appropriateness of further reviews based on value for money considerations.*

**STATUS: 2**

I am conscious that there has been no independent audit of the Platinum cut and that there is no global reconciliation which can explain the growth in the SP Grant back through THB to its impact on other budgets including AAs, other departments and housing benefit.

The establishment of the baseline allocations involved:

- a complex definition of eligible expenditure, defined through legacy funding streams, primarily THB
- ensuring consistent capture of data and calculation of contract values through use of standard IT software
- external audit assurance that data was accurately input into the software at the “Golden cut” stage
- reconciliation by ODPM of final “Platinum cut” data to legacy funding stream totals including primary HB data.

*We understand that ODPM reconciled the final Platinum cut data to legacy funding stream totals. Since that time authorities have prepared and submitted audited 2002-03 Housing and Council Tax Benefit claims to DWP, which include an analysis of 2002-03 expenditure on THB. This is useful intelligence.*

*I recommend that the department use the 2002-03 THB claims as an independent check against authorities’ Platinum cut estimates.*

**STATUS: 2**

*I recommend that ODPM consider, in conjunction with others, whether it is possible and worthwhile to try and reconcile the growth in the SP Grant back through THB to its impact on other budgets - recognising that it may only answer questions, and of itself will not lead to any change in legacy provision. However, it may help answer questions at a national public spending level.*

**STATUS: 2**

### Excellent Authorities

It has been suggested that the ring-fencing be removed completely in line with freedoms and flexibilities for Excellent Authorities, to remove them from all restrictions on use of SP funds. I am persuaded that the debate should not be about “if” ring-fencing should be removed, but when. These freedoms have been earned and should be extended as soon as practicable to the SP Programme.

## 4 Governance

However, the ODPM and HM Treasury will undoubtedly wish to consider the timing very carefully. There are good reasons to consider a period of reflection before extending those flexibilities, particularly:

- the CPA process did not include any assessment or scoring of the SP Programme or capability
- there is no proven correlation between excellence in terms of CPA and excellence in relation to SP Administration
- there are doubts about the value for money of the legacy provision
- excellent authorities will only receive an SP Inspection if they volunteer and not all have
- there is widespread concern that the least vulnerable groups may be neglected by many authorities.

As part of the decision when to extend the freedoms and flexibilities, the Government may wish to consider:

- the basis for future allocations to ensure it is applied consistently to all authorities
- the need for inspection at any authority which appears to have unusually high unit costs
- the potential for extending the SP Programme into the future CPA process in terms of inspections and key performance indicators
- the measures to ensure that the least popular vulnerable groups are not marginalized in future allocations and spending decisions.

*I do not recommend an immediate move to unring-fence further the SP Grant for excellent authorities, or extend increased freedoms and flexibilities to other authorities, until the Government have had time to consider the issues above and others raised in this report.*

**STATUS:2**

### Underpinning the SP Programme with Quality Data, Information and Knowledge

The provision, management, dissemination and consistent widespread use of good quality data, information and knowledge will be critical in the medium- to long-term success of the Supporting People Programme.

The importance of addressing some issues about existing data quality and data categories have already been mentioned in this Independent Report in the context of understanding unit costs in legacy provision. As the SP Programme matures over the coming period, there will be a need to maximise the quality and accuracy of data captured and provided. This is partly to ensure good financial control and governance of the Programme. But it is also a prerequisite for the success of Phase 2 and 3 of the SP IT Programme, and in particular the imminent development of a number of activities that require a flow of information between SP stakeholder organisations.

The “Hub Services” project has been developed by ODPM to capture this flow of information and associated services. If successfully implemented, Hub Services (HS) will be a major factor in the SP Programme’s long term success and make a major contribution to reducing the bureaucracy burden.

## 4 Governance

HS was initially envisaged as a central IT system joining together local authorities, service providers, ODPM and perhaps clients to provide a single point of access to SP services. However, following a review of the project by ODPM, it was decided to adopt a different approach. This resulted in the project team looking at the different projects taking place in the SP arena and concluding that a potentially better way to deliver HS would be to concentrate on all the disparate projects and investigate ways to join them together.

The Office of Government Commerce (OGC) has been consulted on the proposed procurement strategy for each, as part of the OGC Gateway process, and are content.

Elements of HS discussed as options so far include:

**National Directory** which is expected to:

- provide a means to capture and join up current information about needs and supply
- provide structured common information about services
- improve services for users by providing an effective way to match clients and services, including better supported referral processes and wide awareness of services
- support the delivery of the preventative agenda
- support simpler administration.

**Client Tracking** system which is expected to:

- enable the tracking of clients through SP services and also be able to recognise the client if they return having not been in SP services for some time
- help practitioners to have this information and so enable them to plan better and more appropriate services
- enable CBs to have high-level information about the success of services in their area
- assist AAs with service review
- be used in evaluating the client outcomes of SP and for ongoing research purposes within the ODPM.

**Enhanced SPKWeb** which is expected to:

- provide a portal for the SP community and the citizen to use and gain access to other information about SP, whether that is provided by ODPM or other organisations
- provide an effective way to share information and positive practice
- provide links to other related organisations
- provide an area for discussions.

The ODPM in-house dedicated “team” for delivering HS to date consists of a Project Director, supported by a Project Board established under PRINCE2. This has been sufficient for the project thus far, as the project has only reached the procurement stage. However, given the strategic importance of HS to the long term success of the SP Programme, coupled with the complexity of managing the successful delivery even of just the initial individual components, additional resources will be allocated as the project gains momentum.

## 4 Governance

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Both the resourcing of the in-house team and the governance arrangements are issues that need to be addressed by the time of the OGC Gateway 3 Review - Investment Decision. Earlier resolution would not be unhelpful to the successful delivery of HS, and thereby the wider SP Programme.

I believe that this initiative will yield significant benefits to ODPM, AAs, providers and the overall maturity of the SP Programme. It is key to ODPM and the AAs that this initiative is implemented successfully and on time.

*I recommend that ODPM consider the resourcing and governance arrangements of the "Hub" project to ensure its success and safe passage through the OGC Gateway 3 Review.*

**STATUS:1**

## 5 Closing remarks

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Throughout the review I have sought to reconcile the “public purse” perspective and the legitimate requests from the sector to be “allowed to manage”. In responding to this review I would ask that all stakeholders view my recommendations in the context of both perspectives and work together to determine a stable future for the SP Programme in the interests of:

- all vulnerable groups
- those who provide services to them
- and those who have to raise, allocate and distribute the necessary funds.



Eugene Sullivan  
Head of Public Sector Services  
RSM Robson Rhodes LLP

12 January 2004



# Appendix A

## Views from SP teams and stakeholders



# A Views from SP teams and stakeholders

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## Future Allocations

"If the ODPM need to cut the allocations they should target costs. Give an individualised budget to each authority. That will make us think."

*SP Team Leader*

"If there have to be cuts look at AAs on a case by case basis. I wonder about some authorities' submissions. Set a baseline figure for client groups. £500 per week could not have been part of rents. £1,000 can't be just housing related support."

*SP Team Leader*

"The XYZ believes that the ODPM must undertake a total review of its proposed allocations formula in consultation with local government. The ODPM is asked to provide exemplifications of a range of options."

*Written quote from representative body*

"The ODPM expressed their concern about the level of THB claims and the possible size of the national budget during the implementation of the Programme. Some SP Lead Officers suggested capping individual claims. The ODPM took the view that if they did this all claims would rise to the level of the cap. I did not agree with their view particularly as they could have introduced different capping levels for different services. However they chose to take no action and have to accept some responsibility for the current position."

*SP Team Leader*

"Ministers need to be made aware of the potential for disruption, not only to services currently funded through the SP Grant but other non related services which may have to lose funding because of a need to transfer funding to maintain those SP services that support the most vulnerable."

*SP Team Leader*

"We played fair with our budgets. We know we still have gaps in provision - we need services for supporting people with substance abuse problems. Where's the funding going to come from? We haven't got any slack to redistribute."

*SP Team Leader*

"April 2003 should be regarded as the 'high water mark' for the inherited provision. After this SP Grant will undoubtedly be cut for many inherited schemes."

*SP Team Leader*

# A Views from SP teams and stakeholders

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## Eligibility and Funding Shifts

"There are going to be eligibility shifts between THB and SP Grant. We knew what was happening. We raised it at practitioners' group. Everybody knew, we've been waiting for it to be called to account."

*SP Team Leader*

"The future development of the SP Programme will be plagued by authorities who have done nothing and plagued by authorities who have maximised, and plagued by authorities who have discouraged different client groups."

*SP Team Leader*

"Nobody is denying that authorities have had a windfall gain through better costing of housing related support and freeing up other funds. Maybe we have done that too successfully."

*SP Team Leader*

"Health are also providers of Learning Disability packages. Under SP we have allocated a third to SP Grant and two thirds to NHS."

*Executive Director, Social Care*

"There was clear shifting of health costs in the Learning Disabilities and Mental Health contract with the provider."

*SP Team Leader*

"THB guidance was much wider than Eligible Welfare Services. Far less would be eligible if we applied the latest guidance. We would lose large numbers, especially in Learning Disabilities and Mental Health. Under THB we had accountants looking at costs."

*SP Team Leader*

"There has been cost shifting from our main budgets. The money has gone into other services. Without it we would have been in deficit."

*SP Team Leader*

"There are services in XYZ which have never been funded by the local authority and have always received full funding through the Housing Benefit system. Some of these services would not be eligible for full funding under the new definition and if their funding was reduced they would need to seek funding from the local authority."

*SP Team Leader*

"Many of the problems we are now facing derive from the interpretation of the A10 Guidance. I think the 'eligible welfare services' definition now being applied in the Grant Conditions could cause as many problems. If the SP Grant allocation is significantly reduced local authorities could interpret the new definition in a way, which reduces the financial impact on the authority, but could cause major problems for providers and disrupt the current pattern of services."

*SP Team Leader*

## A Views from SP teams and stakeholders

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"It may not have been the ODPM's intention that services previously funded by the local authority or the Primary Care Trust should be funded from THB but there was nothing in the circular which stated that services previously funded by the local authority or the Primary Care Trusts could not be funded through THB."

[SP Team Leader](#)

"There are services in XYZ, which were previously funded by the local authority, and the Primary Care Trust, which are now funded through the SP Grant. However I think it is important to examine the local context. The Preserved Rights Funding transferred to XYZ from the Department of Health in 2002 was less than was required to meet the commitments and the deficit had to be funded from existing budgets."

[SP Team Leader](#)

"In some authorities SP teams didn't brief Social Services colleagues prior to their carrying out client assessments, so they might not have been fully aware of the SP remit. This may have resulted in inappropriate claims for SP money. It may also have resulted in under-claiming by providers who forgot to include costs like training and staff on-costs."

[SP Team Leader](#)

"Some 90% of people using SP services need more than housing-related support. For 75% of units, only 25% of the cost is HRS."

[SP Team Leader](#)

"The authorities with the most under-resourced HB teams were most prone to letting costs spiral out of control."

[SP Team Leader](#)

"It takes a very long time to assess claims properly - you need to be tenacious to get all the necessary information, and strong so as not to be overwhelmed by pressure to agree to claims which you don't know enough about. You need expertise, so that when people from Social Services or Health departments say that you don't know the HB regulations, you can stand up to them and say 'this is not housing-related support - you pay for it.' In a number of authorities the people assessing THB claims didn't have this expertise."

[SP Team Leader](#)

"Some Programme providers were represented by consultants who advised providers to increase their budgets to make the most of THB arrangements. The consultants would really put the pressure on THB officers - they would ring every day for weeks pressing for decisions."

[SP Team Leader](#)

# A Views from SP teams and stakeholders

## Opportunism

"There was a mad rush to get hold of the money."

[Provider](#)

"Floating support was a licence to print money. Too many took advantage. There is no money for growth, there are going to be cuts. Learning disability providers inflated their prices."

[SP Team Leader](#)

"It came as absolutely no surprise to me, nor I am sure to most others involved in the SP Programme, that the costs of the SP Programme escalated so dramatically. In my role as Regional Operations Director for XYZ I was a member of the SP Core Strategy Group for one local authority, where the Housing Benefit senior officer on the group more than once expressed his astonishment and concern at the scale of the growth in his Housing Benefit costs as providers rushed to get on the bandwagon and claim HB to secure SP legacy funding. It was a case of ... **do you realise what is going on?? ... this is going to be a disaster**. I heard the same stories from numerous other sources nationally, both inside and outside XYZ. The huge increase in costs was completely predictable (and was widely predicted long before 31 March 2003)."

[Written quote from provider](#)

"Some are **services previously funded from community care budgets**, because Social Services Departments were extremely keen to gain increased income by moving some of their costs into a new funding Programme. For example, after considerable internal debate I agreed to one such transfer of costs in this region, at an Extra Care scheme, because sustained pressure was being brought to bear on us by our partner local authority. Costs to our residents increased dramatically as a result, although they were 'picked up' by HB and now by SP (for the moment). I had and have considerable misgivings about whether this was the right thing to do.

Given that the costs we are charging at the Extra Care scheme in question are apparently considerably less than some others are charging (in terms of SSD-transferred budgets) I gave in and acceded to the wishes of the local authority. One or two similar things happened in other parts of XYZ."

[Written quote from provider](#)

"Some of the cost increase represents additional **income going to providers**. Whilst all this was going on XYZ took a firm stand and refused to increase our charges to gain additional income from SP. Our services are chargeable ones. We refused to increase charges to our residents over and above what they would have experienced had the SP Programme not come into existence. You will be aware that the ODPM published a booklet for sheltered housing tenants promising that their charges would not increase as a result of SP. As I am sure you know this was widely ignored by providers. I am well aware how many providers imposed an SP levy on their sheltered housing tenants - directly or indirectly encouraged by some advisers.

If SP levies happened in the sheltered housing sector I would guess that they became very common indeed in the supported housing sector where services are not chargeable. I have little direct knowledge of this but stories abound of **providers using creative methods** to increase their income, knowing that their tenants were protected from the cost inflation that resulted."

[Written quote from provider](#)

## A Views from SP teams and stakeholders

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"Concern has been expressed about the proportion of the national budget going to those with Learning Difficulties. Valuing People set the government's agenda for people with learning difficulties. They should not be surprised that local authorities and Primary Care Trusts looked at how this agenda could be delivered and identified the funding opportunity provided by the SP Programme. Local authorities and Primary Care Trusts may be accused of being opportunistic but they were pursuing the government's agenda."

[SP Team Leader](#)

### Value for Money

"The review process is starting to unlock efficiency savings which we can use for unmet need or to contribute to Corporate Agenda. We are achieving savings of 15-20% over two years for strategically relevant but expensive services."

[SP Team Leader](#)

"I don't think all providers are providing good value for money services. I don't know anyone who does think that. Look at those who stick out as high cost."

[SP Team Leader](#)

"No one knows if these services are value for money. We had a significant windfall in Housing and Social Services from THB. It helped with our budget deficit, without it other services would not have been provided."

[Former SP Team Leader](#)

"We need to understand the complexity of what we've inherited. We've got high costs in homeless services, support to the voluntary sector, expensive sheltered provision (including two schemes with different providers across the road from each other). We need thorough service reviews to test value for money."

[SP Team Leader](#)

"There has to be some re-allocation. We need to make the money work harder. Segment the SP Grant for mainstreaming, co-fund certain client groups and protect unpopular groups. Trust responsible local government to re-prioritise."

[SP Team Leader](#)

"Floating support was a licence to print money. Too many took advantage. There is no money for growth, there are going to be cuts. LD providers inflated their prices."

[SP Team Leader](#)

"The City Council is bringing together a team of staff from Supported Living (Social Services) and the SP Team to review all high cost cases. In respect of the high cost cases I have no doubt that a significant reduction in the current payment could be achieved."

[SP Team Leader](#)

## A Views from SP teams and stakeholders

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“The ODPM have now changed the rules as they are entitled to do and now refer to eligible welfare services. I gave you a copy of our interpretation of ‘eligible welfare services’. My reading of the new definition would mean that existing SP payments would be drastically reduced. When we met I said you could interpret the new definition in a way, which could cut payments by 50%, and in many cases much more.”

[SP Team Leader](#)

“The emphasis has been on the cost of services - we need to be aware that quality of service provision isn’t forgotten in the panic about budget.”

[SP Team Leader](#)

“It is legitimate for SP teams to be under pressure to prove value for money, but we need guidance from the centre.”

[SP Team Leader](#)

### Pace of Change

“The pace of change is important. I’m not surprised by a long term agenda for changing the legacy provision. Service reviews are complex and time consuming, especially to get to the crux. I have to look at correlations and supply, needs, costs, value for money across our own pattern of provision and across authorities. How am I going to do it in the time?”

[SP Team Leader](#)

“We need a manageable pace of change. We don’t know what our supply was. We are just coming to terms with understanding it.”

[SP Team Leader](#)

“The pace of change is very important. SP teams are very tired. Providers are tired too.”

[SP Team Leader](#)

“The ODPM should consider phasing the introduction of the formula as the consequences of major change would be to disrupt services or enable new planned services to be provided elsewhere.”

[Written quote from representative body](#)

“Clearly we are where we are and need to move forward. The level of funding will change but the crucial issue is how the change is managed. It has to be phased otherwise there will be major disruption in the market, which will not be in the interests of service users, the local authority or the government.”

[SP Team Leader](#)

# A Views from SP teams and stakeholders

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## Allow us to Manage

"There has to be some re-allocation. We need to make the money work harder. Segment the SP Grant for mainstreaming, co-fund certain client groups and protect unpopular groups. Trust responsible local government to re-prioritise."

[\*SP Team Leader\*](#)

"We haven't designed this system. You've let things grow haphazardly. Service reviews are not happening. It's a stalled process. Our nightmare is a quick decision based on cost not looking at service provision. It's only been going eight months. Give it time to settle down and let the reviews do the work."

[\*Provider\*](#)

"Clearly we are where we are and need to move forward. The level of funding will change but the crucial issue is how the change is managed. It has to be phased otherwise there will be major disruption in the market, which will not be in the interests of service users, the local authority or the government."

[\*SP Team Leader\*](#)

"We all know that we have some schemes which are not providing appropriate services or value for money. In our case we are beginning to address this through the service review process."

[\*SP Team Leader\*](#)

"It is sensible for SP and Social Services to carry out service reviews in partnership. This is more informative and makes best use of resources."

[\*SP Team Leader\*](#)

## Capacity Building

"It would be better to go in and give authorities targeted help and capacity building - on quality work, thinking and special projects."

[\*SP Team Leader\*](#)

"The tools are there. Build SP capacity - and give them time."

[\*SP Team Leader\*](#)

"The pace of change is important. I'm not surprised by a long-term agenda for changing the legacy provision. Service reviews are complex and time consuming, especially to get to the crux. I have to look at correlations and supply, needs, costs, value for money across our own pattern of provision and across authorities. How am I going to do it in the time?"

[\*SP Team Leader\*](#)

"Resourcing is an issue for us. We can't undertake all the tasks. And we need specialist skills in Finance, Contracts and Legal issues."

[\*SP Team Leader\*](#)

# A Views from SP teams and stakeholders

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## Leadership

"There is a concern about corporate ownership of the SP Programme. The Council is not listening. In other authorities the SP team is embedded."

*SP Team Leader*

## Commissioning

"We need to co-ordinate commissioning. Development-led schemes sparked off the need for better commissioning. Provision not well managed."

*SP Team Leader*

## About Provision

### Needs

"More work is required to correctly identify need. The current proposals fail to identify high levels of need and penalises a range of London, Metropolitan and other Urban authorities.

The best measure of need should be adopted where data allows.

More work is required to ensure that the correct weightings are applied to each indicator.

Further research is urgently needed to determine the relationship between "urbanicity" and the relative differences in need and service costs. The impact of high population mobility should also be considered.

The ODPM should ensure that targets on change in service patterns are not based on financial objectives arising from a flawed allocations formula.

Any allocations method must include an adequate Area Cost Adjustment to reflect the additional labour cost of delivering services in different areas."

*Written quote from representative body*

### Capital/Growth

"The current confusion surrounding pipeline schemes and the threatened virtual moratorium on future supported housing bids is another example of the whole sector being penalised for a Programme allowed to escalate out of control before it had even begun."

*Written quote from provider*

"Further expenditure is needed to secure additional services for vulnerable people in private accommodation, areas without access to services and to secure investment in modern services that complement other public services."

*Written quote from representative body*



# A Views from SP teams and stakeholders

## Learning Disabilities

"This review has unfairly focused on people with learning disabilities."

Provider

"The provision for people with learning disabilities is not rational. It never has been."

Provider

"Floating support is generally a good idea. But look at the high cost of floating support for LD. We had four/five providers approach us post Golden cut. The schemes are low cost but variable value for money. I'm worried about depending on small providers with low reserves and cash flow problems."

SP Team Leader

"For people with a learning disability, it has helped to make progress to achieving the policy objectives set out in the XYZ's 'Valuing People'. This recognised the need for more housing and support packages for those living with elderly parents as well as providing an opportunity for younger people to leave home. 'Valuing People' also recognises that there should be a range of options, not just traditional residential care, and that people should have a choice of where to live and who to live with. SP has made this a reality for many people.

About 60% of people with a learning disability live with their families, the same percentage as 30 years ago, and most of the rest have traditionally lived in residential care homes. 'Valuing People' wanted more people to have the opportunity to live independently in their own home with the appropriate level of support ranging from a few hours a week to 24 hours a day. This model is known as 'supported living'. This fits in well with the SP Programme and the benefit has been that an extra 15,000 people are now living in this way.

The SP Programme was designed to provide an integrated planning and funding framework to enable vulnerable people to live independently in their own home and this it has achieved. Guidance was issued, by the DWP and SP teams, on the criteria for housing support for people with a learning disability. This was followed by the vast majority of landlords and providers of support."

SP Team Leader

## A Views from SP teams and stakeholders

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“The transitional arrangements between 2000 and 2003, coincided with the implementation of the Care Standards Act which imposed tighter standards on residential care homes. This posed a particular problem in that many homes for people with a learning disability were small and could not meet the new standards. They could have closed but a better alternative was to re-focus the service to be more person centred and adopt the principles of independent living set out in ‘Valuing People’. There is a myth that this involved uncontrolled, ill-informed de-registration. This is untrue and the vast majority followed the procedure laid down by the National Care Standards Commission and were agreed with commissioners at a local level.

XYZ, as both a campaigning organisation and a service provider, supports the move away from residential care to supported living. When services are de-registered, this must mean significant changes in the running of the ‘home’ and power must have shifted from the staff to the tenants. This should be a key part of the quality test when schemes are reviewed at a local level. The influence of ‘Valuing People’ on these changes, which have been so beneficial to people with a learning disability, cannot be overestimated.

SP has been a great success and the fact that spending was higher than budgeted, shows the level of previously unmet need. The figures for a learning disability show that there are nearly 90,000 adults living with their parents, many of whom would like to live independently, but they are not given the chance. We would suggest that far from restricting funding for the Programme, these figures show the need to increase it.”

*Written quote*  
[Campaign Organisation](#)  
[Service Provider](#)

“Concern has been expressed about the proportion of the national budget going to those with learning difficulties. Valuing People set the government’s agenda for people with learning difficulties. They should not be surprised that local authorities and Primary Care Trusts looked at how this agenda could be delivered and identified the funding opportunity provided by the SP Programme. Local Authorities and Primary Care Trusts may be accused of being opportunistic but they were pursuing the government’s agenda.”

[SP Team Leader](#)

“Be careful about generalising the learning disabilities client group. The differences between clients with the highest and lowest levels of need in this group are more pronounced than the difference between other clients’ groups.”

[SP Team Leader](#)

“We wanted to put a client with learning disabilities in supported housing but the Social Services department thought that because the accommodation was on a council estate, it was inappropriate. In fact the estate had good quality stock and a welcoming community, but Social Services didn’t understand the local housing picture.”

[SP Team Leader](#)

# A Views from SP teams and stakeholders

## Generic

"Generic schemes are an area of concern for us. It is high cost and it used to be part of HRA submission as Intensive Housing Management. We would like to know whether it is proper to be included in SP Grant as housing related support for vulnerable people."

[SP Team Leader](#)

## Unpopular Vulnerable Groups

"The future development of the SP Programme will be plagued by authorities who have done nothing and plagued by authorities who have maximised and plagued by authorities who have discouraged different client groups."

[SP Team Leader](#)

"ODPM should look at the single pot. It may be better to break it up for different groups. It should ring-fence monies for unpopular groups to remove the politics. Don't take money away from the ex-offender schemes."

[SP Team Leader](#)

## De-registration

"You could question whether these de registrations were in the interests of service users. However, they were all subject to independent scrutiny by the National Care Standards Agency who accepted that the services provided did not require registration."

[SP Team Leader](#)

## Authors Note

*Some quotes are repeated because they illustrate a view under more than one heading.*

## Appendix B

### Main client group statistics

## B Main client group statistics

	Older People	People with Learning Disabilities	People with Mental Health Problems	Homeless (Single, Family & Rough Sleeper)	Generic Support	Sub-total	National Total
Total Funding - £m	£330.06m	£412.22m	£250.00m	£340.77m	£82.43m	£1415.48m	£1814.10m
Total No. of Units - 000's	97412	3615	4048	6708	4756	116539	126839
Total No. of Contracts - 000's	1752	684	420	320	080	3256	3807
Highest Funding - Regions							
£m							
SE	£42.55m	NW	IL	IL	IL		NW
NW	14949	NW	IL	IL	NW		NW
SE	2.41	NW	OL	IL	SE		IL
Lowest Funding - Regions							
£m							
NE	£24.58m	IL	NE	NE	NE		NE
IL	3899	NE	NE	NE	EofE		OL
IL	0.63	IL	NE	NE	NE		NE
Unit Cost							
Highest Region	IL	YH	OL	WM	YH		
Lowest Region	YH	WM	WM	EofE	EofE		
Value above upper quartile							
> UQ - £m	£28.44m	£37.49m	£13.52m	£27.06m	£6.99m	£113.49m	£139.44m
> M - £m	£59.86m	£79.34m	£34.89m	£61.97m	£17.63m	£253.69m	£316.25m
Value of Contracts in LQ	£56.68m	£58.49m	£39.58m	£53.32m	£17.93m	£226.00m	£271.75m
Main Providers							
LA	48.7%	25.0%	12.0%	16.8%	40.9%	27.2%	23.4%
RSL / LSVT	41.2%	12.5%	34.8%	43.1%	37.4%	31.9%	33.8%
Charity	3.5%	22.4%	16.0%	22.4%	6.2%	15.9%	18.2%
Voluntary	2.5%	14.9%	16.0%	14.7%	9.6%	11.8%	13.0%
Private	1.8%	16.2%	15.2%	2.2%	4.5%	8.6%	7.8%
NHS	0.1%	6.7%	5.4%	0.0%	0.2%	2.9%	2.4%
Other	2.2%	2.3%	0.7%	0.8%	1.2%	1.6%	1.5%

# Appendix C

## Summary of recommendations

## C Summary of recommendations

### High Cost Authorities

*I recommend that the ODPM should use the SPINTLS data, and other knowledge from the National Supporting People Team, in conjunction with Audit Commission knowledge to identify top priority authorities that should be considered in more detail to understand the value for money and appropriateness of services in the existing provision.*

**STATUS:1**

### 2004/05 SP Allocation

*I recommend that departments work urgently together to consider the extent of non-housing related support and the benefits that accrue from care and support services to core departmental objectives in considering funding for future years as part of the Spending Review.*

**STATUS:1**

*I recommend that the ODPM, in conjunction with other departments, should build on work in hand for SR2004 to analyse a representative sample of support packages (say 100 per main client group) to determine:*

- *if any element of support is other than housing related*
- *and, if so, whether that additional support is social or health*
- *and what proportion of the total funding should be borne by different agencies*
- *how to deliver this locally as an integrated package.*

**STATUS:1**

*I recommend that this analysis is used to inform the allocation and funding decisions including departmental contributions in and as part of ongoing work to produce a framework of unit costs and the Spending Review 2004 process.*

**STATUS:1**

*I recommend these analyses should be used as the basis for all future discussions on cost of services for funding of calculations (allocations and funding) unless and until it is replaced with a more appropriate body of evidence.*

**STATUS:2**

*I recommend that the ODPM considers a suitable timetable for consulting other government departments, AAs and other stakeholders about the single pot. This consultation should be prefaced by an exercise to identify and evaluate the various options.*

**STATUS:2**

## C Summary of recommendations

*I recommend that the ODPM with others should give early consideration to measures to establish and protect an adequate level of funding and provision for the least popular vulnerable groups.* **STATUS:1**

### Distribution for 2004/05

*I recommend that, in constructing an allocation formula, the ODPM takes action to reduce this variation and determine appropriate maximum rates for housing related support costs for various groups and packages of support.* **STATUS:1**

*I recommend that ODPM should come forward with proposals for liberating capital funding that is constrained by current resources.* **STATUS:1**

*I recommend that AAs should seek to manage any reductions in allocation on the following principles:*

- *only decommission services which are not strategically relevant and/or are of unacceptable quality and only with proper notice and consultation*
- *only reduce prices to third party providers following review and negotiations, and with suitable notice and consultation*
- *secure extra income sources for those groups where the integrated package includes more than just housing related support, including local authority funding where it is felt that other budgets have benefited from the introduction of the SP Programme.* **STATUS:1**

*I recommend that:*

- *ODPM should start the process of liberating resources tied up in legacy provision in 2004/05 with further reductions over 2005/06 and 2006/07, subject to the following caveats:*
  - *only a limited range of acceptable and prudent options for changes to envisaged funding should be implemented by April 2004*
  - *any proposed changes should be implemented in a consensual manner with the active co-operation and involvement of voluntary and other service providers and full consultation with users*
  - *any proposed changes should be carefully managed to avoid damage to valuable services and current valued providers*
  - *any redirected funding needs to be allocated to meet growth based on need and business case.*

**STATUS:1**



## C Summary of recommendations

### Distribution of Grant

*I recommend that the ODPM agree a suitable formula for determining future allocations. The formula should reflect population, need and cost where this is practical and acceptable to do so. If the pursuit of such a formula or the necessary consensus would add further delay and uncertainty then the ODPM should review the existing funding and deprivation formulae and consider/consult/agree on which to use.*

*I recommend that the agreed formula is used as a basis for determining the extent to which the current distribution may be thought to be "inequitable". This should take full account of:*

- *the value of the legacy provision after strategic and service reviews*
- *the evidence to support unmet need and its distribution.*

**STATUS:1**

*I recommend that there should be a process to encourage AAs to bring forward new provision based on need and business cases, in addition to the underlying formula overview.*

**STATUS:2**

### Future Growth

*I recommend that ODPM and AAs consider ways to give the necessary revenue commitments for schemes that are deemed strategically relevant. It may be that this can be achieved by:*

- *ODPM earmarking future monies for such schemes and/or*
- *giving authorities sufficient certainty about future allocations.*

**STATUS:1**

*I also recommend that ODPM engage with AAs about the business case process by which they can access the growth funds retained to meet new evidenced need.*

**STATUS:2**

## C Summary of recommendations

### Arriving at a Robust Evidence Base

*I recommend, for each of the main client groups:*

- *improvements in the commissioning of strategically relevant services for the main client group to include better management of the market for SP services for the main client group*
- *accurately and fully assessing need to develop the necessary range of support services*
- *a review of services for the client group in each locality to ensure they are strategically relevant, meeting need and represent value for money*
- *undertaking reviews of individual services, which initially focus on:*
  - *high unit cost*
  - *very low unit cost*
  - *schemes which have de-registered in the last 24 months*
- *developing and sharing good practice models of service provision*
- *identifying what are reasonable support costs for different levels of support*
- *effective inter-agency working to agree, integrated packages of care and support and respective funding responsibilities*
- *robust arrangements for referring, accessing and approval of housing related support*
- *development of support plans for users based on a comprehensive needs assessment; and*
- *setting and measuring outcomes for service users.*

**STATUS:1**

### Addressing Unmet Need

*I recommend that all partners and stakeholders collate/produce the evidence to support their estimates of the current and likely future level of unmet need within the main client groups.*

**STATUS:2**

*I recommend that the evidence base produced through a needs exercise should form the basis of a "Business Case" approach to agreeing funding levels through the future Spending Rounds. This needs to be undertaken by the relevant departments and stakeholders urgently and in good time for it to feed into departmental 2005/06 spending reviews.*

**STATUS:2**

## C Summary of recommendations

### Floating Support

*I recommend that the relevance, purpose and nature of all floating provision should be a priority in all service reviews and any strategic reviews of main client groups.*

**STATUS:1**

### Generic Support

*I recommend that AAs should consider their existing generic provision by reference to their local knowledge and its characteristics and costs. This risk assessment may affect the service review timetable and, in some cases, suggest the need for a Strategic Review.*

**STATUS:2**

*I recommend the following in respect of new or reviewed generic services:*

- better management of the market for the provision of strategically relevant generic services
- improved commissioning of generic services, including better control by CBs and AAs over referrals and assessment
- improved strategic management and development of generic services at AA, regional and sub-regional levels
- a risk review of the generic provision overlayed with the current service review timetable for those services
- improved information about the specific types of service, or groups of services, that are being provided under the "Generic" heading.

**STATUS:2**

### Commissioning Services

*I recommend that ODPM develop a good practice guide for a model of commissioning for CBs to use as a self assessment tool.*

**STATUS:2**

*I do not recommend any changes to the structure or configuration of CBs but recommend that the good practice criteria are used by CBs to determine the most appropriate structure for them in the context of other forums in their area.*

**STATUS:3**

## C Summary of recommendations

*I recommend that ODPM consults AAs on whether one or more “partnership” grouping wishes to volunteer to pilot different commissioning models across AA boundaries.*

**STATUS:3**

### Managing the Market

*I recommend that ODPM work with AAs to develop good practice criteria on how to manage the market with a view to securing sustainable supply at a competitive rate, and the stimulation of the voluntary and community sections in providing local specialist services.*

**STATUS:2**

### Service and Strategic Reviews

*I recommend that ODPM encourage all CBs to undertake Strategic Reviews of the provision across the four largest client groups.*

**STATUS:1**

*I recommend that ODPM consult with AAs and CBs on the resources necessary to undertake such reviews on a reasonable timescale.*

**STATUS:1**

*I recommend that Strategic Reviews include, among other things, specific issues relating to:*

- *integrated packages and the proportion which is housing related support*
- *integrated funding*
- *value for money*
- *cross authority access*

**STATUS:1**

*I recommend that Service Reviews should be risk-based, including local knowledge and criteria about the provider, service standards, service costs and the overall size of the contract.*

**STATUS:2**

## C Summary of recommendations

*I recommend that SP teams, in conjunction with CBs should reconfigure their Service Review timetable in the context of the timetable for Strategic Reviews. It is important that these strategic reviews incorporate external professional and independent challenge.*

**STATUS:2**

### Capacity Building

*I recommend that the ODPM invest in capacity building for the SP teams to help them deliver a more cost effective development of the SP Grant.*

**STATUS:1**

*I recommend that ODPM invite SP teams to volunteer for pilots which might enable local SP teams to work closer together and to share skills.*

**STATUS:2**

### The SP Inspection Programme

*I recommend that ODPM continues its discussions with the Audit Commission to review its Inspection Programme to secure an earlier completion of the high priority authorities.*

**STATUS:1**

*I recommend that these inspections at the high priority authorities should be holistic reviews looking at all aspects of need, strategy, user outcomes, service provision and value for money.*

**STATUS:1**

### Grant Conditions

*I recommend that ODPM:*

- *reconsiders the proposed external audit certification of the 2003-04 grant, seeking instead to:*
  - *gain independent assurance on actual 2002-03 THB expenditure through reconciliation of Platinum cut figures to audited 2002-03 Housing Benefit subsidy claims*
  - *gain assurance on the key risk area of value for money in the ways outlined above*
- *considers merging the Administration Grant with the SP Grant*
- *moves, over time, from a specific grant based on eligible expenditure, to a needs-based allocation and ultimately unring-fenced grant.*

**STATUS:2**

## C Summary of recommendations

*I recommend that ODPM review the detailed analysis of AAs profiles perhaps in conjunction with the AAs external auditors to enable them to consider, as part of their normal risk-based planning, the appropriateness of further reviews based on value for money considerations.*

**STATUS: 2**

*We understand that ODPM reconciled the final Platinum cut data to legacy funding stream totals. Since that time authorities have prepared and submitted audited 2002-03 Housing and Council Tax Benefit claims to DWP, which include an analysis of 2002-03 expenditure on THB. This is useful intelligence.*

*I recommend that the department use the 2002-03 THB claims as an independent check against authorities' Platinum cut estimates.*

**STATUS: 2**

*I recommend that ODPM consider, in conjunction with others, whether it is possible and worthwhile to try and reconcile the growth in the SP Grant back through THB to its impact on other budgets – recognising that it may only answer questions, and of itself will not lead to any change in legacy provision. However, it may help answer questions at a national public spending level.*

**STATUS: 2**

### Excellent Authorities

*I do not recommend an immediate move to unring-fence further the SP Grant for excellent authorities, or extend increased freedoms and flexibilities to other authorities, until the Government have had time to consider the issues above and others raised in this report.*

**STATUS: 2**

*I recommend that ODPM consider the resourcing and governance arrangements of the "Hub" project to ensure its success and safe passage through the OGC Gateway 3 Review.*

**STATUS: 1**

