

Briefing Paper

SUPPORTING PEOPLE

Adrian Waite – July 2004

Introduction

From April 2003 the government introduced a new integrated policy and funding framework for support services for vulnerable people involving health and social services as well as housing services and other partners.

The vulnerable groups that “Supporting People” is designed to assist include:

- Older people with support needs, mental health problems or dementia or who are frail
- People with mental health problems, learning disabilities or physical or sensory disability
- Single homeless with support needs
- People with alcohol or drug problems
- Offenders or people at risk of offending including mentally disordered offenders
- Young people at risk or leaving care
- Women at risk of domestic violence
- People with HIV or aids
- Homeless families with support needs
- Refugees
- Teenage parents
- Rough sleepers and travellers

The concept of ‘Supporting People’ is that vulnerable people are given the opportunity to improve their quality of life by enabling them to live more independent lives in the community. Various organisations including local housing authorities provide supported accommodation and provide support for vulnerable people. The government is now targeting support at the people, rather than the services, to provide that support in the most appropriate manner for the individual. This means that the housing service has to work with other services such as social services, and that decisions are taken about the distribution of resources between different services and different authorities.

Local Authorities have responsibility for commissioning and funding services from various providers through a needs-led planning framework. This rests with Metropolitan, Unitary and London Borough Councils in single-tier areas and with County Councils in two-tier areas. However, District Councils are involved in the development of the strategy.

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Providers of 'Supporting People' services include:

- Local Authorities
- Registered Social Landlords
- Private Sector
- Voluntary Sector
- Specialist black and ethnic minority providers
- Managing agents

The government is seeking improvements to the services offered through:

- Developing a more flexible range of services based more around individual needs. This is sometimes called "Floating support" and can involve supporting people in their own homes rather than requiring them to move into a hostel.
- Planning services locally on the basis of a clear assessment of local needs for support.
- Developing a local "Supporting People" strategy closely linked to other strategies such as the Community Plan, Health Improvement Programme, and Community Safety Plan.

The Single "Supporting People" budget and contract types

The new budget is supported not only through the money previously paid to local authority tenants as housing benefit but also from resources previously provided as follows:

- Housing Benefit paid in respect of service charges paid by Housing Associations and other Registered Social Landlord tenants
- Income support payments in respect of service charges
- Housing Corporation Supported Housing Management Grant and relevant expenditure under the DSS resettlement programme.
- The Probation Accommodation Grant funded jointly by the Home Office and local authorities.
- Linked resources in local authority Total Standard Spending.
- Home Improvement Agency grants.

Supporting People Administration Grant is provided as follows:

- It is a Special Grant under Section 93 of Local Government Act 2000
- Payments are made to providers for 'Supporting People' services – this includes in house and external providers including the private sector
- The first year grant was the contract sum less charges
- From 2004/2005 the grant is made according to the allocation formula
- The administering authority manages the Grant, but the Commissioning body plans services and authorises payments

The Interim Contract between a service provider and the Administering Authority for the local Supporting People programme is designed to encompass the support service provided as at March 2003 and take it forward until the service is reviewed at some point before March 2006. The two types of Interim Contract are known as Block Gross and Block Subsidy.

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Under a Block Gross contract, the Administering Authority contracts with a service provider for the gross costs of a support service. If any charges are payable for support by a tenant or service user, it is the responsibility of the Administering Authority to collect them. The baseline costs for a service at 2002/2003 levels was augmented into a price for the service in 2003/2004 by applying two factors. The first was an inflation factor. The second factor was a voids deflator set nationally at 10%.

The other kind of contract is a Block Subsidy contract. This contract is not for the gross costs of the service, but specifies an agreed unit price. This unit price is payable only for tenants and service users who are eligible for relief from charging, and who have applied for this relief. The unit price is based on legacy funding streams going into services by the end of March 2003. A baseline figure is determined, based on 2002/2003 costs; and this is up-rated by an inflation factor.

For chargeable services, tenants/ service users are required to pay for the cost of their support unless they are eligible for exemption from charges due to their financial circumstances. There is transitional protection for tenants who were in a supported housing service by March 2003 – they do not pay more than they did then for their support unless they have a change of circumstances, or their service is reviewed (as part of a rolling schedule from April 2003 to March 2006).

Disaggregation of Costs

Local authorities, and others, identified the existing costs of 'Supporting People' services so that the total size of the 'Supporting People' pot can be calculated. This was not always easy as many authorities had not identified support service charges separately before. Local authorities transferred their 'Supporting People' costs out of their Housing Revenue Account into their General Fund, and are funded in the General Fund from 'Supporting People' grant. This resulted in a saving to the Housing Revenue Account. Authorities were required to identify the purposes to which they will put this saving.

The accounting process was more complex than simply identifying the direct costs of providing sheltered housing and other 'Supporting People' services. Central departments charged the housing service for providing support in such areas as accountancy, legal, information technology and human resources. There was a necessity to confirm that the level of these charges was appropriate, and to apportion them between the various direct housing services. The same was true of administrative costs within the housing service itself.

In some instances it was necessary to analyse how support services staff spent their time so that their costs could be apportioned proportionately to direct services including 'Supporting People' services. In other cases it was necessary to challenge the way in which apportionments had previously been made. This accounting exercise was necessary to capture all 'Supporting People' costs accurately, to transfer them to the General Fund, and to apply for 'Supporting People Grant' to finance them.

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Despite giving a commitment to fund all 'Supporting People' costs that were identified by local authorities, government budgets are limited to the existing budgets. 'Supporting People' money is paid as a block grant to providers. Payment is not dependent on exact occupancy levels, but adjustments are made for excessive voids.

The costs of 'Supporting People' were transferred from the Housing Revenue Account to the General Fund where they will be funded with 'Supporting People Grant'. This means that the housing authority retained surplus revenue in the Housing Revenue Account that it can use for specified purposes.

Because the Housing Revenue Account stands to gain in proportion to the amount of costs that are disaggregated, an incentive has been created to maximize the reported costs of 'Supporting People' within the constraints of government guidance and good accounting practice. As a result the reported costs of older people's services increased, and when the costs of 'Supporting People' are reviewed they will appear to be relatively high. In such cases it is possible that funding will be reduced.

No automatic 'Supporting People' funding will be available if Social Services funding runs out. However, 'Supporting People' is a corporate responsibility for a local authority rather than a social services function, and there needs to be a partnership between different departments and agencies. One department does need to administer contracts and payments, but the authority corporately needs to be responsible for ensuring financial probity.

One purpose of 'Supporting People' is for government to exercise greater control over this expenditure than is possible through the Housing Benefit system.

Many sheltered accommodation services are seen as being in need of review.

Supporting People Inspections

The Audit Commission has been charged with carrying out inspections of all Administering Local Authorities under the Supporting People programme within a five year period. The Housing Inspectorate has lead responsibility for this work. Inspections will be carried out with the Social Service Inspectorate and the Home Office's Probation Inspectorate. Each inspection team will include a service user inspector in order to ensure that all inspections consider the impact of the programme and its outcomes for service users.

The feedback from participating administering local authorities has been very positive and the general view expressed is that the inspection had helped to:

- Refocus attention on key priorities
- Emphasise the need to improve partnership working
- Expose the need to develop clear action plans and performance monitoring
- Highlight the absence of meaningful service user involvement in the development and delivery of the programme.

The inspection programme proper began in September 2003. Over 5 years all 150 administering local authorities in England will have been subject to Supporting People inspections by the Audit Commission's Housing Inspectorate.

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Costs of Supporting People

In February 2003, the government estimated the cost of funding 'Supporting People' at £1.4billion, yet by October 2003 it had been forced to increase its budget to £1.8billion. This increase prompted them to launch an independent review prior to making an announcement on pipeline funding for 2004/2005 schemes.

There are 1,233,000 people who benefit from Supporting People, but the cost of the support varies between types of client, as shown below:

Clients	Budget	Unit cost/week	
Older People	953,000	£339m	£6.84
Homelessness	65,000	£353m	£104.27
Mental Health	39,000	£262m	£128.58
Learning Disabilities	34,000	£426m	£238.68
Other	140,000	£424m	£302.86
Total	1,233,000	£1,814m	£28.30

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There are considerable differences in the average weekly cost per unit of support in different authorities. The five highest and lowest cost areas are compared below:

Highest

Enfield	£95.10
Camden	£83.49
Liverpool	£80.42
Brent	£72.58
Southwark	£69.61

Lowest

Isles of Scilly	£2.57
East Sussex	£7.25
Redcar & Cleveland	£7.83
Wakefield	£9.43
Stockton on Tees	£10.25

These differences may be explained in part by differences in the composition of Supporting People clients in different areas. However, Nick Sweet, Supporting People National Co-ordinator for the National Housing Federation suggested that:

"There has been some cost-shunting from social services departments."

David Smith, Lead Officer for Supporting People at Sunderland City Council said:

"Obviously something has happened here and I think the government is quite right to investigate this."

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"I think they will find large amounts of money have been shifted around by certain authorities. The Office of the Deputy Prime Minister would be quite right to claw back this funding from councils that have flouted guidelines. It doesn't reflect well on our sector that chief executives and chief financial officers have taken advantage of the situation. They should investigate on an authority by authority basis, and if councils have broken the rules they should be held to account and their names published."

Chris Hampson, Head of Policy, Strategy and Service Development at Look Ahead Housing & Care said:

"This review is probably too late now. Grant conditions need to be tightened up. Large parts of the programme seem to have been hi-jacked by higher-cost care schemes."

And that councils would be:

"Under more pressure in terms of making cuts in the future."

Recent Developments

The government has decided to give local authorities discretion to charge certain Supporting People costs to the Housing Revenue Account or the General Fund. A direction has been made so that Supporting People grant will follow the local authority's attribution of Supporting People costs.

The government is also piloting a new Housing Revenue Account and Supporting People Information Technology system called LOGASnet. It was piloted successfully with over thirty authorities in October 2003. All authorities are currently undergoing training and it is expected that it will go live in mid February 2004. Authorities will make their first on account claim for 2004-05 on the new system. The government believes that LOGASnet brings an opportunity to do things better and differently.

Conclusions

'Supporting People' was introduced in April 2003. The government is seeking significant changes in administration and funding, while at the same time maintaining a 'seamless' service to the service users.

Disaggregation of the accounts has proved complex, and the result has been a higher cost of 'Supporting People' than the government originally envisaged.

It appears that the costs of 'Supporting People' are greater than the government initially anticipated. It is likely that one of the reasons for this is the degree of creativity that some councils may have applied to their financial calculations. As a result authorities that appear to be high-cost providers are likely to find themselves under pressure.

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