

Introduction

1.1 This written consultation response follows the advance paper and oral evidence we presented to the Committee on 20 November 2017.

1.2 As well as responding to the questions posed by the Public Accounts Committee, we have also addressed issues relating to the Welsh Government's draft budget and funding flexibility Pathfinders, which effectively remove the ring-fence around Supporting People funding in Wales. We believe that this could have disastrous consequences for the most vulnerable and marginalised people in Wales. It risks vital services for people at risk of or experiencing homelessness and housing problems at a time when it is widely documented that homelessness is increasing. We do not believe there is any evidence to support this decision; in fact, it flies in the face of evidence from across the border which shows that services faced huge cuts when the ring-fence was removed in England.

2. Welsh Government draft budget and funding flexibility pilots

Background and analysis of Supporting People budget for 2018–2020

2.1 On 1 October 2017 the Welsh Government and Plaid Cymru announced a two-year budget deal that included the following commitment:

No cuts to the Supporting People grant – an additional £10m will be invested to maintain funding at 2017–18 levels.¹

2.2 We were aware that the Supporting People (SP) Programme had been facing a £10m cut prior to the completion of budget negotiations. However, the budget deal meant that it would be protected at 2017/18 levels (£124.4 million) during 2018/19 and 2019/20.

2.3 However, on 24 October 2017 the Welsh Government published its draft budget detailed proposals. In this document the SP budget line for 2018/19 stands at £124.4million, but in 2019/20 it is £0. Instead, the funding for SP had been merged with funding for other programmes, including Flying Start (FS), Families First (FF), Communities First Legacy (CFL) and an employment grant. This newly

merged budget line is called 'Early Intervention – Prevention and Support' but is £13m less than the combined total of these budget lines in 2018/19.

2.4 Ministers have stated that no final decisions have been made about whether to merge these programmes into a single grant in 2019/20. However, preparatory work towards the creation of a merged grant for 2019/20 is currently underway. The consideration of a merged grant and no clarity about how this would operate means that 0% of funding for SP services is guaranteed during 2019/20. There is no doubt in our minds that this breaches the budget deal.

2.5 On 24 October 2017 the Welsh Government also published a letter to local authority chief executives, which announced the creation of seven Full Flexibility Pathfinder local authorities. The letter stated that these 'Pathfinders' will be given 100% spending flexibility across SP, FS, FF, CFL and the employment grant during 2018/19. The remaining 15 local authorities will be given 15% spending flexibility across the above grants.

2.6 Based on the allocations in the 2015/16 SP spending plans, this would give local authorities spending flexibility for approximately 48% of the funding allocated to local authorities for the delivery of Supporting People services in 2018/19. This is in stark contrast to the assurances given in the budget deal which promised that £124.4 million of SP funding would be protected.

2.7 Since we gave oral evidence to the Public Accounts Committee we have discovered that the Welsh Government is now planning to give the seven Pathfinder local authorities 100% spending flexibility over ten grants, rather than the five stated above. The additional grants include the Homelessness Prevention Grant, which is also of concern to us.

2.8 We believe that the details above clearly breach the budget deal. Our members, including people using services and working for support providers, registered social landlords (RSLs) and local authority SP teams, have told us that they feel betrayed and lied to by politicians who gave them assurances about SP spending for the next two years. We have written to Ministers and urged the Welsh Government to rectify this by:

- Removing Supporting People from the Pathfinder projects in 2018/19

- Re-introducing a specific budget line for Supporting People in the 2019/20 budget with a guarantee that 100% of this funding will be spent on SP services.

Concerns about the long-term impact if the SP ring-fence is removed

2.9 Although the above paragraphs focus on the legitimacy of the two-year budget deal, our major concerns are about the medium to long term impact of removing the ring-fence around Supporting People funding. If this goes ahead, we fear that the following could happen:

- It will become impossible to hold Ministers to account for the amount of funding allocated to homelessness and housing-related support services for vulnerable people.
- A reduction in spending on Supporting People services, particularly for more marginalised and less 'politically popular' groups such as homeless people, people with mental health problems and people with substance misuse problems.
- A dilution in the focus on homelessness prevention and housing if SP is merged with non-housing programmes.
- A gradual loss of expertise in housing-related support both at a commissioning and practitioner level.
- A gradual reduction in specialist service focus and funding.

Evidence of the impact of removing the SP ring-fence in England.

2.10 There is clear evidence that removing the ring-fence in England has had disastrous consequences on homelessness prevention and service provision. A report from the National Audit Office in 2014, *The impact of funding reductions on local authorities 2*, draws attention to average spending reductions in England of 45.3% between 2010/11 and 2014/15

“most spending reductions in housing services have come from planned reductions in the Supporting People programme. [...] During this period, spending on this area will fall by a median of 45.3%, across single tier and county councils.”

2.11 In December 2010, Inside Housing reported that:

“Nottinghamshire Council is consulting on axing 67 per cent from its Supporting People budget, from £22.5 million in 2010/11 to £7.5 million next year. Rochdale and Cornwall councils are planning cuts of 30 and 40 per cent respectively”.³

2.12 In February 2013, Inside Housing reported that Derby Council had confirmed that they had agreed the biggest cut ever made by a local authority to a Supporting People budget:

“The council intend to reduce this year's planned budget of £9.3 million this financial year to £6.6 million, and then reduce the Supporting People budget to £3.8 million in 2013/14 and to £1.8 million in 2014/15. This equates to an 81% cut over three years.”⁴

2.13 The Homeless Link report, *Support for Single Homeless People in England (2014)*⁵ makes this point clearly:

“In 2009, the ring-fence was removed from the Supporting People budget, and in 2011–12 it was rolled into the Formula Grant given to local authorities. It is now a wholly decentralised programme, ‘housing-related support’, and there have been substantial reductions in some local authorities as the funding is prioritised for other services. In some areas, funding for homelessness services has been cut by as much as 80%.”⁵

2.14 The Homeless Link *Survey of Needs and Provision 2013*⁶ references a reduction in targeted services for:

- Rough sleepers, reduced from 28% to 7%
- People with mental health problems, reduced from 22% to 4%
- Prisoner leavers, reduced from 16% to 1%.

2.15 Just as concerning is their noting that *“several groups that had previously had targeted services now have none, including sex workers, refugees, irregular migrants and disabled people”*.

2.16 The report summarises this trend: *“This is the continuation of a trend that was seen in last year’s SNAP. It seems likely that this reduction in targeted services is connected to reduce funding leading to reduced staffing levels, with less staff*

available for specialist groups. Overall, there is a sense that projects are scaling back provision to provide a more basic and generic service to clients.”

2.17 These are echoed in the Homeless Link report *Who is Supporting People Now?* which identified key risks in 2013, which were ultimately borne out across England:

- As local authorities restructure, housing-related support teams are losing experienced staff, which puts at risk crucial relationships with service providers and understanding of the needs of clients
- Incremental funding reductions will push providers beyond the point of financial viability
- Service quality declines and authorities have no oversight of provider performance because effective monitoring is not carried out.
- The hourly rate for support work is pushed down so far that good staff leave and experience and judgement is lost, leading to poor quality and safeguarding issues.
- Local authorities do not involve providers early in decision-making, so that providers have to find financial savings quickly and with little notice.
- The value of homelessness services is not recognised by government, particularly HM Treasury, so that in future budget support to homeless people is cut even further.

2.18 The report goes on to identify particular problems in access to floating support, a patchy spread of services across rural areas and a significant reduction in skilled staff.

2.19 The key points of learning to take from England’s experience is that the initial removal of ring-fencing leads to significant and sustained reduction in funding for support, and a gradual loss of focused specialist support. This is then followed by a move from a larger grant, to the overall revenue grant, which then led to the cliff-edge reduction in support. The further point of vital importance to the National Assembly for Wales is the lack of accountability and monitoring by HM Treasury in England (and in our case, accountability through the National Assembly’s scrutiny of the Welsh Government’s budget).

2.20 The *Northern Ireland Supporting People Review*⁸ raises the additional risk with the developments of Supporting People funding in England, noting that

*“The picture of SP in England today seems to be that fewer and fewer local authorities are maintaining a separate SP budget or team (many SP teams have been amalgamated with social care or mainstream council service teams). The key driver for this appears to stem from overarching cuts to LA budgets which are prompting local authorities to prioritise statutory services, often to the detriment of SP services.”*⁶

2.21 It is a decision that is bitterly regretted by local authority commissioners in homelessness teams across England. We have heard from several people who worked in English local authorities at the time and can scarcely believe that the Welsh Government is considering the same:

“The removal of the SP ringfence in England was the biggest contributor to the rise since 2010 in single homeless across most parts of the county (in my opinion). [...] where I was working at the time it allowed the County Council to decimate services.

“The only reason to remove a ringfence is to allow a cut [...] Bizarre they think they can make a decision which went so badly in England and which everyone can point to.”

The view from the sector: Support providers, RSLs and local authority SP leads

2.22 While we recognise the WLGA’s position that they would like there to be no ring-fence or conditions attached to any aspect of their funding, the views of some people working within local authority Supporting People teams are very different. SP leads in Wales have approached Cymorth Cymru to raise concerns about the Welsh Government’s plans to remove the ring-fence and merge SP with non-housing programmes. They have described the decision to remove the ring-fence as *“disastrous”, “short-sighted”, “incredibly risky”* and have expressed very real fears that the proposed merger of grants will leave vulnerable people without support.

2.23 In his evidence to the Public Accounts Committee on the 27th November, Nigel Stannard (Supporting People Programme Manager, Newport City Council) echoed this view, referencing the consequences in England: *“You just have a look across the border at England to see what happened to the Supporting People programme over there when the ring fence was taken off—it was just lumped into*

the LAA. Supporting People has been decimated, refuges are closing, et cetera. So, I think ring-fencing and hypothecating the grant is essential.”

2.24 The membership of Cymorth Cymru (third sector support providers, registered social landlords and local authority SP teams) is united in the view that the ring-fence around SP should be retained and that merging SP with other non-housing grants carries huge risks for vulnerable people. Cymorth and our members are not opposed to change – a limited amount of flexibility such as the 5% trialled over recent years was accepted as it did not expose the programme to the same level of risk as the current proposals. We have also offered an alternative solution, which we have discussed with our members. This is the alignment of SP with the Homelessness Prevention Grant and the funding for supported accommodation that will be devolved to the Welsh Government in 2019/20. It is based on the principles of grant alignment, but retains SP firmly in housing and homelessness.

2.25 Our membership is open to new ideas and ways of delivering services, but when confronted by the grim reality of the evidence in England they cannot support the removal of the ring-fence or merger with non-housing grants. Any decision to remove the SP ring-fence and merge with non-housing programmes will have been made with a lack of evidence, foresight and consideration of impact. The Pathfinder projects will have been in operation for a handful of months before Ministers make a decision about merging the grants in 2019/20. This is nowhere near enough time to assess the medium to long term impact of removing the ring-fence.

2.26 This is a very real test for Welsh devolution and questions whether the government is committed to evidence-based policy making. It is rare that politicians have the ability to see the negative impact of a policy decision just over the border and we are extremely concerned that the Welsh Government may not heed the warning from experts in Wales and people who have seen the ring-fence removed in England. It is unacceptable that the counter argument to these evidence-based concerns is simply that it will not happen “because this is Wales”, or because particular Ministers or local authorities are committed to reducing homelessness.

3. The impact of wider policy developments on the programme

The overall clarity of the Programme's objectives

3.1 We believe that the Programme's objectives, as laid out in the draft guidance that was consulted on during 2017, are clear and appropriate. In particular we welcome the first two objectives being focused on homelessness prevention and support to help people live independently. Although the Programme delivers a variety of services to a diverse range of client groups and provides benefits to a range of public services, Supporting People is rooted in housing and homelessness prevention and this should be clear from the outset.

3.2 Although our members feel that the Programme's objectives are clear and appropriate, some commented on the ever-changing and sometimes competing political priorities from different Ministers that can cause confusion for providers and commissioners:

"The overall clarity of the programme is fine as set out in the guidance document. However, confusion is often caused by competing political objectives. I.e at times the programme is positioned as part of the homelessness strategy, at times as part of the anti poverty programmes, also as the answer to public health issues and ACE's etc etc. This 'S.P' as the answer to everything approach from policy makers does not assist the programmes clarity and leads to confusion on the part of commissioners about what service they are purchasing."

The implications of, and emerging response to, the UK Government's Supported Accommodation review

3.3 The UK Government's Supported Accommodation Review has huge implications for the Supporting People Programme and vice versa. The majority of short term, transitional supported accommodation is funded by two elements: rent and eligible service charges (currently paid to individuals via housing benefit) and the support element (paid to support providers via Supporting People). The majority of short term, transitional supported accommodation schemes for vulnerable young people, care leavers and people experiencing homelessness, domestic abuse and mental health problems are dependent on both of these funding streams.

3.4 After two years of huge uncertainty, the UK Government has decided to take the funding for rent and eligible service charges in short term supported accommodation out of the welfare system and devolve it to the Welsh Government

in 2019/20. The Welsh Government is currently working with the sector to develop advice for Ministers about the best model to distribute this funding.

3.5 However, in parallel to the sector getting some clarity and certainty from the UK Government about funding for rent and eligible service charges, the Welsh Government has introduced huge uncertainty by considering merging SP with non-housing funding streams. In our view, it is absolutely critical to the future of supported accommodation that Supporting People funding remains distinct and protected while the Welsh Government develops a new funding mechanism for the rent element of supported accommodation.

How the Welsh Government might improve communication about the priorities for the Programme and the impact of wider developments

3.6 One of the criticisms of the Welsh Government is that it has expected Supporting People to contribute to a vast array of Ministerial priorities, policies and pieces of legislation. The Programme is well placed to do this, as its values and holistic approach to homelessness prevention are closely aligned with many policy areas, including improving mental health and wellbeing, preventing domestic abuse, and reducing Adverse Childhood Experiences. However, as outlined above, this has sometimes confused providers who feel like they are being asked to deliver too many priorities during a time of constrained resources. There have been calls for the focus to be (re)sharpened, and for this to be rooted in the Programme's origins of homelessness and housing related support – while recognising that many of the other issues highlighted above are key to preventing homelessness and supporting housing stability.

3.7 This would be in line with the Housing Directorate's stance over the past few years, which has emphasised the importance of Supporting People being aligned with the Housing (Wales) Act and homelessness prevention. However, this has recently been blurred by the possibility of merging SP with non-housing programmes, which has created yet more confusion about the government's priorities. The antidote to this confusion is retaining the ring-fence and keeping SP as a distinct funding stream focused on homelessness and housing – not merging it with programmes that have no direct relation to housing.

How best to align the work of the Regional Collaborative Committees with other collaborative governance arrangements

3.8 Many of our members would like to see greater coordination and information sharing between the regional bodies. Some respondents suggested some joint meetings between RCCs and RPBs in order to have collective discussions about the solutions facing the region. However, there was also a note of caution about losing the focus on homelessness and housing-related support if RCCs were subsumed into other regional bodies.

“For S.P. to be better understood, then greater alignment with these other boards for the RCC's would be of help. They should not however be subsumed into them where the voice of S.P. professionals would be lost in the wider concerns these bodies are set up to address.”

3.9 Retaining housing and homelessness expertise in the regional planning and commissioning of Supporting People services is absolutely essential, especially when homelessness is becoming an increasing challenge throughout the UK. Although RCCs vary in effectiveness, it is recognised that the housing expertise within their membership is a key strength.

3.10 Links with Public Service Boards: We would value stronger links between Regional Collaborative Committees and Public Service Boards (PSBs) and would also welcome an increased focus on housing by PSBs. However, PSBs have very broad ranging responsibilities and we therefore believe that the planning and commissioning of SP services must remain firmly rooted in bodies/structures dedicated to housing and homelessness. Another challenge is that the Public Service Boards are currently set up along local authority boundaries – this seems entirely out of step with the Welsh Government’s regional agenda. If PSBs were regional, there could be a stronger link between RCCs and PSBs; RCCs could even report to PSBs in the future.

The lessons to be learned from the mixed effectiveness and impact of regional working over the past five years

3.11 We recognise that some Regional Collaborative Committees (RCCs) operate more effectively than others. Some of the regions that function well across local authority boundaries have a history of working together that pre-date the RCCs, which then provided a good platform for effective regional working in the context

of housing-related support. This has led to regions working together on needs assessments, service user involvement and commissioning. Other local authorities have had strained relationships historically, which makes collaboration in any policy area more difficult.

3.12 However, we believe that the existing structure is of value and should be strengthened. With the UK Government proposals to devolve housing benefit funding for supported accommodation this may be the appropriate time to consider strengthening the powers and responsibility of RCCs to plan and commission the support and rent elements of Supporting People services on a regional basis. Strengthening the powers and responsibilities of RCCs may also help them to become more effective in their efforts to facilitate regional planning and commissioning.

3.13 One issue raised by members is that RCCs do not have any statutory funding or legal powers, which means that they can do little to progress the regional agenda if individual local authorities do not wish to collaborate. *“The weakness of some RCC's is that they carry no legal weight – operating as at best advisory scrutiny committees. This has allowed a few L.A's to simply ignore the views of other members. This is a structural problem and goes back to the decisions made at the time of establishing the RCC's and needs to be revisited if they are to perform more effectively.”*

3.14 Some of our members have suggested that funding drives behaviour and that regional funding and commissioning would drive better regional working. *“service models are often influenced by funding; regional approaches to funding can drive greater region models and delivery.”*

3.15 Another issue is that some of the agencies that people see as being key to effective partnership working are not at the table: *“talking and working together is better but there is more to do and some of the key agencies/providers are not at the table.”*

The extent to which the governance and management arrangements for the Programme reflect the ways of working expected under the Wellbeing of Future Generations Act 2015.

3.16 Long-term: SP services provide both short term support for people experiencing a housing crisis or in need of a small amount of support, as well as

longer term support that helps people to (re)gain the skills to live independently well into the future. However, as highlighted elsewhere in this document, funding pressures and uncertainty can compromise the length and quality of support. Without longer term funding and clear assurances about the continuation of the ring-fence, it will become increasingly difficult to balance long-term and short-term needs.

3.17 Integration: The holistic nature of the SP Programme and the diverse experiences of support needs of people using SP means that services integrate well with other with a wide variety of areas, working with partners in social care, criminal justice, health, housing and more, to meet the needs of individuals and contribute towards Wales' wellbeing goals.

3.18 Involvement: Providers of SP services involve people who use services in a variety of ways, in the development and evaluation of services and in the appointment of staff. Some SP regions have also embarked on specific service user projects, such as the Gwent service user website. People who use services are also asked about their views and experiences in a series of annual events across Wales which result in a report to the Supporting People National Advisory Board.

3.19 Collaboration: There are some very positive examples of collaboration between the SP sector and other partners such as health and social services. These examples have brought together funding, properties and the provision of care and support to benefit people with mental health problems, people with learning disabilities and young people who have had adverse childhood experiences.

3.20 Prevention: The main aim of the Programme is to prevent homelessness and support people to live independently in their homes and communities. However, SP services also prevent domestic abuse, mental health crises, hospitalisation, (re)offending and the need for social care services.

4. Monitoring and evaluation

4.1 Financial pressures have inevitably increased calls for evidence of impact across a variety of Welsh Government programmes. Although Supporting People has been criticised for a lack of evidence, it probably has more than other funding streams and continues to lay the foundations for improved data collection.

4.2 The outcomes framework may be far from perfect, and we agree that it needs to be improved in order to give more credibility to its data. However, outcome data submissions have steadily increased across the majority of categories over time, in line with the Supporting People grant terms and conditions. The outcome data from 2015/16 shows positive outcomes for the majority of relevant service users in the areas of 'Feeling Safe and Managing Money', 'Managing Accommodation', 'Physically Healthy, Mentally Health and Leading an Active and Healthy Lifestyle', 'Contributing to the Safety and Well-being of Themselves and Others, Managing Relationships and Feeling Part of the Community' and 'Engaging in Educational Learning and Engaging in Employment/Voluntary Work'. Additional data has recently been collected for the homelessness status of people using Supporting People services, which shows substantial reductions in the proportions of people who were homeless or at threat of homelessness following support.

4.3 The SAIL data linkage project has provided some very robust and interesting data about the impact of Supporting People interventions on the use of health services in Wales. This project links anonymised data from Supporting People services with data about the use of health services. The feasibility study in 2015⁹ established that it was possible to link data in two pilot local authorities and indicated that interaction with Supporting People services resulted in a reduction in the use of GP services, A&E and emergency hospital admissions. A larger scale four year research project was subsequently funded and is currently gathering and analysing data on a much greater scale from every local authority in Wales. It makes little sense that the Welsh Government is considering removing the ring-fence just two years into this evaluation of the Programme's impact. In addition, merging SP with other programmes may make it harder to track impact and continue the research.

4.4 The long-standing review of impact often referred to is the 2006 Matrix Research report for the Welsh Assembly Government¹⁰, which identified £1.68 of savings from other public services for every £1 spent on Supporting People

services. This included savings to health, independent living, social care, homelessness and criminal justice.

4.5 In addition, a 2011 report by Carmarthenshire Supporting People team¹¹ identified that every £1 spent on SP services delivered £2.30 of savings to housing, health, social care and community safety. A more recent report by The Wallich, *Support that Saves*¹², estimated that every £1 spent delivers £2.99 in savings to the public purse.

4.6 The Gwent Regional Collaborative Committee produced *Supporting People: Improving Lives, Preventing Costs*¹³ which used a series of case studies and a cost-benefit analysis tool from New Economy Manchester¹⁴ to hypothecate savings made as a result of individual-level interventions. Whilst admittedly based on the prevention of interactions *not made* with services, these demonstrate the very real positive impact on prevention by the Supporting People Programme.

4.7 Two additional reports by Cymorth Cymru this year have also added additional evidence to the impact of Supporting People. In January 2017, we held a series of engagement events with people who have used Supporting People services. Our report of these events¹⁵ demonstrates the massive personal impact this programme has on individuals, with many attendees saying they would be dead, in an institution, on the streets or seriously ill without Supporting People services.

4.8 Our Health Matters report¹⁶, makes even clearer the links between homelessness services and health outcomes. To weaken a key foundation of homelessness prevention services by removing certainty within the SP programme whilst the health service is under such pressure is a short-sighted decision that will have significant ramifications on the wider public and their access to A&E, and other health services.

4.9 Evidence from other parts of the UK also highlights the savings delivered by Supporting People services. The reports commissioned by the UK Government Department for Communities and Local Government estimated that there were net financial benefits of £1.79 (2006) and £2.12 (2009) for every £1 spent on SP services. In Northern Ireland, analysis in *The Financial Benefits of the Supporting People Programme in Northern Ireland*¹⁷ (Sitra / Centre for Economic Empowerment) shows that every £1 spent on SP services saves the public purse £1.90.

How monitoring/outcome data is used to inform decision-making about programme expenditure and contract monitoring

4.10 The use of monitoring and outcome data differs across local authorities and there are varied degrees of scrutiny. Some of our members report that local authorities use it for contract monitoring and service reviews. Some said that it wasn't clear how outcome data is used in commissioning and others said that it wasn't used to inform decision making.

4.11 However, providers are keen to emphasise that they provide a lot of information for commissioners, with some commenting that it is excessive and can detract from good service delivery.

"There is a whole host of contract compliance information that is submitted annually, quarterly and monthly. On-site verification visits have recently been introduced with one local authority as part of their contract monitoring, reviewing support plans to ensure that they evidence the outcomes reported and staff hours linked to projects."

4.12 Some commented that the outcomes data is unreliable and should therefore be treated with caution. Others commented that it gives some good guidance about the effectiveness of a service. Others questioned the value of quantitative data without qualitative data that shows the difference a service makes to someone's life.

4.13 One respondent commented that the recent emphasis on saving money and shortening support periods can prevent providers from meeting intended outcomes.

"The current extent to which outcomes data is used to determine the programme expenditure and contract monitoring is unclear. measures of outcome achievement do form part of contract monitoring , but are widely perceived to be of limited value. The emphasis on saving money and having the shortest possible length of intervention in any event mitigates against the ability of providers to assist service users in meeting outcomes." 12

The revised outcomes framework that the Welsh Government is proposing and the extent to which it will address the limitations of the current framework

4.14 The revised outcomes framework was met with varying degrees of support during the consultation period, with some aspects being welcomed and others being met with scepticism. However, all providers want an outcomes framework that demonstrates the impact that they make on people's lives. They understand the value of evidencing impact, particularly during a time of constrained budgets and they know that their services make a real difference to people and public services. Further engagement with the sector would help to refine the proposals and deliver a framework that works for providers and for government.

How any revised outcomes framework arrangements can be best communicated and embedded

4.15 We asked our members how a new outcomes framework should be communicated and embedded. Suggestions included:

- Resources are made available for implementation
- A revised, robust database and IT programme
- Multi agency training for managers and frontline staff that ensures consistency across Wales
- Clear, user friendly guidance including examples of scenarios to inform decision making
- Keep processes to a minimum to ensure it is not an onerous task – especially for smaller providers
- Trial period for each client group – before rolling out to all providers
- Opportunities to share and embed good practice and learning

Other opportunities to strengthen monitoring and evaluation, including in assessing the relative value for money of comparable services

4.16 Some of our members commented that it would be beneficial to have a uniform, standardised approach to monitoring and evaluation across local authority areas. The differences in approach across Wales can be frustrating for providers and landlords who operate across different local authority boundaries.

4.17 Several providers highlighted the importance of the voice of people using services and the involvement in documenting outcomes and whether a service has

provided value for money. Some highlighted the value of case studies to supplement the quantitative evidence provided through monitoring number of units and the outcomes data.

4.18 Others reflected the difficulty in comparing VFM across different services.

“I think it would be better to benchmark and compare VFM but it’s difficult as the service provision and method of delivery is very diverse.”

“I do have concerns about SP funded services 'competing' against one another; the outcomes for learning disability supported living which receives SP may look very different to that of other services – long term vs. short term outcomes.”

“Need to understand reasons for variation in cost i.e. new build spends less in maintenance etc.” 13

5. The distribution of Programme funding and financial planning

The issues that need to be considered in developing and implementing any new funding formula

5.1 We believe that funding should be distributed to areas of greatest need, and that this should be based on robust needs assessment rather than historical spend. It should also ensure that client groups which are less ‘politically popular’ receive the support services they need. Our members have urged the Welsh Government to consider the needs of urban areas and rural areas; the transport infrastructure and challenges of rural areas and the increases in homelessness in urban areas. Appropriate transition periods will also be essential in order to minimise disruption to vulnerable people’s lives.

5.2 We understand and appreciate the Welsh Government’s decision to pause redistribution during a period of cuts, as this would have led to some areas facing a ‘double whammy’ of cuts. However, it can also be argued that the delay in redistribution means that other areas continue to face funding shortages that impact on their ability to meet vulnerable people’s needs. Any change to the funding formula must be done in collaboration with the sector and should be mindful of any unintended consequences such as the sudden removal of services for particular client groups. At a time when welfare reform and a lack of housing is

resulting in increased homelessness, it would be preferable for redistribution to take place within the context of increased SP funding. This would enable more preventative service to be funded without decreasing existing provision.

5.3 However, two major issues have arisen since the Wales Audit Office report was published, which have a direct impact on any decision to develop and implement a new formula. Firstly, the possibility of a merged grant on 2019/20 raises questions about whether a formula for SP will be necessary.

5.4 Secondly, even if the Welsh Government does not merge SP with other grants, the UK Government's plans to devolve funding for rent and eligible service charges in short term supported accommodation creates additional considerations. The Welsh Government is currently tasked with developing a new model for the distribution of this funding, the majority of which is likely to relate to SP-funded provision. Our members from providers, landlords and local authorities have all urged the Welsh Government to utilise existing mechanisms and structures in the development of this model. As the majority of short term supported accommodation will rely on funding for both rent (to be devolved) and support costs (funded through SP), it will be essential for these elements to be commissioned and funded alongside each other. It may well, therefore, be sensible to incorporate the work to develop a new formula with the work to develop a funding mechanism for the devolved rent costs in 2019/20.

How budget pressures and funding uncertainty have affected service planning and delivery

5.5 Budget pressures and funding uncertainty has had a significant impact on providers, landlords and local authority teams. Although the Supporting People budget has been protected in cash terms for the past two years, this represents a real terms cut to local authorities. Annual funding allocations also create huge uncertainty for a sector that is responsible for providing support to 60,000 of the most vulnerable people in Wales. This means that local authorities feel under pressure to make savings and find it difficult to give providers and landlords assurances about longer term contracts. Each year, local authority teams, support providers and landlords wait to hear whether they will receive the funding they need to continue running these services.

5.6 This can hinder long term, strategic planning for all stakeholders at a time when welfare reform, homelessness and increasingly complex needs pose

significant challenges to the most vulnerable people in Wales. Our members have told us that the annual uncertainty over budgets and likelihood of cuts has greatly impacted on service planning and delivery. Landlords and providers have told us that they have been unable to renovate older services as they have no guarantee of future funding.

“This has come from several angles – firstly we have services funded annually and we have to wait usually right to the end of the financial year before we know if we have another years funding – this prevents planning, affects service users and also leaves staff at risk of losing there jobs. Secondly we are constantly having to be creative about delivering more services for the same or less which don't take into account staff costs, living wage changes etc, overheads etc and then more recently huge uncertainty re UK Govt welfare reforms ie LHA/UC which do impact on these services – this prevents meaningful dialogue about changing services and indeed planning for new innovative service delivery models due to the uncertainty.”

5.7 Impact on smaller or specialist providers: Funding pressures and uncertainty can have a greater impact on smaller providers, which may have fewer resources to rely on when funding is cut. The move to fewer, larger contracts as a cost saving exercise also impacts on smaller providers, who do not have the capacity or resources to bid for large contracts. While commissioners do not have a responsibility to ensure the survival of any particular organisation, it is important that they do not create an environment that results in no diversity of provision, no choice for people using services and no specialist services for those who need them.

5.8 Crisis resolution: Our members have reported a reduction in the number of units of support which has led to support being focused on people with the greatest and/or more complex needs. This means that people with a lower level of need may no longer receive a service that could have prevented a crisis from developing. There have also been examples of support being restricted to several weeks. While this may be appropriate for some people, others need support over a longer period for it to have a lasting, positive impact and prevent people from needing support again.

“Reduced number of units of support available. [...] This in turn means those who are in receipt of SP are those with higher needs. This combined with the instruction to reduce the time available to work with service users for a year (ish) to twelve

weeks means that support workers are at best fire fighting , and unable to deliver a comprehensive service.”

“Additionally, this approach of 'greatest need' ignores the reality that it is often those who are just slipping into difficulties who are the ones with whom the most impact can be achieved. Preventing them going on to become those with high or complex needs.”

“This has other effects in supported accommodation. The need to reduce numbers has led to the the exclusion by the LA of many who would have previously accessed the service. Resulting in shared housing projects having only very vulnerable residents rather than a balanced population and again reducing the staff to fire fighting rather than positive work to assist service users.”

5.9 Impact on staff: The uncertainty associated with annual budgets also has a negative impact on the wellbeing of frontline staff and on retention. This can result in skilled and committed support workers, team leaders and senior managers leaving the sector for employment that gives them and their families more certainty. Our members have reported that staff are more stretched, with increased workloads.

“the uncertainty of the future causes staff morale to lower and can lead to a loss of staff creating more pressure during these times of uncertainty.”

“the efforts made over many years to skill up support workers and to provide them with decent salaries and conditions have been seriously undermined by the situation of competitive tendering forcing providers to cut all costs of the service they provide in order to stay in business.”¹⁵

5.10 Impact on people using services: Additionally, this uncertainty can impact directly on the people using services, as it increases the likelihood of changes to the service and their support workers. This was reflected by people at our service user engagement events in January 2017, who spoke of concerns about funding cuts and losing staff members with whom they had built trusting relationships. Given that stability can be vital to a person’s recovery, the increased certainty offered by three year indicative funding and spend plans could also be beneficial to the people these services support.

5.11 Another consequence of funding cuts is that some providers have taken the decision not to bid for contracts that they view as being too low value for the

services that need to be delivered. The primary concern of these providers has been the safety and quality of the services they deliver for vulnerable people with complex needs.

5.12 While we appreciate that the Welsh block grant is dependent on UK Government allocations, we believe Ministers could and should give longer term assurances to Programmes such as Supporting People. This would provide more certainty and stability, enabling longer term strategic planning by both commissioners and providers, which could deliver better outcomes for vulnerable people.

Reasons for the identified wide variation in financial support for different client groups across local authorities

5.13 Supporting People services vary considerably in order to meet the needs of a variety of client groups, which often include people with needs that vary in complexity and severity. A multi-faceted, flexible and responsive approach is one of the strengths, but this means that costs will vary within and across client groups. Fixed site supported accommodation will differ from floating support, and within each of these categories will be differences in the level of need and in the service delivery model.

“In simple terms, differing needs and differing types of service to meet those needs. The question is frequently asked why different services cost different amounts, the answer is in the detail and reflects the fact that they are different services. Two schemes for homeless young people may differ in cost– but one deals with more complex users and will have more input. Cheaper will not always reflect value for money.”

5.14 However, it is important to examine wide variations in cost where they exist to ensure that resources are being used appropriately. Commissioners, landlords and providers should be able to justify any legitimate differences in costs.

5.15 Local priorities, circumstances and historical provision may also determine how individual local authorities allocate spend. However, this should be shaped by evidence of population needs and gaps in provision through the work of the Regional Collaborative Committees, as well as data from population needs assessments conducted by Regional Partnership Boards and Public Service Boards.

Reasons for the noticeable change in the overall proportion of programme funds spent on floating and fixed support

5.16 Our members point to increasing demand and the budget pressures facing local authorities who are trying to provide services to more people at a lower cost. Re-commissioning provides local authorities with the opportunity to re-configure services and it is difficult to discount the higher cost of fixed site supported accommodation in contrast to floating support as being a factor in their decision making.

5.17 However, our members have warned against cutting fixed site supported accommodation for people who need more intensive support.

“As new services are developed, commissioners are aware that per person, the cost of shared or fixed schemes is much higher than for floating support. However, the move to the cheaper floating service will mean much of the support is lost. There is no comparison between the support that can be offered to a 16 yr old single mother in a residential mother and baby scheme and having a support worker ‘pop in’ once a week for an hour. you get what you pay for. A diluted service will cost less- but may well achieve less and so becomes money wasted.”

5.18 Others have highlighted that the provision of fixed site supported accommodation has been affected by uncertainties relating to funding such as the Welsh Government’s consideration of a merged grant and the UK Government’s fluctuating policy on rent and service charge costs. The lack of certainty about future funding means that supported housing may be seen as a significant investment risk – even when it is still very much needed. While the UK Government has now settled on a more palatable policy position, the Welsh Government’s consideration of a merged grant which removes the ring-fence around SP means has led to even more uncertainty about the future funding of fixed site supported accommodation.

The extent to which local and regional planning processes and spending reflect well-evidenced needs, rather than historical patterns

5.19 There are some differing opinions on this, with some believing that spending is based on historical need and the extent to which some areas maximised housing benefit claims prior to devolution. Others believe that historical spend was reflective of need.

5.20 However, some of our members have commented that decisions about planning and spend are better informed due to better alignment with statutory homelessness systems, listening to the voices of people using services, looking at outcome and performance management data, and utilising population needs and gap analysis assessments.

1 <http://gov.wales/docs/caecd/publications/171001-budget-agreement-en.pdf>

2 <https://www.nao.org.uk/wp-content/uploads/2014/11/Impact-of-funding-reductions-on-local-authorities.pdf>

3 <https://www.insidehousing.co.uk/news/news/cash-strapped-councils-slash-sp-budgets-24370>

4 http://www.supportsolutions.co.uk/blog/funding/post/81_cut_to_supporting_people_funding_is_largest_ever.html

5 <http://www.homeless.org.uk/sites/default/files/site-attachments/Support%20for%20Single%20Homeless%20People.pdf>

6 http://www.homeless.org.uk/sites/default/files/site-attachments/SNAP2013_Full_Report.pdf

7 http://www.homeless.org.uk/sites/default/files/site-attachments/Who%20is%20supporting%20people%20now%20Report%20Jan13_0.pdf

8 <https://www.communities-ni.gov.uk/sites/default/files/publications/dsd/prl-sp-lessons-learned-final-draft-report-taking-account-of-qr2-comments.pdf>

9 <http://gov.wales/docs/caecd/research/2016/160310-supporting-people-data-linking-feasibility-study-final-summary-en.pdf>

10 Report available on request.

11 Report available on request.

12 https://thewallich.com/wp-content/uploads/2017/09/Support_that_Saves.pdf

13 <http://online.fliphtml5.com/ezex/utgz/#p=1>

14 <http://www.neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis-11>

15 http://www.cymorthcymru.org.uk/index.php/download_file/view/1152/161/

16 <http://www.cymorthcymru.org.uk/en/news-blog/news/health-matters-report>

17 <http://www.nicva.org/resource/financial-benefits-supporting-people-programme-northern-ireland>