

Agenda – Public Accounts Committee

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| Meeting Venue: | For further information contact: |
| Committee Room 3 – Senedd | Fay Bowen |
| Meeting date: 20 November 2017 | Committee Clerk |
| Meeting time: 13.45 | 0300 200 6565 |
| | SeneddPAC@assembly.wales |

(Private Pre-Meeting 13.45 – 14.00)

- 1 **Introductions, apologies, substitutions and declarations of interest**
(14.00)
- 2 **Paper(s) to note**
(14.00 – 14.10) (Pages 1 – 3)
 - 2.1 **Medicines Management: Additional information from the Welsh Government (30 October 2017)**
(Pages 4 – 5)
 - 2.2 **Implementation of the NHS Finance (Wales) Act 2014: Correspondence from the Welsh Government (6 November 2017)**
(Pages 6 – 9)
 - 2.3 **Senior Management Pay: Correspondence from the Welsh Government (8 November 2017)**
(Pages 10 – 11)
- 3 **The Welsh Government’s Supporting People Programme: Evidence Session 1**
(14.10 – 15:30) (Pages 12 – 42)
Research Briefing
PAC(5)–29–17 Paper 1 – Supporting paper from Community Housing Cymru
PAC(5)–29–17 Paper 2 – Supporting paper from Cymorth Cymru



Stuart Ropke – Chief Executive, Community Housing Cymru

Enid Roberts – Assistant Director, Customers and Communities, Cartrefi
Cymunedol Gwynedd

Katie Dalton – Director, Cymorth Cymru

Rhian Stone – Director of Care and Support at POBL Group & Cymorth Cymru
Chair

**4 Motion under Standing Order 17.42 to resolve to exclude the
public from the meeting for the following business:**

(15.30)

Item 5

**5 The Welsh Government's Supporting People Programme:
Consideration of evidence received**

(15.30 – 16.00)

Concise Minutes – Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: Monday, 6 November
2017

Meeting time: 13.00 – 16.02

This meeting can be viewed
on [Senedd TV](#) at:

<http://senedd.tv/en/4352>

Attendance

| Category | Names |
|---------------------|---|
| Assembly Members: | Nick Ramsay AM (Chair) Vikki Howells AM Rhianon Passmore AM Lee Waters AM Angela Burns AM (In place of Mohammad Asghar (Oscar) AM) |
| Witnesses: | Nick Capaldi, Arts Council of Wales David Michael, National Library for Wales Rhodri Glyn Thomas, National Library of Wales Linda Tomos, National Library of Wales Gwyn Williams, Arts Council of Wales |
| Wales Audit Office: | Huw Vaughan Thomas – Auditor General for Wales Anthony Barrett Matthew Mortlock |
| Committee Staff: | Fay Bowen (Clerk) Claire Griffiths (Deputy Clerk) |



| | |
|--|---|
| | Katie Wyatt (Legal Adviser) Joanne McCarthy (Researcher) David Millett (Researcher) Gareth David Thomas (Researcher) |
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1 Introductions, apologies, substitutions and declarations of interest

- 1.1 The Chair welcomed the Members to Committee.
- 1.2 Apologies were received from Mohammad Asghar AM – Angela Burns AM substituted. Neil Hamilton AM and Adam Price AM also sent apologies.
- 1.3 Lee Waters AM declared an interest as a Member of the National Library for Wales’ Welsh Political Archive Committee.

2 Paper(s) to note

- 2.1 The papers were noted.
- 2.1 **Scrutiny of Accounts 2016–17: Additional information from the Welsh Government (16 October 2017)**
- 2.2 **Scrutiny of Accounts 2016–17: Additional information from Sport Wales (1 November 2017)**
- 2.3 **Committee working practices and procedures: Appointment of Chief Executive of the Welsh Revenue Authority (18 October 2017)**

3 Scrutiny of Accounts 2016–17: Arts Council for Wales

3.1 Members scrutinised Nick Capaldi, Chief Executive and Gwyn Williams, Director of Finance at the Arts Council for Wales on the Annual Report and Accounts 2016–17.

3.2 Nick Capaldi agreed to send:

- further information on the amount of the budget that is allocated for projects specifically targeted for NEETS in disadvantaged areas, the number of projects and the priority attached to them by the Arts Council;
- a detailed breakdown of the Arts Council for Wales’ reserves; and
- the number of organisations identified as ‘red risk’ in the portfolio.

4 Scrutiny of Accounts 2016–17: National Library of Wales

3.1 Members scrutinised Linda Tomas, National Librarian; Rhodri Glyn Thomas, President and David Michael, Director of Corporate Resources at the National Library of Wales on the Annual Report and Accounts 2016–17.

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

5.1 The motion was agreed.

6 Scrutiny of Accounts 2016–17: Consideration of evidence received

6.1 Members considered the evidence received.

6.1 The Chair asked the Clerks to prepare a report for Member's consideration.

Agenda Item 2.1

Chief Pharmaceutical Officer



Llywodraeth Cymru
Welsh Government

Nick Ramsay AM
Chair
Public Accounts Committee

Our Ref: AE

30 October 2017

Dear Mr Ramsey.

Information regarding the anticipated roll out date for the Medicines Transcribing and e-Discharge (MTeD) system across Wales

During the Public Accounts Committee's evidence session on 16 October, I undertook to provide the Committee with details of the anticipated roll out date for the Medicines Transcribing and e-Discharge (MTeD) system across Wales. The roll out of MTeD is being progressed in partnership between the NHS Wales Informatics Service (NWIS) and each health board and Velindre NHS Trust.

To date, MTeD roll out has been initiated in five health boards (Betsi Cadwaladr, Cardiff and Vale, Cwm Taf, Hywel Dda and Powys); planning for roll out at Velindre Cancer Centre is currently underway. In the remaining two health boards (Abertawe Bro Morgannwg and Aneurin Bevan), pre-existing local e-discharge solutions are in place. A full summary of the position regarding MTeD roll out, provided by NWIS, is enclosed with this letter.

Yours sincerely

Andrew Evans
Chief Pharmaceutical Officer/Prif Swyddog Fferyllol
Welsh Government/Llywodraeth Cymru

Encs.



BUDDSODDWYR | INVESTORS
MEWN POBL | IN PEOPLE

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| Organisation | Current position | Expected completion date |
|--|---|---------------------------------|
| Abertawe Bro Morgannwg University Health Board | Pilot is expected to start early in 2018 | To be confirmed |
| Aneurin Bevan University Health Board | Not started | To be confirmed |
| Betsi Cadwaladr University Health Board | 37.5% of wards complete across three sites | June 2019 |
| Cardiff and Vale University Health Board | Phase 1 completed Phase 2 (13 wards) 31% complete Phase 3 (Mental Health) not started | To be confirmed |
| Cwm Taf University Health Board | 85% complete | October 2017 |
| Hywel Dda University Health Board | 16% complete | To be confirmed |
| Powys teaching Health Board | 21% complete | November 2017 |
| Velindre NHS Trust | Initial engagement and planning underway | March 2018 |

Agenda Item 2.2

Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol

Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group



Llywodraeth Cymru
Welsh Government

Nick Ramsay AM
Chair
Public Accounts Committee

Our Ref: AG/SE/JM

6 November 2017

Dear Mr Ramsay

NHS Finance (Wales Act) 2014

Further to my appearance at the Public Accounts Committee meeting on 10 July 2017 and your letter dated 11 October 2017, I wish to provide the committee with a further response on the issues raised, which I hope will be helpful.

In year funding

We have taken action since the introduction of the Act to remove the traditional reliance by health boards on additional in-year funding. In particular, we have been quite clear that we will not provide funding for boards just to cover deficits. We have placed a strong emphasis on board governance and accountability, which was why we commissioned Deloitte LLP to undertake financial governance reviews of those organisations in escalation. Their reports, and the health board's responses, were published by the boards with their September board papers.

In terms of medium term planning, we issue health boards with a confirmed annual revenue allocation at least three months before the start of the financial year, and we also issue further planning assumptions to enable them to plan over a three year period.

We have provided NHS organisations with an additional £50 million funding for performance in 2017-18. This funding is in addition to recurrent allocations, and is to enable organisations to improve on their planned performance levels during the year.

Finance Academy

The Finance Academy vision to create a Finance Function that is "Best suited to Wales but comparable with the best anywhere." includes a programme covering four main themes of:



- Developing our People
- Innovating and Adding Value
- Working in Partnership
- Driving Excellence

Each theme is overseen by a Finance Director Sponsor and all FDs in Wales come together to oversee the entirety of the programme through the Finance Academy Board

<http://www.financeacademy.wales.nhs.uk/home>

Programme Plans and achievements include:

- Finance Skills Development programme – series of learning events that are open to all NHS Wales finance staff
- Annual recruitment of graduate trainees for future succession planning
- Talent Pipeline development programmes for improving Finance Leadership across NHS Wales
- Delivering a bespoke programme of masterclasses to provide practical support to DoFs and their senior teams along the themes of value, financial governance, understanding variation & programme delivery
- Collaboration with WAO, Local Government and other publically funded bodies to jointly organise finance training and development for students/trainees across the public sector
- Promoting Value based Healthcare methodology and supporting its practical application, including working with the National Respiratory Health Implementation Group to identify improvement opportunities in COPD
- Working with Bevan Commission to support Bevan Exemplar programme – supporting financial evaluation & value driven business case development, bringing financial and clinical staff together & facilitating the spread of innovative practice across Wales
- Communication and Engagement programme for and with Finance Staff including surveys, Finance Academy website and newsletters to support finance staff development and signpost learning and development
- Working with clinical and non clinical professional groups - including workforce, procurement, informatics, planning, HR &OD - to share good practice, experience of setting up an academy, and facilitating joint learning events
- Developed working partnerships with other organisations to further the work of the Academy including HFMA, professional accounting bodies, WAO, Universities; Private sector; ICHOM; all-Wales Finance Skills Development Group
- Improving use of systems and processes in partnership with Workforce Directors (Hire 2 Retire Programme) and Procurement leads (Purchase 2 Pay Programme)

Future programme proposals include

- Developing a joint clinical / financial development programme for mutual learning across professions
- Developing a culture of coaching and mentoring across NHS Wales Finance
- Developing Excellence in Financial Governance – supporting development within Finance and across Boards
- Supporting the spread of Innovation that works through the finance community

Finance Training for Board members

In June 2016 the Finance Academy arranged development session for Independent Members on Finance and Governance. The development session included presentations from Deputy Chief Executive NHS Wales, HSS Finance Programme Director, an LHB Finance Director, Wales Audit Office Director and Board Secretaries. The Finance section covered funding and allocations, NHS Finance (Wales Act) 2014, three year financial duties, integrated medium term planning and business cases.

Academi Wales, supported by HSS and NHS officials, has developed an Induction Programme for new Independent Members to provide information and support they need to be confident and productive in their roles. Module 2 of the programme, on “Planning, Resources and Delivery” will include finance, based on the earlier Finance Academy finance section, on funding and allocations, NHS Finance (Wales Act) 2014, three year financial duties, integrated medium term planning and business cases.

Reporting of Deficits

I note the Committee’s view that deficits are shown clearly on the balance sheet of organisations. The format of local health board accounts follows directions issued by Welsh Government in accordance with HM Treasury requirements which are consistent across the UK public sector. As the deficits incurred are essentially comprised of overspends against annual revenue resource limits, in terms of accounting treatment there are technically no liabilities incurred which need to be recorded in balance sheets at the end of the financial year.

Welsh Government have agreed a reporting approach with the Wales Audit Office so that there is a dedicated note in health boards accounts on performance against financial duties, which sets out the performance against the requirement to break-even over a rolling three-year financial period.

An example of this disclosure can be found in note 2.1 (page 20) of the 2016-17 annual accounts for Hywel Dda University Health Board that were laid before the Assembly on 9th June 2017. The link to this document is <http://www.assembly.wales/laid%20documents/agr-ld11065/agr-ld11065-e.pdf>.

Hywel Dda University Health Board

A Zero Based Review was undertaken to assess any “excess” costs of the current configuration of Hywel Dda UHB healthcare services against an appropriate comparator. The review assessed any “excess cost” within the four key areas of

- Demographics:
- Remoteness:
- Service configuration (scale):
- Efficiency:

Within these four areas the costs were assessed and categorised the over the following headings:

- Unavoidable
- Partially controllable in the medium to long term
- Controllable in the short to long term

The findings of the zero based review are being evaluated by officials and advice will be developed in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Goodall". The signature is fluid and cursive, with the first name "Andrew" and the last name "Goodall" clearly distinguishable.

Dr Andrew Goodall

Agenda Item 2.3

Shan Morgan
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Nick Ramsay AM
Public Accounts Committee Chair
Nation Assembly for Wales
Cardiff Bay
CF99 1NA

8 November 2017

Dear Mr Ramsay,

Thank you for your letter of 11 October on the Welsh Government's report on senior management pay in the Welsh public sector for 2015-16. I am glad that the Committee found the report useful.

I note that the Committee wishes to see remuneration details for Registered Social Landlords and senior officials in both the Higher Education and Further Education sectors included in future reports. You may be aware that these organisations currently do not publish remuneration information in the same format or to the same timetable as the public sector organisations included in the report. I understand that they are unlikely to do so without changes to their reporting requirements. In compiling the original report for the Public Accounts Committee, I believe the Wales Audit Office also experienced some difficulty in obtaining comparable information for these organisations. I am looking forward to a discussion with WAO colleagues on best practice data collection and presentation for future reports.

I will want to discuss with the Wales Audit Office how frequently to collate this information. I note that the Committee would like to see this report produced on an annual basis. However I suspect the level of change in this data over time may suggest producing the report on a biennial or triennial basis. But we will, of course, meet the Committee's preference if you feel that an annual report is most effective.



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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding

In the meantime, I would like to draw the Committee's attention to the work being undertaken by the Welsh Government and the Public Services Staff Commission to further improve transparency around senior management pay.

As the Committee is aware, the independent Public Services Staff Commission published advice and guidance on the Welsh Government Framework on Transparency of Senior Remuneration in the Welsh Public Sector earlier this year - <http://gov.wales/docs/pssc/publications/161221-transparency-senior-pay-en.pdf>.

The Staff Commission concludes that progress has been made across the public sector in implementing the principles contained within the Welsh Government's original guidance. This helpful and clear guidance from the Commission will now be published on the Welsh Government's website in support of the transparency principles that we issued in 2015. The guidance has also been discussed and circulated to public sector employers and trade unions through the Workforce Partnership Council and its sector groups.

The Welsh Government, as an employer, is in the process of preparing its pay policy statement and senior pay disclosure for 2016/17. The statement is being prepared in line with the Staff Commission's recent guidance.

The Welsh Government's pay remit guidance to Sponsored Bodies and the statutory guidance that is issued to Local Government employers in Wales has also been amended to promote good practice in decision making and reporting of senior pay arrangements in accordance with our transparency principles and the Staff Commission's guidance.

I hope that these actions assure the Committee that the Welsh Government is committed to improving transparency of senior pay, both for our own staff and for organisations across the Welsh public sector.

Yours,


Shan Morgan
Ysgrifennydd Parhaol/ Permanent Secretary
Llywodraeth Cymru/ Welsh Government

Agenda Item 3

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted



Community Housing Cymru response to the findings of the Wales Audit Office's report into The Welsh Government's Supporting People Programme

About us

Community Housing Cymru (CHC) is the representative body for housing associations and community mutuals in Wales, which are all not-for profit organisations. Our members provide over 158,000 homes and related housing services across Wales. In 2015/16, our members directly employed 9,109 people and spent nearly £2bn (directly and indirectly) in the economy, with 89% of this spend retained in Wales. Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

Our objectives are to:

- Be the leading voice of the social housing sector.
- Promote the social housing sector in Wales.
- Promote the relief of financial hardship through the sector's provision of low cost social housing.
- Provide services, education, training, information, advice and support to members.
- Encourage and facilitate the provision, construction, improvement and management of low cost social housing by housing associations in Wales.

Please note, this is a brief response ahead of our full response to the public accounts committee's forthcoming consultation, in which we anticipate examining some of the key issues in greater depth.

Community Housing Cymru's members deliver support to all of the variety of groups that the report mentions, using Supporting People funding to pay, fully or in part, for this support. These services range from housing associations working with support providers to find housing solutions for armed services veterans and people with long-term learning disabilities to working directly to keep elderly people in safe, secure accommodation with appropriate levels of assistance. Without this programme, our members would be unable to provide crucial services, which benefit not only housing association tenants but wider society, with research indicating that every £1 invested in Supporting People services delivers £2.30 of savings to housing, health, social care and community safety, thus reducing pressure on a range of other public services. The programme helps over 60,000 of the most vulnerable and marginalised people to avoid homelessness and live independently in their communities. This includes older people, vulnerable young people, care leavers,



families fleeing domestic abuse, people with mental health problems, people with learning disabilities, people with substance misuse problems and more. Often those in receipt of support have multiple needs.

The Wales Audit Office report raises some points around governance and measurement that need exploring. However, it is vital that this fund is protected due to the positive impact it has on people and services, and also because it encourages people to engage with education, training and employment opportunities.

CHC's response to the committee's inquiry must be considered in the context of the expected changes to the Supporting People programme. Welsh Government is working, via the funding flexibilities pathfinder project, to roll Supporting People into one grant, along with other Tackling Poverty funds, across 7 LAs and in the other LAs to provide 15% flexibility between grant streams. While CHC welcomes any approach which will allow for alignment of strategic priorities and reduction in bureaucracy, we remain concerned about what this move means for the long-term protection of funding for housing-related support in Wales. The report notes (2.43) "We found near unanimous support for the Welsh Government's decision to retain the ring-fencing" and we agree that this reflects the outlook of our members. Following the release of the Detailed Draft Budget Proposals 2018-19, CHC understands that Welsh Government proposes to remove the budget ring fence for Supporting People in April 2019. Whatever form the Supporting People Programme takes in the future, Welsh housing associations need commitment that the services they provide to support vulnerable people will receive sufficient funding in the long-term and a sustainment of the ring-fence is the surest way to guarantee that commitment.

The context in which response to the WAO report is considered also includes a change in the manner in which funding for supported housing is delivered. The new funding model aims to secure supply of supported housing now and into the future; Welsh Government must ensure that the services, currently funded by SP, which are so often responsible for enabling people to move on from short-term supported accommodation, are appropriately funded in the long-term.

We are broadly supportive of the report's findings and recommendations, within the context noted above, and have responded below to the points we feel are most relevant to the work of our members.

We share the Auditor General's concerns (page 10, paragraph 10) as to the lack of explicit reference to prevention of homelessness in the programme's stated purpose and aims, though we are clear as to the transformative effect that Supporting People funded services have on enabling people to live independently and retain tenancies. The programme is unique among tackling poverty grants for its housing-related focus



and we call for this specialist focus on enabling people to access and maintain housing to be retained in future.

On the Auditor General's concerns about the RCC system (page 10, paragraph 13) we feel that these groups provide mixed outcomes from the perspective of housing representatives and we share the concerns about their impact. While there are examples of positive practice (see, for example the Gwent RCC's service user website), fundamentally the housing representatives on RCCs have limited powers to challenge the decisions made by local authorities. Although our members' input into RCCs has resulted in some examples of collaborative decision making, there are also instances we are aware of when the RCC has had no impact at all (or indeed not even been consulted) on local authority decision making with regard to SP procurement. As an example, Neath Port Talbot County Borough Council cut Tenant Support Scheme funding for three of CHC's members by 50% in January 2016 without any reference to the RCC; without going into the detail of this decision, the fact that they felt comfortable doing so without reference to the RCC is indicative of the level of consideration that some LAs give to the RCCs.

To address the points made about outcomes (page 11, paragraphs 14 and 15), we agree that developing a solid understanding of the impact of the programme is vital and has been a weakness, to date. However, we feel that the SAIL data linkage study demonstrated some initially very positive findings as to the impact that SP services have on reducing usage of health services. CHC would welcome further investment in similar data linkage research into the impact of the programme on other statutory services. We are concerned that the Welsh Government's decisions about the future of the SP programme, with regard to the funding flexibilities pilots, will be made without consideration of the outcomes of the full, four-year study into the programme's impact on health services.

Members report detrimental effects on staff of the heavy burden of monitoring which is currently expected of them. While we are firmly in favour of effective monitoring, which demonstrates the impact that SP funded support is having, given that the report states that it is still "difficult to form a comprehensive judgment of the success of the Programme" then we would be supportive of any work which enables easier collation of monitoring evidence 'in the field'.

On the points raised about the ring-fence and concerns as to the impact of budget reduction (page 11, paragraph 16), we welcome the ring-fencing of the budget over the next two years, but our members need longer-term assurance to enable the delivery of efficient and effective services. The fact that the size of the fund has been frozen once again, means that as costs go up, providers of services will continue to have to find efficiencies. Our members have noted concerns, previously, as to the limited size of the fund leading to procurement teams moving from prioritising quality of service to cost of service, which ultimately risk reducing the programme's impact.



Another area of concern is how our members can meet the rising cost of the Living Wage from a frozen grant fund.

Response to the Report's Recommendations

Recommendation 1

As with the local authorities (page 11, paragraph 18) CHC's members would welcome longer term indicative budgets, to enable our members to better plan services and provide certainty to investment decisions. This situation would remain the case in light of any new arrangement for funding of what are currently SP services. We thus welcome the Auditor General's first recommendation of indicative 3-year allocations being provided at the earliest opportunity and the suggested introduction of 3-year rolling LA spend plans.

Recommendation 2

We agree with the second recommendation of the report, that Welsh Government review whether the Regional Collaborative Committee arrangements remain fit for purpose in the context of other collaborative governance arrangements, such as the new statutory public service boards. In future, we would like to see Public Service Boards placing housing at the centre of their strategies, with a focus on how this results in better quality health and patient care and we feel that a report as to the lessons learned through the experience of the RCCs (and of the data linkage study) would be of significant benefit to the future of the Public Service Boards.

Recommendation 3

We agree that Recommendation 3, regarding the new formula for distribution of funds, should take into account the shifting political priorities, which affect the programme. Particularly, the fund's role in preventing homelessness must be considered in this redistribution, with specific weight placed on addressing areas of significant homelessness need. The role of current SP projects' in preventing homelessness also needs to be taken into account when considering the distribution formula as effective current projects will already be reducing homelessness need in their area of operation.

However, the shifting of funds to areas of greater need should be considered cautiously: concentrating services in high-need areas may attract people with those needs to locations with high support provision, creating pockets of mental ill health, substance dependency etc. We need clarity on how this calculation will be carried out as well as long-term certainty for both providers and service users.

Welsh Government should demonstrate clearly, if funds are redistributed, that all alternative approaches have been considered; aligning current SP services with new



strategic objectives may be more effective than redistributing funds across geographical areas, for example. This can be agreed by amending a project's SLA. The sector's response to the 2010 Aylward Review demonstrates that this is achievable.

Finally, we are clear that our members' views must be considered, whether via SPNAB or the RCCs, in any work that is done on this issue.

Recommendation 4

We support recommendation 4, on re-tendering and the need to minimise any uncertainty on the part of either contract holder or tendering authority. Clarity on the reasons for re-tendering and the legitimacy of such decisions is crucial for our members.

There is concern from our members that unnecessary re-tendering can lead to the diminution of providers' ability to effectively deliver support, with procurement teams, in some cases, not looking beyond reduced up-front cost to the long-term cost savings of providing sufficiently well-resourced support, which will result in fewer costs to the public purse further down the line. We are thus clear that the reasons for any such decisions to be made by local authorities must be transparent and that RCCs should be consulted on them. Welsh Government guidance should be updated to consider sustainable procurement of services which are sufficiently resourced to deliver effective service and have sufficiently long contracts to affect meaningful change, in tandem with other, related services.

Recommendation 5

We are supportive of recommendation 5, that the Welsh Government should identify and clearly communicate the implications of major policy reforms for the programme. As noted, the future of the programme hangs in the balance and we need urgent clarity as to the long-term role it plays in Welsh Government's plans, with regard to tackling homelessness and enabling vulnerable members of society to maintain secure accommodation.

The forthcoming changes to the manner in which supported housing is funded are of clear interest in the context of SP and we would welcome confirmation from Welsh Government that the fund will continue to be ring-fenced in light of these changes.

Recommendation 6

Regarding recommendation 6, which addresses the issue of variety of cost between similar services, we urge a cautious approach when reviewing and comparing services; no two services are identical and due to the complex needs of service users the support provided is often tailored to the individual, so comparison of like



with like is difficult. Factors that will result in varied costs, such as location (in rural areas, a support worker spends more time travelling, for instance so delivery of the same level of support as an urban equivalent takes longer), should be taken into account when making any such comparison. Transparency on costs is important, however, and though disparities may be understood as being appropriate, they should be explained in an open manner which ultimately demonstrates value for money.

Recommendation 7

On the point made in the report about the introduction of the new outcomes framework, we re-state the point made earlier in our response: the current monitoring requirements are burdensome and apparently not providing sufficiently high quality data to emphatically demonstrate the worth of the programme (although we are in absolutely no doubt as to its effectiveness, nor its transformational impact on the lives of vulnerable people). In line with our earlier call for the programme's governing documents to explicitly reference SP's impact on homelessness we would value Welsh Government consideration of how SP is used to support the homelessness prevention agenda. While we have no doubt that this is the case, we are concerned that the fact that homelessness data collection focusses on the 56 day window of prevention noted in the legislation means that SP's vital contribution is missed. We absolutely agree that WG should work with partners to embed and clarify any new arrangements. We are clear that Housing Associations need to be fully consulted on proposed changes.

Recommendation 8

Regarding the concerns raised about the issues of eligibility for support of (and disparities in the level of support provided to) some people with learning disabilities, we are in agreement that RCCs should ensure that SP funded services are being appropriately used. If this is found not to be the case we would expect that RCCs work with Welsh Government, as appropriate, to ensure that suitable services are delivered instead.

**National Assembly for Wales
Public Accounts Committee
The Welsh Government's
Supporting People Programme**



8 November 2017

Dear members of the Public Accounts Committee,

Thank you for the invitation to give evidence before the committee on 20 November 2017. Please see below for supporting information in advance of the committee session.

1. About Cymorth Cymru

1.1 Cymorth Cymru is the umbrella body for providers of homelessness and housing-related support services in Wales. We have over 100 members, including charities, registered social landlords and local authorities who support people to avoid homelessness and live independently in their communities. Cymorth Cymru acts as the 'voice of the sector', influencing the development and implementation of policy and legislation that affects our members and the people they support. We work in partnership with members and other stakeholders to prevent and reduce homelessness and improve the quality of life for people who are marginalised or at risk of housing crisis across Wales.

2. Cymorth Cymru's initial response to WAO report

2.1 On 31 August 2017 Cymorth Cymru provided an initial response to the publication of the Wales Audit Office report about the Welsh Government's management of the Supporting People Programme:

"We are pleased that the Auditor General recognises that the Supporting People Programme 'provides important support to those who need it the most'. As the Welsh Government develops its budget for 2018/19, we urge Ministers to show leadership and protect SP funding so that it can continue to transform the lives of 60,000 vulnerable people each year.

"We welcome the report's recommendation that the Welsh Government should re-introduce indicative three year funding allocations, as the current annual funding cycle results in uncertainty and instability, limiting both local authorities and providers' ability to plan for the long term. Although we recognise the financial constraints on Ministers, we believe that supporting vulnerable people to avoid homelessness and live independently should be a priority and given longer term assurances."

"It is important to recognise that this report does not criticise the services provided by the many dedicated staff across Wales, but makes a series of points about the governance and management of the programme.

"We welcome recommendations to provide more clarity, consistency and certainty about government priorities, procurement processes and data collection. I frequently speak to people using these services and know that it transforms and saves lives. We are committed to working with our members and the Welsh Government to demonstrate this impact.

"The Wales Audit Office is right to recognise the ongoing threats of welfare reform, particularly the UK Government's plans to apply the Local Housing Allowance rate to supported accommodation. We urge the UK Government to abandon these plans, which put the viability of supported accommodation projects at risk."

3. WAO recommendations

3.1 Recommendation 1: In recent years, the Welsh Government has provided local authorities with annual budget allocations for the financial year ahead, without providing any indicative budgets for future years. Reflecting the recommendations that we have made in some of our previous reports, and while recognising the uncertainties facing the Welsh Government's own revenues, we recommend that:

- the Welsh Government re-introduce indicative three-year Supporting People funding allocations at the earliest opportunity to assist local authorities in their planning; and
- at the same time, consider the merits of moving to three-year annual rolling local authority spend plans, to assist local authorities in planning services and to allow greater scrutiny by Regional Collaborative Committees.

3.1.1 We strongly agree with this recommendation. Annual funding allocations create huge uncertainty for a sector that is responsible for providing support to 60,000 of the most vulnerable people in Wales. 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. 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.

3.1.2 The uncertainty associated with annual budgets also has a negative impact on the wellbeing of frontline staff. 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. 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.

3.1.3 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.

3.2 Recommendation 2: The Welsh Government is proposing greater regional planning and delivery of services as part of its reforming local government policy. However, the Supporting People Regional Collaborative Committees have struggled to deliver at the scale and pace the Welsh Government would have liked. We recommend that the Welsh Government:

- identify and apply lessons learned from the experience of the Regional Collaborative Committees to inform its proposals for local government reform; and
- review whether the Regional Collaborative Committee arrangements remain fit for purpose in the context of other collaborative governance arrangements, such as the new statutory public service boards and its wider plans for regional working in local government.

3.2.1 We recognise that some Regional Collaborative Committees (RCCs) operate more effectively than others, but believe that the existing structure is of value and should be strengthened rather than removed altogether. With the UK Government proposals to devolve housing benefit funding for supported accommodation, and Welsh Government plans for further regionalisation, 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.

3.2.2 **Housing expertise:** 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.

3.2.3 **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.

3.3 Recommendation 3: The Supporting People National Advisory Board has recognised the need for a new formula to help redistribute Programme funds to geographical areas of greatest need. The Welsh Government is also consulting on the strategic objectives for the Programme. We recommend that, once it has finalised the new strategic objectives for the Programme, the Welsh Government prioritise developing a new funding formula to redistribute funding in a way that most effectively delivers those objectives. In doing so, we recommend the Welsh Government give consideration to any transitional arrangements and wider policy developments that may impact on the Programme.

3.3.1 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. 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.

- 3.3.2 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 service provision.

3.4 Recommendation 4: The Welsh Government's current and draft revised guidance on the procurement of Supporting People services is potentially misleading as it implies that retendering need only take place where a service review has found the service to be deficient. We recommend that:

- the Welsh Government's ongoing reviews of local authorities' management of the Programme should examine whether contracts are being extended in accordance with Public Contract Regulations; and
- in revising its Programme guidance, the Welsh Government redraft its advice on contract procurement to avoid the scope for any misinterpretation about when to retender for services, and to clearly articulate the rules around contract extensions.

3.4.1 We would welcome clear guidance on the issue of commissioning and procurement that clarifies the legal requirements of Supporting People commissioners but also encourages good practice. Reviewing and recommissioning schemes is an essential part of local authorities' responsibilities, and we know that they are under pressure. However, our members have shared concerns over recent years about some examples of:

- a) Prioritising cost over quality in tender evaluation processes. This risks a race to the bottom which compromises quality and outcomes for people using services.
- b) The trend towards commissioning fewer, much larger contracts, which inevitably results in the loss of some providers - and therefore skills and expertise. Where local authorities have chosen to award a single, large contract there is a risk that any problems encountered by the service will affect all clients and - other providers may no longer exist or be capable of stepping in to provide support.
- c) A lack of engagement with providers about what services are needed and what is possible/viable in advance of procurement. This can lead to the wrong services being commissioned or inadequate funds being available to deliver the service.
- d) A lack of meaningful involvement of people who use services.

e) A lack of clarity about TUPE processes and the impact on existing staff when contracts are awarded to different providers.

3.4.2 Supporting People services are delivered to some of the most vulnerable people in Wales and the unintended consequences of some practices need to be considered.

3.5 Recommendation 5: There have been a number of notable policy changes in recent years that affect the Programme. However, we have identified concerns about the scale of change and the way it has been communicated. In addition, other developments will have an impact on the Programme, for example, the Welsh Government's plans for local government reform and UK government reform of housing benefit. We recommend that the Welsh Government should identify and clearly communicate the implications of such reforms for the Programme.

3.5.1 **Welfare reform:** The UK Government's plans for the funding of supported accommodation have been a significant concern for the sector over the past two years. However, the Welsh Government has been extremely collaborative in their approach to dealing with the possible consequences for Wales and has actively involved representatives from the sector in their policy development process. Cymorth Cymru, Community Housing Cymru and the Welsh Local Government Association are key members of the Welsh Government's stakeholder steering group, along with additional representatives of local authorities, support providers, landlords, older people's provision and domestic abuse refuge providers. Welsh Government officials have engaged positively with events run by Cymorth Cymru and been very receptive to the issues and concerns raised by people working in the supported accommodation sector. The Welsh Government has also been engaged in conversation with the sector about other welfare reforms, such as the UK Government's plans to reduce housing benefit to people under the age of 35.

3.5.2 **Local Government reorganisation:** The lack of clarity regarding local government reorganisation continues to pose challenges to organisations working across a variety of sectors in Wales. The Welsh Government has been discussing this issue for many years, encouraging regional working and voluntary mergers - but very little progress appears to have been made. Our members often feel frustrated by the lack of clarity resulting from different approaches by different Ministers. It is not our place to specify whether the Welsh Government should force local authorities to merge or not – but it would be useful if they could make more progress than they have over the last few years. Our members who operate in several local authority areas often express frustration about the variation in process and practice between different local authorities and would welcome more consistency.

3.5.3 **Other Welsh Government policy and legislation:** With regards to changes in Welsh Government policy and legislation, this is actively discussed by Welsh Government officials and the sector on a frequent basis. The Cabinet Secretary/Minister responsible for SP addresses the Supporting People National Advisory Board (SPNAB) on an annual

basis and outlines his or her intentions for the sector in the context of Welsh Government policy and legislation. The implications of policy and legislation such as local government re-organisation, the Social Services and Wellbeing (Wales) Act, the Wellbeing of Future Generations (Wales) Act and welfare reform are frequently discussed at SPNAB, the Strategic Finance and Research Group and the Regional Collaborative Committees. Cymorth Cymru also runs a series of events throughout the year which include active participation from Welsh Government officials during presentations, discussions and workshops on Welsh policy and legislation such as the Housing Wales Act, Social Services Act, Adverse Childhood Experiences and welfare reform.

3.6 Recommendation 6: While the Welsh Government has identified that there are widespread variations in overall service costs, further analysis is required to understand the reasons for that variation. We recommend that the Welsh Government work with local authorities to examine in more detail whether there are significant variations in the costs of delivering Supporting People services of a similar type and duration.

3.6.1 It is essential that all stakeholders ensure value for money in the delivery of the most effective services to people who need them. However, it is important that the Welsh Government examines why there are variations in costs. 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. Any examination of cost variations must take this into account.

3.7 Recommendation 7: There remain concerns about data quality in the current Outcomes Framework, but with revised data collection arrangements being proposed. We recommend that the Welsh Government work with its partners to ensure that, once introduced, any new arrangements are clearly understood by providers and embedded as part of contractual arrangements.

3.7.1 We are acutely aware of the positive impact that Supporting People services have on people's lives. We often visit projects across Wales and see first-hand how these schemes change and save lives.

3.7.2 For the past few years we have organised service user engagement events on behalf of the Supporting People National Advisory Board. In January 2017 we spoke to approximately 175 people in Newport, Rhyl and Carmarthen about their experiences of Supporting People services. When asked 'Where do you think you'd be if you hadn't been able to access the SP service?' many replied that they would be dead, homeless, sectioned or suicidal. You can read the short report about these engagement events [here](#).

3.7.3 However, we agree that formal data collection to evidence the impact of Supporting People services needs to improve. Our members see the positive impact of their services every day, but are concerned that this is not evidenced clearly. Delays in consulting on

the new outcomes framework has frustrated providers, who are keen to demonstrate the impact of their schemes on people's lives and public services.

- 3.7.4 **Homelessness prevention:** In particular, we need to better evidence the impact of Supporting People services on the prevention of homelessness in Wales. The very nature of the Programme – supporting people experiencing homelessness or in need of housing-related support – means that it has a considerable impact on this area. For example, we know that every supported accommodation scheme puts a roof over people's heads and supports them to either remain in those communities, or move on to independent living with their own tenancy. We also know that floating support prevents people from losing their tenancy, or helps them to access a new tenancy. If the Programme is supporting approximately 60,000 people every year, then it would be reasonable to make the assumption that it is preventing homelessness for many thousands of people. However, the extent of SP's contribution to homelessness prevention is not captured in the Welsh Government's official statistics. Data collection varies between different teams in local authorities and many SP interventions happen in advance of the 56 day statutory duty to help prevent homelessness – on which the homelessness prevention statistics are based.
- 3.7.5 **Impact on health services:** Despite concerns about data collection, the SAIL data linkage project has provided some very interesting data about the impact of Supporting People interventions on the use of health services in Wales. The feasibility study indicated that interaction with Supporting People services resulted in a reduction in the use of GP services, A&E and emergency hospital admissions. The subsequent project is currently gathering and analysing data on a much greater scale from every local authority in Wales. The sector has welcomed the Welsh Government's commitment to this work.
- 3.8 Recommendation 8:** Welsh Government reviews, and more detailed work at a regional level by two of the Regional Collaborative Committees, have highlighted some issues with the eligibility of support for people with learning disabilities and differences in the level of support provided. We recommend that the Welsh Government encourage all Regional Collaborative Committees to review arrangements for support for people with learning disabilities through the Programme and work with the committees to manage any potential negative consequences for service provision.
- 3.8.1 The Supporting People Programme should be funding housing-related support services. It is therefore absolutely right that the Welsh Government, Regional Collaborative Committees and local authorities do all they can to ensure that this funding is spent as intended. However, if any existing services for vulnerable people are found to be receiving SP funding for non-housing related support, the Welsh Government must ensure that that the appropriate funder steps in to fund the service. Vulnerable people must continue to get the support and care they need to live independently in their communities. At a time when all budgets are under pressure, providers are concerned that any removal of SP funding may not be replaced.

4. Welsh budget: Supporting People funding

- 4.1** Although this inquiry is focused on the WAO report and not the draft budget, we feel it is important to raise our concerns about the possible future funding of the Supporting People Programme.
- 4.2** We are deeply concerned that the Supporting People budget line has disappeared from the Welsh draft budget for 2019/20 and appears to have been merged with funding streams that have no direct link to homelessness and housing-related support. The removal of the ring-fence has had a disastrous impact on many Supporting People services in England and we fear that over time, this could happen in Wales. It removes all accountability from Ministers about the amount they spend on housing-related support and risks the loss of vital services that support some of the most vulnerable people in Wales.
- 4.3** It is likely that the resulting merged grant will sit outside of the housing directorate of Welsh Government and housing departments of local authorities, resulting in the loss of housing expertise at a time when homelessness is an increasing challenge and concern. The focus on this issue will be diluted and the funding for SP client groups (particularly those who are less 'politically popular') could be lost, resulting in increased homelessness, particularly for people with the most complex needs.
- 4.4** In addition, the anticipated devolution of housing benefit funding for supported accommodation means that this is the wrong time to remove the ring-fence around the Supporting People budget and dismantle the mechanisms for distributing the support element of supported accommodation funding. Supported housing is in a state of flux and it is vital that Supporting People funding is maintained alongside the housing benefit element to ensure stability for landlords and lenders.
- 4.5** An alternative solution: While we understand the Welsh Government's intention to rationalise grant funding streams, we believe that placing Supporting People in a budget line with non-housing programmes is a huge mistake. However, we have made it clear to Welsh Government Ministers and officials that we are happy to engage constructively and discuss grant alignment in the context of other homelessness and housing-related support funding streams, such as the homelessness prevention grant and the devolution of housing benefit funding for supported accommodation. We believe that this is a much more sensible and appropriate approach to grant alignment within the context of housing and homelessness.

We look forward to seeing you on 20 November,

Katie Dalton
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