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Llywodraeth Cymru
Welsh Government

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

8 January 2018

Dear Mr Ramsay,

**THE WELSH GOVERNMENT'S SUPPORTING PEOPLE PROGRAMME PUBLIC
ACCOUNT COMMITTEE INQUIRY 22 JANUARY 2018**

Ahead of the meeting of the Public Accounts Committee scheduled for 22 January, I am pleased to enclose a paper as requested covering the areas of specific interest as outlined by the committee.

Yours sincerely

Tracey Burke



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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.

Supporting People Programme Evidence Paper for the Public Accounts Committee on 22 January 2018

This paper seeks to provide background and relevant evidence in relation to the Welsh Government's views on the findings of the Auditor General's Report into Supporting People and the specific areas of interest highlighted by the committee:

- The impact of wider policy development
- Funding distribution and financial planning
- Monitoring and evaluation.

1. The Impact of Wider Policy Development

Supporting People Programme

1.1 Supporting People provides housing-related support to a wide range of individuals including those fleeing domestic abuse, people who are homeless, care leavers and older people. It helps people find and keep a home and live independently. The programme provides housing related support at points of crisis or because of ongoing vulnerabilities. This reduces demand on other services such as Health and Social Care. The importance of the Supporting People (SP) Programme in reducing homelessness was recognised by both CHC and Cymorth in their evidence papers to the Committee.

1.2 Given the broad range of service users and complexity of the challenges they face SP is affected by policy in many other areas of Government, both devolved and non-devolved.

1.3 Non-devolved policy currently of particular interest to SP includes the UK Government's Welfare Reform programme and Supported Accommodation Review. Whilst wider welfare reform has no direct impact on supported housing, it does affect the circumstances in which support is provided. We have already seen significant increases in demand for support as the pressures created by the roll out of Universal Credit translate to financial pressures which affect the ability of individuals to manage the challenges they face.

1.4 There are specific issues associated with the Supported Accommodation Review. Recent announcements from the UK Government to limit the review to short term accommodation reduce some of the concern about sustainability of fixed supported accommodation provision. There remains a significant amount of policy development work to do to establish a funding framework for the costs of short-term, supported accommodation previously met largely through the Housing Benefit system. Key concerns relate to the need to provide assurance to providers and commissioners that provision, which often has long term borrowing associated with it, can be sustained and new provision developed. At the same time there are opportunities to develop better oversight of value for money within provision and stakeholders have identified a potential opportunity to reduce means testing within the system to the benefit of users.

1.5 Funding for Supported Accommodation will transfer to Wales from April 2020. The Welsh Government is engaged in an extensive programme of stakeholder

engagement to inform policy development. This has been welcomed by stakeholders. Given the interdependence of funding for bricks and mortar and support, we recognise the importance of providing a coherent mechanism for this new funding alongside the existing Supporting People Programme.

Funding Flexibilities / development of combined grant

1.6 Responding to continued budget pressure, has required the Welsh Government to explore ways in which front-line services can be protected whilst efficiency savings are made.

1.7 Local Government has made a strong case that the number and complexity of specific grant mechanisms can lead to bureaucratic burdens and hinder innovation which could deliver more cost effective ways of achieving greater impact for spend. Various programmes aimed at supporting vulnerable people or communities are in place, each underpinned by specific grants with their own requirements, restrictions, associated costs and bureaucracy. Local Government has challenged the Welsh Government to move to far greater de-hypothecation.

1.8 Consideration is being given to creating a new single 'Early Intervention, Prevention and Support Grant' in 2019-20. It is recognised that a wider grant mechanism might support more strategic programme alignment which is better able to meet local needs and increased cost effectiveness, but this needs to be balanced alongside a wish to retain a level of ring-fence protection between these and statutory services.

1.9 To support this work we are working with seven 'pathfinder authorities' in 2018-19; pathfinders will have full flexibility across 10 grants. This greater financial freedom and flexibility is expected to enable the pathfinders to work differently and to give them more scope to design services to support the Welsh Government's drive for more preventative, long term approaches. The remaining 15 Local Authorities (LAs) will have enhanced flexibility to vire up to 15% of funding across five grants. This is intended to support the move towards greater innovation in service delivery. If initiated, a combined grant would be a ring-fenced grant outside the Revenue Settlement that would cover the range of grants identified above focussed on early intervention, prevention and support.

1.10 No final decision has yet been made on whether to move beyond the flexible arrangements to bring together separate specific grants into a single combined grant for 2019-20. Ministers have indicated that they are minded to introduce such a grant, but a final decision on whether or not to do so will be based on feedback from the pathfinders and other work engaging with stakeholders. Interim arrangements for the pathfinders will allow for comparable monitoring of outcomes for different client groups and an external evaluation of the process is being commissioned.

1.11 We are aware of stakeholder concerns regarding the proposed combined grant and in particular the representations made to the committee by Cymorth and Community Housing Cymru. It is important to understand that this issue is being examined to provide greater flexibility and responsiveness to meet local needs. The extent of any efficiency savings that may result from a combined grant is difficult to

assess as grants have varying terms and conditions. Different grants take different approaches to administration costs, which add to the complexity for Local Authorities administering grants, as well as making it difficult to estimate total administration cost savings across a range of grants.

1.12 The WAO report on Grants Management in Wales published on 29 November 2011 states “Administration and management costs are shared between funders and recipients and typically amount to at least 10 per cent of funding”. We are also aware that the Public Accounts Committee report from June 2013 considered “value in the Welsh Government adopting an initial target of no more than 5% of total grant funding going towards administration” with an ambition to reduce this further.

The Supporting People Budget

1.13 There are no cuts to the total allocation for the Supporting People Programme in 2018-19 and 2019-20. The Supporting People Programme has its own budget line in 2018-19. In 2019-20 it will be included in a different budget line, which would allow for the creation of a new wider grant, but the level of Welsh Government funding for Supporting People will be the same as 2017-18 levels.

1.14 The draft budget showed a total combined budget for ‘early intervention prevention and support grant’ in 2019-20 some £13million less than the total of individual grants in 2018-19. This reflected the need to realise savings across the range of Welsh Government activities. As part of the ongoing budget process, we will continue to review the amount needed to deliver the required outcomes during the planning for the 2019-20 budget. Ministers have been clear that whilst there is an overall saving to be made there is no specific cut to SP. Ministers are also anxious that grant terms and conditions should remain sufficiently tight to ensure there is clarity over expectations on local authorities, supported with sufficiently robust accountability and monitoring.

1.15 We are working with pathfinders and other stakeholders to progress this work. During the remainder of 2017-18, we will be developing an initial outcomes framework designed to operate alongside any combined grant arrangements.

1.16 We will receive delivery plans from pathfinders and these will be subject to a robust assessment process within the Welsh Government to ensure they meet requirements. This will be followed with a final offer of funding in advance of 2018-19.

1.17 We will be procuring an external evaluation of the process to understand and test the barriers and learn best practice.

2. Funding Distribution and Financial Planning

Distribution

2.1 The Aylward Review of 2010 proposed redistribution of Supporting People funding using a formula more closely aligned to need.

2.2 Redistribution would have seen winners and losers and it was identified as desirable to manage the transition to a new distribution by mitigating the impact on those whose allocations would reduce under new arrangements. However, in 2013 it became apparent that in the context of significant overall pressure on budgets that additional funding to support transitional arrangements would not be available. The Supporting People National Advisory Board recommended to Ministers that a change in formula distribution be paused. Welsh Ministers accepted the recommendation. The Supporting People budget has been flat-line since 2015-16 and as a result work on redistribution has not been pursued.

Financial Planning

2.3 Stakeholders have raised concern over flat-line budgets at a time of rising costs. The Supporting People Programme has been protected in recent years with a further two year protection announced as part of the draft budget agreement in October 2017 - in sharp contrast to other Welsh Government funded projects. They are also concerned about procurement, Local Authorities prioritising cost over quality and the loss of providers. These concerns will be addressed in the new guidance document when it is published in spring 2018.

2.4 We appreciate that longer-term budgets would help organisations in planning but we are aware that a number of authorities use the flexibility which is inherent in the programme to stagger the start dates for commissioning contracts in the Programme.

3. Monitoring and Evaluation

3.1 We aim to ensure the programme collects data on outcomes for individuals and is able to show the impact of the funding in improving people's quality of life. The last data set collected and analysed shows 53,208 tangible outcomes for period 2 (six months) of 2016. Striking the right balance between reducing burdens of data collection and the need to be able to demonstrate impact and monitor performance is a challenge. Stakeholders have raised concerns on the amount of monitoring of providers. We have worked with them on refinements to the current monitoring requirements. A consultation exercise closed on 4 August 2017, the findings from which will be published in early 2018. Ongoing work on the Flexible Funding Programme provides us with an opportunity to build on this work in partnership with stakeholders to develop an outcomes framework in the context of broader grant purposes.

3.2 The evidence provided to date has allowed the Welsh Government to pursue a number of research avenues, including data linking SP data into the Secure Anonymised Information Linking (SAIL) Databank and the Administrative Data Research Centre for Wales.

3.3 The SAIL research has shown evidence of the impact of Supporting People services on health and more appropriate use of services. The Welsh Government has committed to additional work to collect and match data from all local authorities in Wales.

3.4 Further info on the findings from matching SP data into the SAIL database can be found here;<http://gov.wales/statistics-and-research/supporting-people-data-linking-feasibility-study/?lang=en>

3.5 Stakeholders have raised concerns on evidencing the impact of Supporting People on homelessness. Homelessness data captures interventions which happen within statutory duty of 56 days of someone becoming homeless. However many SP interventions happen in advance of the 56 day statutory duty. Under changes to outcome recording local authorities now capture the housing status at the start and end of support.

3.6 In addition to monitoring spend plans and outcomes, we have undertaken reviews of all local authorities to monitor how effectively they are using the grant. This has led to change within a number of local authorities and has flagged up good practice which has been shared as part of the reviews and in the Supporting People Network, for example Denbighshire's review of learning disabilities services, floating support services becoming tenure neutral.