



The Supporting People programme

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The Supporting People programme was launched in 2003 as a £1.8 billion ring fenced grant to local authorities intended to fund services to help vulnerable people live independently.

The level of the grant was reduced in subsequent years, and in the 2010 Spending Review the Government announced that the Supporting People national funding levels would decrease from £1.64 billion in 2010/11 to £1.59 billion in 2014/15.

In 2009, the ring fence was removed from the grant thereby allowing all local authorities to spend their Supporting People allocation as they deemed appropriate. Concerns have been voiced that local authorities are using their Supporting People grant to fund other expenditure – across 152 local authorities, Supporting People funding had been withdrawn entirely from 305 services, and reduced for a further 685 services according to media reports.

The Housing Minister, Grant Shapps, has written to local authorities to remind them of the value of Supporting People spending. In an assessment undertaken for the Department for Communities and Local Government in 2009, CapGemini calculated that the net financial benefits of the programme were £3.41 billion.

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Summary

The Supporting People programme was launched under the Labour Government in April 2003. The programme brought together several funding streams, including support provided through the Housing Benefit system, into a single grant for local authorities to fund a variety of services aimed at helping vulnerable people live independently.

While the initial estimate of the size of the Supporting People funding stream was between £350 million to £750 million, the final allocation to local authorities in April 2003 was £1.8 billion. The Audit Commission found that earlier cost estimates had considerably underestimated the cost of the programme, while services to meet new demands were rapidly developed to take advantage of additional funding.

In subsequent years, the level of funding was reduced and local authorities were encouraged to find efficiencies. In a 2009 report, the Audit Commission found that value for money had improved through better commissioning and procurement of services.

The 2010 Spending Review set out a further 3% cut in Supporting People funding by 2014/15. The removal of the Supporting People ring fence in April 2009 meant that all local authorities were able to choose how to allocate funding, at a time when funding to local authority budgets from central government was being reduced as part as wider fiscal cuts. Since April 2011, the Supporting People allocation has been subsumed into the Formula Grant paid to local authorities, meaning that the allocation is no longer separately identified.

In January 2011 and March 2012, the Housing Minister published letters that sought to discourage local authorities from cutting their Supporting People programmes.

According to research for the Department for Communities and Local Government published in 2009, the best overall estimate of net financial benefits from the Supporting People programme was £3.41bn per annum for the client groups considered.

1 Introduction

1.1 Supported housing and housing related support services

There is no statutory definition of supported housing. It can take many forms; for example, refuges for women escaping domestic violence, housing with warden support (residential or floating) for the elderly, and hostels for recovering addicts. People living in supported housing receive “housing related supported services” in order to enable them to live independently. Examples of these support services include:

- the provision of visiting support services to older people in their own homes;
- warden services provided within sheltered housing schemes;
- assistance for young carer leavers to prepare for greater independence through training in basic skills such as cooking and hygiene;
- help for people leaving institutions (e.g. prison) or who have been homeless to set up home; and
- provision of on-going support for people adjusting to independent living, if moving into their own home after living in a special housing and support scheme.

1.2 The previous system of Housing Benefit support

Before the introduction of the Supporting People programme, support services had been mainly funded through Housing Benefit, or HB (and for long leaseholders through Income Support).

The *Housing Benefit (General) Regulations 1987* (SI 1987/1971) listed those service charges that were ineligible for benefit, although the regulations were subject to different interpretations,¹ leading to the then Conservative Government issuing draft regulations in 1996 in order to ensure that HB would only meet service charges that related to the adequacy of the accommodation for use as a dwelling, as opposed to the personal needs of the occupants. However, the regulations were withdrawn after concerns were raised that they would threaten the viability of a number of supported housing schemes.

The Conservative Government announced that an inter-departmental review of the arrangements for funding supported accommodation would be commissioned.² Before the review was concluded, a key ruling was delivered in July 1997 by the Divisional Court when it considered whether general counselling and support services for maintaining a claimant in their accommodation related to the provision of adequate accommodation.

The court held that the words ‘provision of adequate accommodation’ should be narrowly construed; and confirmed that the intention behind the relevant regulation was to include general counselling and support services such as are directed to preserving the condition of the accommodation’s fabric as the landlord undertook to provide it.

¹ For example, *The Chiltern Case (Court of Appeal)* and *The North Cornwall Case (Divisional Court)* supported the then Department for Social Security’s position that only “charges for services which relate to the fabric of a dwelling should be regarded as relating to the provision of adequate accommodation and eligible for Housing Benefit and Income Support on that basis”. Subsequently, a Social Security Commissioner (Commissioner Mencer) “made the observation that the question of connection with the provision of adequate accommodation should not be confined to character of the accommodation, but should take account of the personal needs of the residents”.

² HC Deb 8 July 1996 c63W

The Judge also noted that the purpose of the relevant HB regulation was not to make any general provision for the protection of disadvantaged people in their homes, provision of that kind being found elsewhere in the social security system and in social services administered by local authorities.³ The judgment was summarised as ruling that HB “should meet service charges for personal support only in limited circumstances”.⁴

This ruling prompted the newly-elected Labour Government to implement interim measures in order to “stabilise existing supported housing provision and protect many thousands of vulnerable people until a long-term solution [could] be implemented”.⁵

1.3 Consultation on proposals

A consultation document, *Supporting People*, was published on 10 December 1998 in which the Labour Government set out proposals for new funding arrangements for support services, arising from the work of the inter-departmental review team. The paper identified several problems with the then prevailing funding arrangements:

- funding streams were complicated, uncoordinated and overlapping;
- no one has responsibility for ensuring adequacy of support for vulnerable people, resulting in a focus on dealing with problems once they had emerged, sometimes pushing people into more acute services than they might have originally needed;
- the structure does not allow for proper consideration of value for money, quality of service provision, or transparency in the use of resources;
- there has been no strategy to co-ordinate the work or expenditure of the various government departments involved in making provision for support services;
- providers have to put energy into managing a wide variety of funding streams, diverting resources which could be targeted on providing support services; and
- through the reliance on Housing Benefit for support services, the accommodation choices of vulnerable people may be distorted.⁶

In order to address these matters, the Government stated that it proposed:

to replace the current arbitrary system of funding support services with a new co-ordinated approach, bring existing relevant funding streams together, including Housing Benefit paid for support services, to create a single budget. Resources would be allocated by central government to local authorities on the basis of the needs and expenditure within individual local authorities at the point of transition. Local authorities, in partnership with probation services, would then take decisions on how money could be spent most effectively at a local level on support services.⁷

³ Department for Social Security, press notice 97/131, 24 July 1997

⁴ Inter-Departmental Review of Funding for Supported Accommodation, *Supporting People: A new policy and funding framework for support services*, 17 December 1998, p10, para 19, DEP 1998/1489

⁵ HC Deb 18 November 1998 cc138-9W

⁶ Inter-Departmental Review of Funding for Supported Accommodation, *Supporting People: A new policy and funding framework for support services*, 17 December 1998, pp1–2, para 3, DEP 1998/1489

⁷ Inter-Departmental Review of Funding for Supported Accommodation, *Supporting People: A new policy and funding framework for support services*, 17 December 1998, pp10–11, para 22, DEP 1998/1489

A list of the funding streams to be included in the Supporting People budget was provided by the Government – there were a total of seven streams included, which included one funding stream for Wales and another for Scotland. The Government estimated that the “total amount of money going into these services [through the seven funding streams] is likely to total between £350 million and £750 million”.⁸ It added that the uncertainty about the true figure was because “the overall amount of Housing Benefit being paid for support services is uncertain”.⁹

In terms of “people requiring support”, the document included the following examples and noted that the list was not definitive and some groups could overlap:

- are vulnerable due to their young age;
- are homeless, or sleeping rough;
- are addicted to drugs or alcohol;
- have poor social skills or disruptive behaviour;
- have behaviour that puts them at risk of offending;
- are leaving institutions (including some ex-offenders released from prison);
- are experiencing psychological trauma (including that caused by domestic violence);
- have mental health problems;
- have a learning disability;
- have a sensory impairment;
- are chronically ill; or
- are frail due to age.¹⁰

In March 1999, the then Secretary of State for Social Security, Alistair Darling, announced the Government’s next steps in the light of the consultation, and told the House:

We are pleased to announce that the consultation shows that there is strong support for the principles underlying the Supporting People proposals, and the fact that, for the first time, the provision of support services for vulnerable people is being given the priority it deserves. We have therefore decided to proceed with implementing the long-term proposals from April 2003.¹¹

⁸ This included Housing Benefit and Income Support paid in respect of housing services (HB was the main factor), worth between £200 million to £500 million; Housing Corporation Supported Housing Management Grant, worth £139 million; Probation Accommodation Grants, worth £10 million; Home Improvement Agency Grants, worth £5.2 million; relevant elements of the Department for Social Security Resettlement Programme revenue resources; and relevant elements of local authority Total Standard Spending. For Scotland, the Special Needs Allowance Package was transferred worth £7.5 million, as was the Welsh Supported Housing Revenue Grant, worth £10.4 million. All figures relate to 1998/99.

⁹ Inter-Departmental Review of Funding for Supported Accommodation, *Supporting People: A new policy and funding framework for support services*, 17 December 1998, p7, para 9, DEP 1998/1489

¹⁰ As above, pp19–20, appendix 1, para 11

¹¹ HC Deb 31 March 1999 c830

Prior to the introduction of Supporting People, the interim Housing Benefit scheme continued until April 2000, when it was replaced by a time-limited transitional Housing Benefit scheme.

1.4 Aims of the Supporting People programme

The intended outcomes for the Supporting People programme were set out by the Labour Government:

What will Supporting People achieve?

Housing related support services make an immense and very cost-effective contribution to improving the quality of lives of vulnerable people, and to the development of community wellbeing. Helping older people to remain living independently at home can prevent them from having to move to much more expensive and unsatisfactory institutional care, and often help them move back home after a period in hospital. Sheltered housing, a key element of *Supporting People*, provides a stable home for life with readily available support and reassurance for older people who choose this tenure. Home Improvement Agencies, also part of *Supporting People*, can help older people to make changes to their homes which allow them to stay there.

Young homeless people, often with mental health or substance misuse problems, can find it very hard to hold down a tenancy or stay in one place long enough to get training, counselling, and other assistance in stabilising their lives. *Supporting People* provides the means of enabling them to settle in a new home, and learn basic life skills that other people take for granted like how to pay rent, shop for food, organise going to regular training and so on. This stable housing enables them to take the necessary steps forward towards independence and stability.

People with learning difficulties or mental health problems can often find themselves living in institutional care such as hospitals, which are not only unsuited to their needs but are also an expensive form of housing provision. Their quality of life can be immeasurably enhanced by being enabled to live in the community, perhaps in a shared house or other supported accommodation, and sometimes eventually in independent housing with support. Again, *Supporting People* services enable such individuals to gain the life skills and provide the basic support which can sustain them in the community, and promote their growth and development and be a part of the local community rather than confined to an institution. They also provide them with the necessary support to enable them to take part in programmes of education and employment training.

There are a range of other groups who are equally important to the programme, and whose quality of life is directly improved by *Supporting People* services, including women affected by domestic violence, people leaving prison, substance misusers, teenage parents, people with physical disabilities such as deafness who may need support to move from institutional care, and others. Support for these groups is linked to other programmes being developed.

[...]

The aim of the [*Supporting People*] programme is to enable people to remain in a more independent living situation, avoiding institutional care such as hospitals or, at the

extreme, prison or a life on the streets. Equally it aims to help people in such institutional care to move to a more independent and stable home in the community.¹²

1.5 The enabling legislation

Provision was included in the *Local Government Act 2000* to create the Supporting People programme. Section 93 of the Act, as amended by the *Adoption and Children Act 2002*, enabled the Secretary of State to pay grants to local authorities in England. In effect, this section allowed the creation of the ‘single budget’ underlying the Supporting People programme.

Under section 93, grants could be paid contributing to the provision of welfare services, or in connection with welfare services, as well as for their direct provision. Subsection 6A explicitly recognised that the Treasury must approve the proposed terms and the conditions of any grant made under section 93 of the *Local Government Act 2000*, in addition to its amount and the manner of payment, before the grant was made.¹³

Grants made under section 93 were subject to terms and conditions set by the Secretary of State, and a local authority “must comply with any directions for the time being given by the Secretary of State ... with respect to the administration and application of grants under this section which are paid to them”.

Correspondingly, section 96 of the 2000 Act enabled entitlement to Housing Benefit in respect of certain support services to be withdrawn, thereby ending the system described in section 1.2 of this note: “payments in respect of services which provide support, assistance, advice or counselling to individuals with particular needs are not ‘payments in respect of a dwelling’ for the purposes of calculating the amount of HB.”

1.6 Further information on the background to the launch

The Library Standard Note, *Supporting People* (SN 1279) provides further information on the development of the Supporting People policy and the transitional Housing Benefit arrangements that were implemented prior to the launch of Supporting People.

¹² Department for Environment, Transport and the Regions, *Supporting People – Policy into Practice*, January 2001, pp13–14

¹³ *Adoption and Children Act 2002, explanatory notes*, para 333

2 Funding of the Supporting People programme at launch

2.1 Launch of the Supporting People programme

As noted above, under the Supporting People programme seven funding streams were amalgamated into a single, ring fenced, grant. The then Parliamentary Under-Secretary of State in the Office of the Deputy Prime Minister (ODPM), Tony McNulty, told the House:

The Supporting People Programme aims to improve the quality of life of vulnerable people by supporting them to live independently in the community. It begins on 1 April [2003]. I am pleased to tell the House today that total provisional annual amounts of Supporting People Grant for England, based on estimates submitted by Authorities on 13, 16, and 17 December and other relevant information, for 2003–4, is [£]1.4 billion. I shall be writing further to Local Authorities to set out in detail their guidance.

The programme is now providing supported housing in the form of at least five hundred and thirty thousand household units for older people, mainly in sheltered services, forty five thousand household units for people with learning difficulties or mental health problems, four thousand household units to support the rehabilitation of ex-offenders, three thousand household units for women fleeing domestic violence and seventy five thousand household units for people who were homeless or from other vulnerable client groups, as well as a considerable and growing amount of non-accommodation based "floating" support (including community alarms and Home Improvement Agency (HIA) service) (around 410 thousand households in all). This is a major investment in some of the most vulnerable and disadvantaged members of society, with the clear objective of helping them to become, or remain, full participants in their local communities. The programme's aim is to prevent crises such as hospitalisation, institutional care or homelessness, by providing early support when it is most effective.

For the last three years the Government has been working with local authorities, providers, and other partners to prepare for this programme. Our overriding priority has been to make sure that people receiving services see no interruption to their services on 1 April. Equally those people receiving transitional housing benefit at the point of transfer must see their services continued during the transitional period on the same basis and cost to themselves as before. This has been done by work to accurately capture the current cost and nature of services in order to transfer these to new interim contracts on 1 April

The new Supporting People programme will be delivered under the Local Government Act 2000 section 93. The Office of the Deputy Prime Minister will therefore administer the programme under the normal arrangement of a cash limited budget using, in the future, an allocation formula on which there has been recent consultation.

Initial grant allocations are for six months since there remains work to be done to ensure that the estimates provided in December are accurate and fully evidenced. Final, fully verified, figures as at 31 March are required from local authorities by 30 September to confirm grant amounts. At that point any over or underestimates will be adjusted for.

We are also conscious that there are services in the pipeline, which are currently incurring capital spend, and which will require revenue finding once the buildings are completed. We have therefore made a provisional allocation for some of these, subject to confirmation of progress. We have made an allowance for expected savings due to declining obligations in respect of transitionally protected clients and the impact of early reviews. We are aware that authorities are entering into interim contracts in order to manage the process of transition, and are about to conduct reviews with a view to longer-term contracts. We will ensure that the allocations meet the validated

contractual commitments authorities are obliged to put in place to meet their legal requirements and to manage the Supporting People programme on a stable basis up to Spending Review 2004 (covers 2005–6 onwards). We intend, by 1 April at the latest, to publish both further guidance on this and ground rules on how authorities can commit to longer term contracts, and how this fits with the Spending Review timetable at a national level. At this point, however, in the absence of the detailed figures from the final reconciliation, it would be inappropriate to set out definite figures for years two and three. Grant conditions are also for six months, allowing us to monitor progress of the new programme and make any small adjustment in year should these be necessary to allow the proper management of the programme.

It is now time for local authorities, providers, and their partners in health and probation to take ownership of this programme. Every service must undergo a review during the first three years of the programme. This review is aimed at improving the quality of service, assessing its strategic relevance, and challenging its value for money.

The review process at the local level must be rigorous and disciplined to ensure that the services purchased through Supporting People are necessary, give good value for money, and are on a stable and appropriate contractual basis. Local authorities who do not carry out proper reviews or who provide insubstantial evidence of the benefits and strategic relevance of services cannot expect to receive continued levels of funding in future. We will also be looking carefully at the impact of the draft allocations formula, about which we are consulting at present.

This programme offers an exciting new opportunity to local authorities and their partners to develop local partnerships to meet effectively the needs of their local people, using innovative new models of preventive services. We look forward to the development and sharing of positive practice in achieving the targets of social inclusion of vulnerable groups in their local communities.¹⁴

2.2 The increased initial cost of the Supporting People programme

At its launch on 1 April 2003, £1.4 billion was assigned to the Supporting People fund for 2003/04. Even allowing for inflation, this was considerably higher than the £350 million to £750 million estimate of the combined budgets that were being rolled into the Supporting People programme made at the time of the December 1998 report (see section 1.3 above).

The figure of £1.4 billion was known as the “golden cut”; the then Housing Minister, Keith Hill, explained that the “final allocations for 2003–04 ... [would] be announced in the autumn [of 2003] following the final reconciliation of Supporting People costs with the previous funding sources”.¹⁵

The final cost, or “platinum cut”, announced in October 2003, turned out to be £1.8 billion. The then Parliamentary Under-Secretary of State in the ODPM, Yvette Cooper, told the House:

The Government have today announced a grant allocation of £1.8 billion for the first year of the programme. Officials will be writing to local authorities individually to confirm allocations for 2003–04.

The Government have also set up an independent review to gauge the true picture of how the funding is being utilised. The review will report by Christmas and will inform local authority budget allocation decisions for the next financial year. This review is in

¹⁴ HC Deb 24 February 2003 cc2WS–3WS

¹⁵ HC Deb 19 June 2003 c16WS

the context of the growth of the transitional housing benefit element of supporting people, which has increased by £400 million from the original estimates by local authorities, which were announced in February.¹⁶

A reason given for the cost increase to £1.8 billion by the Minister compared to the original estimate of £350 million to £750 million was that "in all there are now an estimated 250,000 units of housing support, excluding sheltered and community alarms, compared to fewer than 100,000 estimated in 2000".¹⁷ An associated press release from the ODPM also noted that:

Growth in some areas has been particularly marked:

The teenage pregnancy programme, started in June 1999, now has 2,500 places funded through Supporting People;

In excess of 50,000 homeless and vulnerable people are now being helped through this funding stream;

And progress in the Department of Health's "Valuing People" programme to increase opportunities for independent living for people with learning difficulties is now supported by almost 4,500 units of supported accommodation for this client group.¹⁸

Housing Today added that "privately, the Government suspects that councils have shunted other, ineligible costs, such as expensive projects for people with serious learning disabilities, into Supporting People, which is intended primarily to help those who need support with housing".¹⁹

As noted by Ms Cooper in her written ministerial statement, in October 2003 the Treasury and the then ODPM asked the consultancy RSM Robson Rhodes LLP to "lead an Independent Review to gauge the true picture of how the funding is being utilised".²⁰ The report was sent to Ministers in January 2004 and published the following month.

In terms of the increase in the cost of the programme, the review found that while "it was always expected, and indeed intended, that the single grant for Supporting People ... would lead to growth in service users and service costs ... the extent of the growth was not anticipated or planned for in terms of public sector spending assumptions".²¹

The report found that "there is a consensus that not everything that happened in the transition [to Supporting People] was in line with the intention and proper application of the SP [Supporting People] objectives", with some authorising authorities and providers being "more 'opportunistic' than others in relation to maximising funding" during the transition, and that the Supporting People programme included some schemes which:

- previously existed and are now costing more because of better costing of services and recharging overheads;
- were originally funded by mainstream budgets in Housing, Social Services and, perhaps, Health bodies

¹⁶ HC Deb 16 October 2003 c24WS

¹⁷ HC Deb 16 October 2003 c24WS

¹⁸ Office of the Deputy Prime Minister, £1.8 billion for supporting vulnerable people, press notice, 16 October 2003

¹⁹ "ODPM probes Supporting People as it gives extra £400 million", *Housing Today*, 24 October 2003

²⁰ RSM Robson Rhodes, *Review of the Supporting People Programme*, 12 January 2004, Foreword

²¹ As above, 12 January 2004, p5

- have been recently developed because of the funding opportunity afforded by [the transition]
- include support other than that intended and defined as housing related support.²²

In its July 2004 report, the ODPM: Housing, Planning, Local Government and the Regions Select Committee considered the Supporting People programme, in the light of the RSM Robson Rhodes review. On the increase in funding from the 1998 estimate to the “platinum cut” for 2003/04, the Committee said that it had found “there was general consensus [among witnesses to the Committee] that the amount of funding the Supporting People Programme required was going to increase well beyond that estimated in 1998 particularly as local authorities realised that there was an apparently bottomless pot on which to draw for a range of desirable programmes”.²³

The then Government published a response to the Committee’s report in October 2004, but the issue of the increased cost of the programme was not covered because the Committee’s report did not include a conclusion or recommendation on this subject.²⁴

The matter of the increase in the cost of the Supporting People programme, from the initial estimate to the platinum cut, was also raised by the Audit Commission in its October 2005 report on the Supporting People programme. In the appendix entitled “Why was the programme cost in March 2003 much higher than predicted”, the Commission explained:

160. Between 1999 and 2003 a number of attempts were made to estimate the total amount of money (subsequently referred to as the national ‘pot’) that was being used to fund housing-related support. This was complex, partly because there was no separate identification available in statistics on rent and service charges, and partly because providers did not always know which of their costs should be counted as rent, care, or housing-related support.
- 161 There are no reliable estimates of what was being spent on housing-related support prior to the introduction of transitional housing benefit, and no reliable estimates of transitional housing benefit prior to March 2003. The merged national pot was estimated at £1.4 billion in December 2002, already well above earlier estimates. However, research for the ODPM [by Matrix Consulting, 2004] (Ref. 4) showed that earlier cost estimates were known to be considerable underestimates, and many involved in the programme knew that services to meet new demands were being rapidly developed while transitional housing benefit was available. In such circumstances the final £1.8 billion cost of transitional housing benefit should not have been a particular surprise.
- 162 Four interlinked reasons were identified for the cost increases:
- Much of the increase was new provision developed to meet the needs of new policies: for example, homelessness prevention and support, teenage pregnancy/children looked after strategies and the implementation of Valuing People.

²² As above, p8

²³ ODPM: Housing, Planning, Local Government and the Region Committee, *Supporting Vulnerable and Older People: The Supporting People Programme*, 2003–04 HC504, 27 July 2004, p11, para 23

²⁴ ODPM, *Government response to the ODPM: Housing, Planning, Local Government and the Region Committee’s Report on Supporting Vulnerable*, Cm 6348, October 2004

- The Department of Social Security and, subsequently, the Department for Work and Pensions did not seek to control transitional housing benefit increases, which they considered a locally determined and demand led benefit. The budget transferred to the ODPM in 2003.

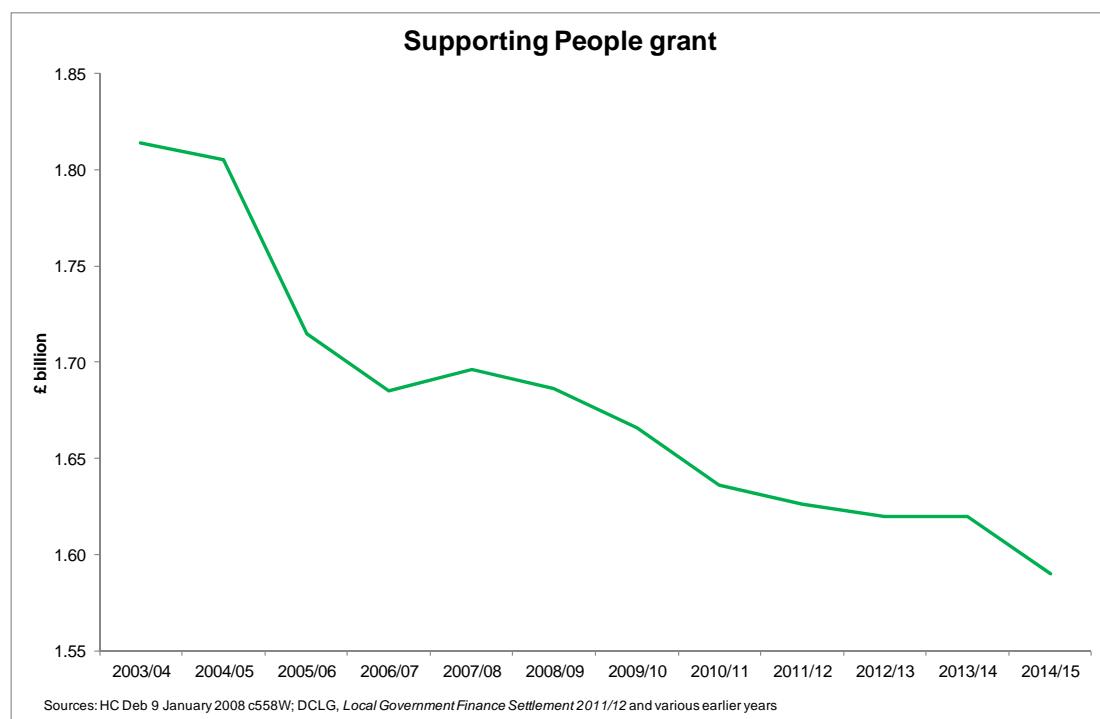
(This combination of demand without control was described in the [RSM Robson Rhodes] independent report (Ref. 1) as 'unfunded policies chasing uncapped budgets'.)

- Housing associations were encouraged to look harder at their internal cost allocations. The result was a significant increase in support costs compared to service charges and rents. This may have been because of more correct budget divisions, or increases in staff and quality of service; but it meant that the average unit cost of services that transferred over to the Supporting People budget was higher than would have been expected from the budgets for those same services in 1989.
- Finally, there was some shifting of previous health, income support, social care and housing management costs into Supporting People, also identified in the [RSM Robson Rhodes] independent report (Ref. 1):
 - Some of this was justifiable within the rule of transitional housing benefit. For example, where landlords had previously funded tenancy support workers for vulnerable tenants, transitional housing benefit sometimes picked up the costs without rents having to be reduced, leading to windfalls to landlord accounts.
 - Some was associated with changes of provision type, as some home providers cancelled their registration and claimed, not always with justification, to be delivering independent living with housing-related support rather than residential home care.
 - In some cases, local authority housing benefit staff did not closely scrutinise or challenge provider claims. In others, social services staff were asked to comment on the appropriateness of provision before claims were agreed, but there was no concurrent scrutiny on eligibility, so that some care costs were transferred to transitional housing benefits.²⁵

²⁵ Audit Commission, *Supporting People*, October 2005, pp61–62

3 Funding after the launch

The chart below illustrates that, in nominal terms, the size of the Supporting People grant has decreased almost every year since its launch in 2003. The [Local Government Finance Settlement 2011/12](#) set out the proposed grant over the period 2011/12 to 2014/15.



3.1 Funding under the Labour Government, and the quest for efficiencies

The RSM Robson Rhodes report of 2004 found that “the regional allocation per head of population shows a wide variation across authorities within the regions [of England]. At face value this analysis supports Minister’s concerns about the uneven distribution of the grant. However, at the median level the distribution looks more even for most regions”.²⁶ The report also found a “wide range” of unit costs across administering authorities within regions, in the provision of services for older people, people with learning disabilities, people with mental health problems and homeless people.²⁷

The report found that “£1.8 billion is too much to pay for the legacy provision … The fact that £1.8 billion is too high a price for the legacy provision is a major concern for the SP Programme”, and advocated the use of proper market rates and efficiency savings, and “advise[d] against distributing the 2004/05 and future allocations in full or on the basis of the 2003/04 outcome”.²⁸

Nevertheless, when the Government announced the publication of the review in February 2004, it also stated that the 2004/05 Supporting People allocation would be £1.8 billion. However, the ODPM announced that local authorities would be expected to make efficiency savings of “up to 2.5 per cent” in 2004/05 in the light of the review, and that the Audit Commission would undertake inspections in a series of local authorities with high unit costs to inform future allocations.²⁹

²⁶ RSM Robson Rhodes, *Review of the Supporting People Programme*, 12 January 2004, p11

²⁷ As above, pp14–15

²⁸ As above, p17 and p21

²⁹ ODPM, *Government announces £1.8bn Supporting People allocation*, press notice, 12 February 2004

On 31 August 2004, in announcing the outcome of the 2004 Spending Review for the Supporting People programme, the ODPM said that “a programme of work, including a series of Audit Commission inspections on behalf of the Government, found that there is considerable scope for local authorities to make savings in the Supporting People scheme, in order to improve value for money and reach unmet demand”.³⁰

The Audit Commission published its report, *Supporting People*, in October 2005 and, reviewing its published inspection scores from December 2003 to September 2005, found that “improvements are not evident everywhere. While inspectors have found that the prospects for further improvement are promising or better in a majority of authorities inspected, there is a significant minority of authorities whose current performance is no more than fair and who have not convinced inspectors that they will improve”.³¹ The report concluded that:

In many areas, the current programme has improved value for money and delivered improved local services. The framework allows the best authorities and their partners to work well together. However, inspection scores show that improvements are not evident in all areas. In too many local areas there is a need to improve but there are still concerns over whether any improvement will occur.³²

The Commission noted that “three years into programme implementation, future funding is still unclear and, in real terms, all authority grants are still being reduced year on year”. The Commission stated its opinion that “the funding focus is on cutting costs rather than on quality or long-term planning”, adding “overall, stakeholders believe that this uncertainty is the biggest barrier to progress”.³³

This focus on cutting costs was, the Commission suggested, because of the £400 million difference between the gold and platinum cuts in the first year of the Supporting People programme:

- 116 Total scheme funding required in April 2003 exceeded final forecasts by £0.4 billion – a 29 per cent increase only four months after final estimations of a total that itself was above Treasury expectations. Government concern to understand this figure, and a view that it could be possible to retrieve the money without major service losses, has dominated all subsequent discussions on the financial future of Supporting People.
- 117 Government concern about this level of funding led to the commissioning of two reports that took an overview of value for money and identified reasons for the unexpected increase in costs. Partly as a result of these reports, there was no inflation uplift in 2004, and the 2004 Comprehensive Spending Review set a reduced budget of £1.72 billion for the current year, and £1.7 billion for the next two years, a further real reduction of 7 per cent. This has meant that cost cutting now dominates the agenda in most areas. Many authorities are risk averse and wary of committing savings to new services when further cuts are possible. Overall projections show that authorities are likely to underspend this year’s grant, with some deliberately building up significant reserves.³⁴

³⁰ ODPM, *Government invests £5 billion to support independent living*, press notice, 31 August 2004

³¹ Audit Commission, *Supporting People*, October 2005, p20, para 55

³² As above, p23, para 61

³³ As above, p43, para 114

³⁴ As above, p44

A lack of certainty about future funding meant that “very few authorities have yet taken the risk of agreeing many long-term (often referred to as steady state) contracts with providers” – long-term contracts could have assisted in the achievement of better value for money.

A month after the Audit Commission’s report was published, the Government published a consultation on a Supporting People strategy. The consultation document acknowledged the Commission’s concerns that “cost cutting now dominates the agenda in most areas”, saying that “recent issues around the level and distribution of funding have diluted the focus on strategic use and development of services”.³⁵

The consultation also sought to address the fact that, over two years since its launch, the Supporting People programme did not a strategy. The Audit Commission said that the absence of a “clear national strategy and vision” for the programme had made “it difficult for administering authorities and local partners to work effectively to deliver local programmes and to determine who should receive the grant, especially when working with individuals who need integrated housing, health and social care support”.³⁶

After publishing its preliminary conclusions from the consultation in July 2006 in its *Next Steps* statement,³⁷ in June 2007 the Department for Communities and Local Government (DCLG) published the strategy. The strategy had four core themes:

- keeping people who need support at the heart of the programme;
- enhancing partnership with the Third Sector;
- delivering in the new Local Government framework; and
- increasing efficiency and reducing bureaucracy.³⁸

In its 2009 report, the Audit Commission noted that “many of the recommendations made by the Audit Commission in 2005 were addressed in the [D]CLG strategy for Supporting People”. The Commission observed that while the level of Supporting People funding had decreased by £406 million in real-terms between 2005/06 and 2008/09, “value for money has continued to improve since 2005 through better commissioning and procurement of services. Robust analyses of costs and the quality of existing services have secured efficiencies”. In addition, “some grant was moved out of ineligible services locally the reduction in funding directed to eligible local services was not so great”.

The Commission identified six factors which had helped achieve better value-for-money, one of which was the fact that Supporting People funding to local authorities was ring fenced (see section 4 for further information on the ring fence):

Ring fencing of the Supporting People grant enabled the programme to ‘punch above its weight’ and deliver significant outcomes. The ring fence made it easy to use savings to pilot new services and approaches, particularly for groups at risk of social exclusion.

³⁵ ODPM, *Creating sustainable communities: supporting independence. Consultation on a strategy for the Supporting People Programme*, November 2005, p9, para 6

³⁶ Audit Commission, *Supporting People*, October 2005, p3, para 8

³⁷ Department for Communities and Local Government, *Supporting Independence: Next Steps in our Supporting People Strategy*, July 2006.

³⁸ Department for Communities and Local Government, *Independence and Opportunity – Our Strategy for Supporting People*, June 2007, p35 [available on the Lewisham Council website]

It gave those involved an incentive to identify savings, because they knew these could be reinvested.³⁹

3.2 Spending Review 2010 funding announcement

In the 2010 Spending Review, the Government announced that “funding for services that support the most vulnerable in society will be relatively protected, with ... over £6 billion [cumulative] funding for the Supporting People programme over the Spending Review period”.⁴⁰

The Government noted that “Supporting People national funding levels will change from £1,636m in 2010/11 to £1,590m in 2014/15”, although the DCLG argued that this represented “significantly smaller change than other areas of Departmental spending, in percentage terms, and attempts to minimise the impact of spending changes on services for vulnerable people”.⁴¹

Further information was provided in an *Equality Impact Assessment* on funding for the Supporting People programme, issued at the time of the Spending Review:

Tackling Britain’s record deficit is the Coalition Government’s top priority - the consequences of not acting could be serious. The scale of the deficit has required tough choices to be made about how taxpayers’ money is allocated.

[...]

In order to tackle the budget deficit all Government departments are being required to work within a very tight fiscal settlement. Within this context, DCLG has sought to protect, as far as possible, funding for programmes which directly support vulnerable groups. The small change in funding is significantly less than changes to other areas of Departmental spending, and attempts to minimise the impact of changes in spending on services for vulnerable people. We also expect that some of this funding change may be met through efficiency savings, as councils and providers strive to achieve greater value for money in providing support services.⁴²

Noting that the removal of the ring fence would mean that “councils will have greater freedom to prioritise and allocate budgets to support public services in ways which meet the needs of local people and communities”, the DCLG appeared optimistic that the impact of the cut in funding might be minimal: “the increased freedoms and flexibilities being given to councils as part of the Spending Review mean that a change in funding will not necessarily result in less money being spent on these services”.⁴³ Further details were provided:

There are two main potential scenarios of how spending changes will play out at a local level, where actual Supporting People spending decisions will be determined:

- (i) Councils identify efficiency savings within Supporting People services allowing them to continue to provide the same level of services but with less money. Efficiency savings should not impact unfairly on any client groups supported.
- (ii) Beyond efficiency savings, spending changes can only be met through decommissioning, pooling in other resources, re-modelling or scaling back on the

³⁹ Audit Commission, *Supporting People Programme 2005–2009*, July 2009, p23, paras 75 and 76

⁴⁰ HM Treasury, *Spending Review 2010*, Cm 7942, October 2010, p48, para 2.32

⁴¹ Department for Communities and Local Government, *Spending Review 2010: Equality Impact Assessment – Funding for the Supporting People Programme*, December 2010, pp5 and 7

⁴² As above, December 2010, p1

⁴³ As above, p1

provision of front-line support services. This would impact on vulnerable people; specific client groups could lose services depending on the decisions of commissioning councils.

However, in reality there are multiple scenarios for how changes in spending could translate to a local level and we cannot predict the individual commissioning decisions of councils. For example, as part of the Spending Review, councils will have greater freedom and flexibility to make local spending decisions according to local priorities – some councils may decide to spend more funding on Supporting People services.⁴⁴

The DCLG highlighted that, ultimately, responsibility would fall to local authorities:

The composition of the client group means that changes in the Supporting People budget which result in changes in frontline support services will impact on a variety of vulnerable people. The exact impact will be determined by the commissioning decisions of each council, which will have a number of options to mitigate the impact at their disposal.⁴⁵

While the aggregate level of funding for the Supporting People programme would decline relatively slightly, research undertaken by *Inside Housing* highlighted some significant changes in the allocations provided to local authorities. Based on a comparison of Supporting People contributions to Formula Grant in 2011/12 compared to 2010/11, the authorities experiencing the largest grant reductions included the London Borough of Camden (down 60%), West Berkshire and City of York (both down 48%) and Rochdale (down 45%). On the other hand, the London Borough of Bexley saw an increase of 93%, while Stoke-on-Trent's increased by 80%, Blackpool increased by 78% and the London Borough of Havering's rose 77%. In total, 63 local authorities would see their share of Supporting People funding fall, while 83 local authorities would receive additional funding.⁴⁶

⁴⁴ As above, p5

⁴⁵ As above, p4

⁴⁶ "Revealed: the scale of Supporting People cuts", *Inside Housing*, 28 January 2011

4 The impact of removing the ring fence

4.1 Background

On its launch in 2003, funding for the Supporting People programme was ring fenced – this meant that local authorities had to spend the grant they received from central government on Supporting People initiatives related to housing-related support. However, top-rated (“excellent”) local authorities were given the flexibility to spend the grant on wider welfare services, such as social care. In 2008, 42% of councils were given the ‘Excellent’ rating under Comprehensive Performance Assessment.⁴⁷

4.2 Announcement to remove the ring fence

In November 2008, the then Parliamentary Under-Secretary of State for Communities and Local Government, Sadiq Khan, told the House that the ring fence would be removed from April 2009, and that from April 2010 the Supporting People grant would be merged into the Area Based Grant, where it would appear as an itemised grant. Mr Khan noted that “this is the largest single grant to authorities to help millions of people live independently in their homes and this means that authorities will have the flexibility to spend this money as they see fit to help some of the most vulnerable people in their communities”.⁴⁸

In reaching his decision, Mr Khan referred to the pilot schemes that the DCLG had run in 2008/09, in which 15 “Pathfinder” authorising authorities did not have a ring fence for their Supporting People grant.

The results of the pilot were that “the removal of the ring fence was seen very positively by many service providers and by almost all the respondents working within the Pathfinder authorities. Respondents did not argue in favour of retaining the existing funding arrangements, instead they saw opportunities to enhance services through greater freedom of expenditure”.⁴⁹

The DCLG noted some concerns of those who took part in the pilot:

- Most of the concerns about the removal of the ring fence centred on the risk of funding loss, a predictable conclusion, but one which appeared to be causing widespread worry. There were anxieties that funding would be redirected and that services for some client groups would lose a disproportionate amount of funding.
- The other concerns that were widely reported centred on the risk of a loss of the imperative, focus and direction for Supporting People. In particular there was a concern that the programme would be absorbed and then ‘dissolved’ within wider strategic planning and commissioning structures. These concerns were more often reported by respondents working for local authorities and Commissioning Bodies than by service providers.⁵⁰

Further to the point raised in the pilot exercise that “some client groups would lose a disproportionate amount of funding”, it was noted that:

⁴⁷ Communities and Local Government Committee, *The Supporting People Programme*, 2008–09, HC649, 3 November 2009, p69, footnote 241

⁴⁸ HC Deb 26 November 2008 c90WS

⁴⁹ Department for Communities and Local Government, *Changing Supporting People funding in England: Results from a pilot exercise – Summary*, November 2008, p4

⁵⁰ Department for Communities and Local Government, *Changing Supporting People funding in England: Results from a pilot exercise – Summary*, November 2008, p4

Among respondents working for local authorities and Commissioning Bodies, there was a quite widespread concern that funding for services for ‘socially excluded’ client groups might be threatened when ring fencing was removed. These groups included homeless people, adult offenders, people with mental health problems and people with substance misuse problems. Services for groups like travellers were also thought to be at risk of being adversely affected.⁵¹

4.3 Assessment of the impact of removing the ring fence

The Communities and Local Government Select Committee in its 2009 report on Supporting People also noted the “risk of funding being diverted from ‘electorally unpopular’ groups and those not eligible for statutory services being the most commonly cited [by witnesses]”.⁵² The Committee said:

We conclude that pressure on local authority budgets is a potential threat to the future of some existing Supporting People services and to the likelihood of currently unmet need being addressed in future. The question is how best to address that threat, recognising that it applies equally to other local authority services, and that local people should in principle be in the best position to determine how best to allocate resources.⁵³

The Labour Government, in its response, said “we acknowledge that pressure on local authority budgets is a potential threat to the future of some existing Supporting People services and to the likelihood of currently unmet need being addressed in future”. The response then parroted the Committee’s recommendation, stating “the question is how best to address that threat, particularly in the current economic climate, recognising that it applies equally to other local authority services, and that local authorities working with their partners are well positioned to determine how best to allocate resources” but without offering an answer.⁵⁴

In addition to these points, the Committee noted that the original intention to remove the ring fence was first stated in October 2007,⁵⁵ just as the “credit crisis” and associated economic downturn was beginning, and that, by the time of its report in November 2009, local authorities were facing a markedly different funding landscape as the UK economy experienced recession:

The [Audit] Commission, along with a great many other witnesses, also suggests that:

The decision to remove the ringfence was taken in a different regulatory and economic climate. The recession brings further pressures and heightens risk. It is likely that more individuals may become vulnerable and need support because of the pressures of economic recession. There may be an increase in depression and other mental health problems, and more individuals may turn to alcohol or drugs and experience the threat of losing their home. Academic research has shown that compulsory redundancies are linked to increases in domestic violence.

⁵¹ Department for Communities and Local Government, *Changing Supporting People funding in England: Results from a pilot exercise – Summary*, November 2008, p7

⁵² Communities and Local Government Committee, *The Supporting People Programme*, 2008–09, HC649, 3 November 2009, p71, para 200

⁵³ Communities and Local Government Committee, *The Supporting People Programme*, 2008–09, HC649, 3 November 2009, p72, para 203

⁵⁴ Department for Communities and Local Government Committee, *Government Response to the House of Commons Communities and Local Government Select Committee Report into the Supporting People Programme*, Cm 7790, January 2010, p20, para 64

⁵⁵ Communities and Local Government Committee, *The Supporting People Programme*, 2008–09, HC649, 3 November 2009, p69, para 190

The suggestion of increased demand is borne out by the experience of some provider organisations, as, for example, Southdown Housing Association:

We have seen significant increase in demand in the last four to six months in our homelessness schemes as people default on their mortgages or tenancy agreements (we are seeing people who in the past would not have been our traditional client group).⁵⁶

It was also noted that “some respondents had the view that not enough time had elapsed for the impacts of ring fence removal to be fully assessed”, and the Communities and Local Government Committee commented:

Notwithstanding the arguments for and against a ring fence, most witnesses agreed on one point: that the pilot exercise in lifting the ring fence had been too short and that it was impossible to truly predict so early on what the impact would be. When we put this to the Minister [Ian Austin MP, Parliamentary Under-Secretary of State at DCLG], we were reminded that “in addition to the pilots local authorities already had greater freedoms and flexibilities because of their [Comprehensive Performance Assessment] star ratings and could have been moving money out of Supporting People programmes into other areas. That they have not done that indicates that the fears or concerns expressed will not be shown to be true.” However, an ‘Excellent’ authority’s performance would usually be of less concern than one not so rated. It is the prospect of less well-performing authorities being given additional freedoms which has given rise to some apprehension.⁵⁷

The Committee said that it was “concerned that additional freedoms in the spending of Supporting People funds could be misused in local authorities where Supporting People is misunderstood or not seen as a mainstream part of service delivery”.⁵⁸

In its conclusion, the Committee, on balance, agreed with the decision to remove the ring fence, subject to certain safeguards:

211. With the lifting of the ring fence, we are concerned that many ‘protections’ of Supporting People are being lost simultaneously in particularly challenging economic circumstances. Nonetheless, we are supportive of the Government’s overall policy of reducing ring-fenced funding, and consider that there is much to be gained from the greater flexibility which it offers. We do not, therefore, recommend the reimposition of the ring fence on Supporting People funding.

212. We conclude that fears about the loss of funding to Supporting People services can best be countered by ensuring that it is clear to all concerned how much money has been allocated to a council for those services; and how much the council has actually spent on them. We therefore recommend continued transparency in the allocation of Supporting People funding in the Area-Based Grant. Local authorities should not be required to spend funds allocated on the basis of assessed need for housing-related support on those services if they consider that it would be better spent elsewhere. They should, however, be required to justify, and account for, any decision to do so. This local accountability, combined with the retention and enhancement of the other protections which we have recommended, should ensure that the Supporting

⁵⁶ Communities and Local Government Committee, *The Supporting People Programme*, 2008–09, HC649, 3 November 2009, p70, para 193

⁵⁷ As above, p69, para 194

⁵⁸ As above, p72, para 205

People programme continues to deliver vital services to some of the most vulnerable in our society.⁵⁹

In response, the Government said that it “welcomes the committee’s endorsement for the lifting of the ring-fence for the Supporting People programme”, and added:

62. We support the recommendation for transparency in the allocation of the Supporting People funding within the area-based grant and will continue to provide local authorities with details of the Supporting People allocation when Supporting People is placed within the area-based grant.

63. The removal of the ring-fence and the incorporation of the Supporting People funding into area-based grant means Communities and Local Government no longer imposes separate reporting requirements on local authorities in respect of different funding streams. Communities and Local Government will, however, continue to monitor the provision of housing related support services through the national indicator set and through the Supporting People local systems data which local authorities provide on a quarterly basis.⁶⁰

4.4 Allocation of Supporting People funding after the ring fence was removed

Having previously been ring fenced, and itemised as a distinct grant paid to local authorities, after the ring fence was removed in April 2009 the following changes occurred:

- for the first year, it continued to be identified as “Supporting People” funding in a separate line in the overall grant allocations to single tier and County Councils, although the removal of the ring fence meant that the grant had the same financial flexibility as the Area Based Grant;⁶¹
- from April 2010, the Supporting People allocation was included within the Area Based Grant as an identifiable funding stream;⁶²
- from April 2011, the Supporting People allocation was subsumed in the Formula Grant paid to local authorities – as Formula Grant was a single grant not divided by any service in any way, there was no specific budget line for Supporting People services.

⁵⁹ As above, p75, paras 211–212

⁶⁰ Department for Communities and Local Government Committee, *Government Response to the House of Commons Communities and Local Government Select Committee Report into the Supporting People Programme*, Cm 7790, January 2010, p20

⁶¹ Department for Communities and Local Government, *Flexibility to deliver for vulnerable people*, press release, 26 November 2008

⁶² Audit Commission, *Supporting People Programme 2005–2009*, July 2009, p3, para 2

5 Reductions in Supporting People spending

Because Supporting People grant was subsumed into Formula Grant from April 2011, local authorities were, if they wished, able to spend Supporting People grant on other services; this came at a time when funding to local authority budgets from central government was being reduced as part as wider fiscal cuts.

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”.⁶³

Homeless Link wrote to the Prime Minister setting out its concerns about local authority cuts in Supporting People funding on 1 February 2011. The Chief Executive of Homeless Link, Jenny Edwards, wrote:

I wanted to alert you to a real danger taking place at local level at the moment, which is putting at risk as much as 20% of the voluntary sector's provision for vulnerable homeless people. It is becoming clearer by the day that the previous administration's decision to remove the ring fence from Supporting People funds, despite representations from the voluntary sector, was a very serious mistake, particularly when it was inevitable that local government budgets would be under pressure.

Supporting People has been the largest single source of public funding for the voluntary sector working in England. In particular, it has been a driver for extended and improved services for single homeless people, who often have severe and multiple disadvantages; but do not fall within the statutory duties of local government. The largest part of Supporting People funding has funded voluntary sector services through local authority commissioning.

[...]

However, the decisions many local councils are taking at the moment risk being devastating for these services. Homeless Link has a membership of almost 500 charities. Since the local government settlement we have been monitoring the expected impact for hundreds of services provided by our members for homeless people. Our monitoring currently shows an anticipated average loss of 30% of funds and 20% of beds from April. In some parts of the country this looks set to rise to 30% or 40% or more. Unlike most other service areas, this impact does not come after a period of growth, but follows commissioning pressures which have already pushed down income in cash terms over several years.

So much has been achieved in tackling homelessness, in particular in the “sharp end” homelessness of rough sleeping or people at risk of this. England is seen as being at the forefront on this issue internationally. We are desperately concerned at the risk that so much progress is in jeopardy within a few weeks.⁶⁴

Research published by Homelessness Link in June 2011 identified a reduction in available hostel spaces and other accommodation projects aimed at rough sleepers. Around 21% of councils were believed to have cut their Supporting People budgets disproportionately.⁶⁵

⁶³ “Cash-strapped councils slash SP budgets”, *Inside Housing*, 3 December 2010

⁶⁴ Homeless Link, *Letter to the Prime Minister – Cuts to Voluntary Sector Homelessness Services and Supporting People*, 1 February 2011

⁶⁵ <http://www.homeless.org.uk/news/cuts-making-it-harder-homeless-people-get-help>

On publication of the autumn 2011 rough sleeper figures, which showed the number of rough sleepers in England had risen by a fifth from the year before, charities said that the numbers represented "the tip of the iceberg" and predicted "the worst is yet to come".⁶⁶

A March 2012 report by *Inside Housing*, based on Freedom of Information (FOI) submissions to 152 councils, found that of the 150 that responded:

More than 46,000 of England's most vulnerable people have had vital care services scrapped or scaled back after council budget cuts forced the termination of hundreds of support contracts.

Freedom of information requests reveal that councils across England entirely withdrew Supporting People money from 305 services in the 2011/12 financial year, impacting on 6,790 people. SP services that help homeless people, those with mental health problems and drug and alcohol addiction are among those hit.

The FOI requests to 152 councils, obtained from a source that did not wish to be named, show 685 services have had SP funding reduced, affecting a further 39,621 people.

The SP programme provides housing-related support for more than 1 million vulnerable people.

[...]

Domini Gunn-Peim, director of public health and vulnerable communities at the Chartered Institute of Housing, said: 'The figures are the first indication the cuts are having a direct impact on services.'

The government slashed the unring-fenced annual £1.6 billion SP programme by 3 per cent over four years in October 2010's comprehensive spending review.

The FOI data shows councils made much greater cuts to their SP budgets - on average 10.3 per cent in the first year.

But some local authorities made much harsher cuts, including a 44 per cent cut at Cornwall Council, 42 per cent at Hull Council and 39 per cent at Peterborough Council.

In contrast, some authorities, including Derbyshire, Bexley, Milton Keynes and Norfolk, have protected their budgets entirely.

[...]

Of the 150 councils which responded to the survey, 79 (53 per cent) were decommissioning services in the first year of cuts ... Homelessness services were hit hardest by the council cuts with 47 authorities opting to decommission some services.⁶⁷

The Government stated that the Supporting People allocation should only be spent on related programmes; as Baroness Hanham, Parliamentary Under Secretary of State at the DCLG told peers: "local authorities have no excuse for cutting the Supporting People grants, which have by and large been preserved in cash terms — the reduction is less than 1 per

⁶⁶ "Number of rough sleepers in England rises by a fifth", *The Guardian*, 24 February 2012

⁶⁷ "Services cut for 46,000 vulnerable people", *Inside Housing*, 23 March 2012

cent. Although that is part of the unring-fenced grant, we still expect to see that amount of money put towards supporting people".⁶⁸

In January 2011, the Housing Minister, Grant Shapps, wrote an open letter to Baroness Eaton, Chairman of the Local Government Association, in which he said that it was "disappointing to see several councils are indicating significant cuts in Supporting People services, particularly for the homeless". Mr Shapps added that it was "difficult to understand why some councils appear to be targeting any disproportionate spending reductions on programmes that support the most vulnerable people in their communities".

While he advocated that Baroness Eaton "encourage and support councils to continue to prioritise these important services going forward", he also supported the continued inclusion of the Supporting People grant in Formula Grant, arguing that the fact that it was not ring-fenced gave local authorities "maximum flexibility".⁶⁹

In March 2012, Mr Shapps wrote to council leaders, and "reminded councils as they set their budgets they should consider evidence showing that every pound spent through ... [Supporting People] saves £3 - in reduced costs in homelessness, tenancy failure, crime, health and residential care packages".⁷⁰

The results of a subsequent survey conducted by Capita and *Inside Housing* magazine, published in July 2012, found that of the 167 individuals who responded, 71% included "reduced service offering" as one of their three biggest worries, while 67% stated "closure of services".

Only 1% of respondents had seen their Supporting People budget increase in the last twelve months, while 87% had seen it fall, with 38% of respondents stating that it had fallen by more than half.

In terms of demand, it was reported that:

Cuts are taking place at a time when demand for SP services is rising. Eighty per cent of survey respondents have seen demand for supporting people services increase in the past 12 months. The majority have seen demand increase by up to 20 per cent. Five per cent have seen far more dramatic rises, with the need for the help they offer rising by 60 per cent.

Most of those who completed our survey put the increased demand down to the worsening economy and changes to the benefit system. 'People are becoming homeless for the same reasons [such as relationship breakdown], but it's just become heightened,' states Alice Evans, head of policy at homelessness organisations' umbrella body, Homeless Link.

A fifth of respondents say their organisation has been unable to meet demand for its services because resources and budgets have been squeezed. And more than 40 per cent are handling the same number of cases, but with fewer staff ... 'We are being placed in professionally compromising and ethically untenable positions,' sums up one individual who answered our questions.⁷¹

⁶⁸ HL Deb 28 March 2011 c946

⁶⁹ Department for Communities and Local Government, *Letter to LGA Chair*, 25 January 2011

⁷⁰ Department for Communities and Local Government, *Grant Shapps: 'Invest to save' and offer support to vulnerable people*, press notice, 20 March 2012

⁷¹ "Staying afloat", *Inside Housing*, 13 July 2012

6 Value for money of the Supporting People programme

A 2006 report by CapGemini for the DCLG considered the financial benefits of the Supporting People programme.⁷² The analysis, it was noted, had:

- produced a model which compares costs of complete support packages, rather than simply analysing the benefits of Supporting People – and which does this by considering both the costs of the support packages themselves and the events which would occur when those packages were in place [...];
- given fuller consideration to the avoided costs related to residential care alternatives; and
- produced a financial modelling spreadsheet which will allow Government to develop the work further as and when new data or insights become available.⁷³

The report found that “the best overall estimate of net financial benefits from the Supporting People Programme is £2.77 billion per annum for the client groups considered (against an overall investment of £1.55 billion)”.

The report noted that every group it considered that received Supporting People funding produced a positive financial return on the investment provided by the programme:

This overall conclusion is based on separate calculations for each of the vulnerable groups considered through this research. In each case, the provision of the Supporting People intervention was estimated to provide a net financial benefit – i.e. the financial benefits of supporting the individual were higher than, and outweighed, the costs of doing so.

[...]

As this research was approached through estimating the impact of withdrawing or replacing the Supporting People intervention, the findings shown above can also be taken to indicate that, for the groups considered, the costs of supporting the individual through SP are lower than the overall costs of either withdrawing or reducing support, or of switching to a more intensive form of support offering a lower degree of independent living.⁷⁴

Some groups demonstrated net financial benefits that were four times the Supporting People investment, including “people with drug problems” (a financial benefit of £96.3 million), “older people – sheltered accommodation and other” (a financial benefit of £1,090 million, and also the largest single financial benefit) and “older people – very sheltered” (a financial benefit of £138.7 million).

An update was commissioned by DCLG, and in 2009 CapGemini reported that the net financial benefits of the Supporting People programme had increased: “the best overall

⁷² The report was published in January 2008, although subsequent references to the report by the DCLG indicate that it was given to the Department in 2006 in order to help inform negotiations surrounding the 2007 Comprehensive Spending Review.

⁷³ Department for Communities and Local Government, *Research into the financial benefits of the Supporting People programme*, January 2008, p8

⁷⁴ As above, pp10–11

estimate of net financial benefits from the Supporting People programme is £3.41bn per annum for the client groups considered (against an overall investment of £1.61bn)⁷⁵.

The 2009 update included a more detailed segregation of recipients of Supporting People grants, and found that of the increased number of identified client groups, “in all but three cases, the provision of the Supporting People intervention was estimated to provide a net financial benefit”. The three areas were “homeless families with support needs – settled accommodation” (£0.5 million net financial cost), “young people leaving care” (£0.7 million net financial cost) and “teenage parents” (£17.3 million net financial cost). The report added:

It must be noted that for the three groups where there is not a net financial benefit, there is nonetheless a strong case for housing-related support. There are long-term unquantified benefits for these three groups (and other socially excluded groups) that include reductions in both need for support and social exclusion. These are particularly significant benefits: they are valuable in themselves to the clients concerned, and may also, in the long term, reduce the size of the client groups and the cost of providing support to them.⁷⁶

In contrast, “older people receiving floating support and other older people” achieved a net financial benefit (£628.0 million) of over six times the cost (£97.3 million), while net financial benefits were around five times the Supporting People funding for “people with alcohol problems” and “people with drug problems”.⁷⁷

⁷⁵ Department for Communities and Local Government, *Research into the financial benefits of the Supporting People programme, 2009*, July 2009, p9

⁷⁶ As above, p11

⁷⁷ As above, p10, table 1.3.1

7 Impact on the commissioning of services

The Supporting People programme introduced a new approach to commissioning:

- commissioning bodies (partnerships of social services and housing authorities, probation boards and PCTs, based on unitary or county council boundaries) decided local needs;
- administering authorities (top level local authorities) implemented those decisions; and
- services were delivered by private, voluntary sector, local authority and housing association providers.⁷⁸

This structure meant there was a much closer link between a provider and those commissioning their services, which the Audit Commission, in its October 2005 report, found had had adverse effects:

Prior to Supporting People, providers made many more of the decisions about the development of housing-related support services. Even where they worked closely with individual authorities they would often receive finance from elsewhere: for example, the local authority might select a provider for a scheme, but the provider would subsequently receive revenue directly from the Housing Corporation or the probation service. For many, Supporting People has reduced their ability to make independent decisions and set development priorities, increased their administrative burden and costs and made medium-term planning more difficult. Approaches to clients and service provision – built up over years of internal discussion and debate – are being challenged, sometimes by individuals with no apparent understanding of a client group's particular needs. In this atmosphere it is not surprising that many providers are unhappy with some of these changes.⁷⁹

The Commission also noted positives arising from the closer relationship, observing that “where there are effective local partnerships” then “providers can now influence strategies”. Other benefits included “joint client assessment may become easier”, increased “effective self-review”, and “quality benchmarking and comparisons”.⁸⁰

The Commission cautioned that “benefits can seem increasingly outweighed by the problems associated with loss of independence, over-bureaucratic review and monitoring arrangements”, and noted the prevailing context of funding cuts.⁸¹

The Communities and Local Government Select Committee’s November 2009 report on Supporting People echoed the concerns first raised by the Audit Commission that “approaches to clients and service provision … are being challenged, sometimes by individuals with no apparent understanding of a client group's particular needs”.⁸²

The Committee found that “much of the evidence submitted to our inquiry expressed a widely-held concern that Supporting People commissioners are focusing too strongly on the cost of services at the expense of quality”.

⁷⁸ Audit Commission, *Supporting People*, October 2005, p6, para 19

⁷⁹ As above, p49, para 132

⁸⁰ As above, p50, para 133

⁸¹ As above, p50, para 134

⁸² Communities and Local Government Committee, *The Supporting People Programme*, 2008–09, HC649, 3 November 2009, p20, para 50

The Committee noted that “there is therefore a risk that some small specialist providers which have an excellent knowledge of clients’ needs and are able to provide high quality services will be pushed out of the market as they do not have the capacity or skills to compete [against large organisations]”, and concluded:

We have already recommended that the Quality Assessment Framework [QAF] remain mandatory in the context of ensuring continued service user involvement. We further recommend the QAF should be retained to ensure quality considerations are always made when commissioning services and to protect against any potential loss of dedicated Supporting People commissioning and procurement teams.⁸³

The Government response stated that it was “not in favour of making the QAF and Outcomes Framework mandatory”, arguing that such an approach “could be seen as a form of ‘ring-fencing’”. On the issue of smaller providers being squeezed out, the DCLG said that while it “recognises the need for the third sector to have continuity of funding. However, it must remain the decision for local authorities to determine the length of contracts based on local needs and priorities and the need to ensure maximum efficiencies across all funding streams”.⁸⁴

⁸³ As above, pp20, 21 and 22, paras 50, 51 and 54

⁸⁴ Department for Communities and Local Government Committee, *Government Response to the House of Commons Communities and Local Government Select Committee Report into the Supporting People Programme*, Cm 7790, January 2010, p10, para 31