

Haringey Housing Related Support (also known as Supporting People)

Value for Money Process and Guidance

1. Purpose of process

Supporting People Administering Authorities are required to assess the value for money and eligibility of every service that is funded by the Supporting People (SP) Programme. A robust and transparent methodology is important for accountability when making Value for Money judgements.

This process codifies the approach of the London Borough of Haringey towards assessing the Value for Money (VFM) of SP services. The main elements of this approach have been outlined elsewhere e.g. within the SP 5-year strategy and within the guidance notes for the completion of the VFM form that comprised part of the service review.

The Authority is committed to developing its approach in this area; in particular we are interested in developing more effective measures for assessing the value of services in relation to the outcomes that they achieve.

2. Aims and Objectives

This process will be used to inform decisions in the following areas:

1. When assessing VFM of existing services receiving SP Grant e.g. when agreeing steady state contracts.
2. Appropriate aspects of the procedure will be used when considering the price of new services.
3. When existing or re-configured services are put out to tender the VFM of the current services will be an important aspect of the decision-making process.
4. Appropriate aspects of the procedure will be used when considering requests for inflationary uplifts for existing services.

The aims of this process are to:

- Provide a consistent and accurate assessment tool for assessing VFM
- Allow for objective, accountable, and transparent VFM
- Consider individual service characteristics when assessing value for money
- Take into account appropriate guidance on assessing value for money and fully consider benchmarking data, particularly from within North London
- Provide guidance for analysing Supporting People budgets

The main objectives of this process are that:

1. The Authority has a clear process that enables it to satisfy itself that services are being procured and provided on a cost-effective basis that represents effective VFM for the Authority (and for the self-payers of SP services within Block Subsidy contracts) whilst allowing the service provider the level of funding required to deliver the specified service to the required quality
2. The Authority has a clear process for reaching this conclusion that is robust, consistent, transparent and proportionate to the level of funding involved

3. The Authority has a clear process for assessing VFM that is led by the needs of service users whilst taking account of local eligibility criteria
4. The Commissioning Body has a clearer understanding of local value for money issues with regard to current and future service provision
5. Service providers will be able to:
 - Challenge and improve current costs, price and service value
 - Gain an understanding of what is required of them and also knowledge of what similar providers delivering services to the same service user group and subject to the same market pressures have achieved.
6. The Authority will be able to work consistently within the emerging proposals on VFM within the North London region.
7. The Authority can identify those services that do not offer good value for money and either work them to help them reconfigure themselves or decommission them
8. There is a clear and transparent basis for the tendering and commissioning of new services

The Authority wishes to avoid an overly mechanistic and prescriptive approach to assessing VFM. In particular, the Authority wishes to pursue an approach to VFM that places the needs of service users at the heart of the process. Thus, whilst the Authority will continue to comply with its own published SP eligibility criteria as well as statutory grant directions, it will seek to achieve funding solutions for services that ensure that service user needs are met. This may require the integration of SP, social care and other funding streams where appropriate with the aim of jointly contracting and monitoring services. Where services are jointly funded the broad approach to VFM outlined in this procedure will apply to *all* the funding for the service, subject to the additional or specific requirements of the other funders.

Furthermore, the Authority recognises that there may be legitimate reasons why costs may exceed benchmarks and/or indicator service levels and there may be legitimate other factors which add value to services: a key component of our approach is that all providers will be given opportunities to present such arguments in the context of discussions on VFM.

3. Assessing Value for Money – components of the process

To reach a final recommendation about the VFM offered by a particular service, the Supporting People team will review all available data and ask themselves the following questions about the service:

1. Is the service eligible for SP grant i.e. is it predominantly delivering a housing-related support service?
2. If the service is jointly funded is there a convincing rationale for the funding split?
3. Is the cost for the service right?
4. Is most of the grant being spent on direct staff-related inputs?
5. Is the intensity of the support being offered appropriate for the needs of the Authority and of the service users?
6. Is the service delivery model appropriate for the service users?
7. Is the service delivering effective outputs and outcomes for its service users and the Authority?
8. Is the service providing the level of quality that is required?

3.1 Eligibility for Supporting People grant

The Authority has published eligibility criteria for Supporting People Grant (SPG) as Appendix 2 to its Guidance on preparing a Bid for Supporting People Funding. These criteria define the nature and type of services that the Authority considers to constitute Housing

Related Support. The criteria also define those services which are clearly ineligible for funding via SPG e.g. personal care or medical services.

The Authority will ask providers to certify what proportion of posts and services that are provided are eligible under the criteria. Where less than 100% of the service and/or funded post is eligible for SPG the provider will be asked to provide evidence for the basis of the split.

Evidence can include the following:

- Time-sheeting exercises
- Job descriptions
- Agreement with other funders

The Authority is obliged to ensure that SPG is spent on eligible activities. However the Authority recognises the necessity for services to be seamless at the point of delivery where possible and appropriate. Furthermore the Authority also recognises the practical problem that precise definition in this area can be complex: in particular it can be difficult to accurately determine the percentage of staff time being allocated to eligible and non-eligible tasks. In considering this question the Authority will consider the evidence that is available and/or is reasonable to expect the provider to produce but in contentious or complex cases, will seek to proceed by negotiation wherever possible.

The published eligibility criteria acknowledge that services which are predominantly housing related support in their nature may also provide other welfare services and that, where such services are “occasional” in nature it may be appropriate for SPG to fund such services. The Authority takes the view that where such welfare services constitute more than 10% of the total service they cannot be defined as “occasional” and therefore cannot be funded through SPG. Such services must be funded from other funding routes. Services where such welfare services constitute less than 10% may be defined as eligible provided that the other criteria are met.

3.2 The price of the Service

The price of the service has three components:

- The cost per hour of support
- The unit price per week
- The total contract value

3.2.1 Cost per hour of support

In order to establish whether or not the price is reasonable the Authority will give considerable weight to the cost per hour of support. This cost is based on all hours spent on eligible tasks, not merely those hours spent on direct work with service users.

The Authority will seek to develop a range of benchmarks for this key indicator. As an interim measure, however, the Authority has considered £25 per hour to be the maximum it is prepared to pay, other than in exceptional circumstances. If a service falls within this maximum, further intensive examination of this parameter has not normally been pursued. However, the Authority has used this maximum for several years without taking account of the effects of inflation and regards this parameter as of limited value of itself. Further intensive investigation of this parameter will not normally be pursued unless the price is well in excess of the previous maximum of £25.

It is acknowledged that some services have very different characteristics and cannot be easily compared to other types of service e.g. Home Improvement Agencies and Community Alarms. Cost per hour of support is not a meaningful measure for services of this type. We will set separate acceptable parameters for those services using available local, regional and national data

3.2.2 Unit price per week

The Authority considers this benchmark to be of limited value on its own as, with the current data available, it focuses on a range of comparators that are not necessarily meaningful. Furthermore, unit prices in published benchmark data mainly describe the historic funding of services as opposed to services which have been subject to rigorous VFM analysis.

However this indicator will be used in two areas:

1. If the service varies from the regional mean by more than £50 and/or 20% this will be taken to indicate that further investigation into costs is required
2. If the service has a unit price per week in the upper quartile for the client group the provider will be required to evidence the added value that is being provided. Typically this would include evidence that the service was working with more complex clients e.g. a mental health service in the upper quartile would be expected to show that it was working with people with complex needs.

3.2.3 Total contract value

The total contract value has an impact on the VFM assessment in three areas:

1. In terms of proportionality there is an argument that it is appropriate to concentrate rigorous assessments of VFM on larger contracts. However this is not to say that smaller contracts will not be scrutinised thoroughly
2. For larger contracts we would normally expect to see lower costs per hour of support
3. For larger contracts we would normally expect to see lower percentage of non-staff costs than in smaller contracts

The rationale for these expectations is that within larger contracts there is more scope to spread fixed costs.

A "large contract" is defined as one with a current annual value of more than £250,000. For contracts of this value we will examine the prices in some detail with a focus on the three areas above.

3.3 Staffing and non-staffing costs

The approach taken by the Authority is that SPG should primarily be used to pay for staffing costs. Assuming that there is clarity on the proportion of staff time that is spent on eligible tasks (see 3.1 above), the Authority needs to determine the proportion of the grant spent on staffing inputs. Staff costs can include all staff that have direct contact with service users. Clarification may be sought to confirm this e.g. job descriptions, service user feedback and/or support plans.

Direct staffing inputs

Direct staffing inputs include the following:

- a. Staff actual salary
- b. Employers NI
- c. Employers pension contribution
- d. Training costs (related to support and skills that will aid support and related work e.g. basic IT skills etc. (not care related))
- e. Locum Costs
- f. Agency costs if different from above
- g. All workers that carry a caseload plus their direct line manager
- h. Mobile phone cost if staff leave premises with clients on eligible support tasks
- i. CCTV if installed
- j. Sleep-in/on-call costs
- k. Travel if staff leave premises with clients on eligible support tasks

A further measure for existing services is the actual historic performance of the service with regard to staffing levels. If a service has consistently under-performed in relation to agreed interim contract staffing levels this has implications for assessing VFM:

1. The level of staffing agreed in the interim contract may be unrealistic and thus may need to be reduced
2. Alternatively the provider may be unrealistic in their costing for the services
3. The provider may have received funding to provide staff which have not in fact been provided: this may be material to setting steady state contract prices

Under-performance in this context means below 95% of agreed staffing levels

Non-staff costs

The Authority recognises that it is legitimate for providers to spend a certain proportion of SP Grant on non-staff costs, including overheads, on-costs and office costs. However, the ODPM/DCLG has highlighted the need for thorough VFM assessments with regards to overheads.

Overheads are those costs of a service that result not from the direct activities of the service itself but from the activity of the organisation that provides the service. Examples might include a share of the following:

- Office running costs
- finance department
- IT infrastructure costs
- human resources department
- administration
- insurance
- audit and accountancy
- publicity
- Central and local office accommodation
- legal costs
- Quality control and policy development etc.

The costs listed above are all accepted by the Authority as a necessary part of running a service.

However the following points will be considered when assessing overheads:

- It is possible for organisations to hide unjustifiable costs in their overheads, or to use overheads to create cross-subsidies between services (i.e. by unjustifiably charging higher overheads to some and lower overheads to others). It will be reasonable, therefore, to question the overhead component of a support charge if it appears excessive.
- The Authority will avoid making arbitrary reductions to funding on the unsubstantiated grounds that “the overheads seem too high”
- Overheads that represent between 15-20% of direct service costs are well within the normal range.
- Costs well below this range may indicate that a provider is not adequately resourced at the centre and so may have an inadequate infrastructure to ensure the sustainability of the service. In a case such as this further investigation will be necessary.
- Particular care will be exercised when comparing voluntary and private sector services with those run by the local authority because it is very common to find that local authority service budgets do not always properly reflect the full cost of services. This could arise from under-developed allocation of management and overhead costs to services and so can lead to unfair cost comparisons if not rectified. We will therefore, assure ourselves that management and support costs have been properly included in the costs of any services under consideration.
- We will verify that the associated running costs of the service are apportioned correctly between rents, other income and SP grant.
- We will use benchmarking data to compare the percentage of overheads for similar services
- Overheads may also include an element of profit or reserves. Some providers are motivated (at least in part) by profit. If they cannot make a profit from their services they are likely to leave the market, thus leading to a reduction in supply and in choice.
- All organisations, including not-for-profit sectors (RSL, Local Authorities and Voluntary Sector agencies) need reserves to carry them through periods of financial difficulties (indeed SP providers are required to be financially sound) and meet development costs. Reserves are only built up through the accumulation of annual surpluses, which are necessary in order to ensure financial stability.
- In some cases local office provision may be either a condition of the contract terms or essential to the nature of the service (e.g. a service that requires 24 hour cover). In such cases the Authority is prepared to consider arguments for a greater proportion of the grant to be used to pay for non-staff costs
- However the maximum of 20% will still not be exceeded, except in exceptional circumstances as agreed by the Commissioning Body, on a case by case basis.

As a general rule we expect small voluntary organisations to have the highest percentage of non-staff costs relative to other providers. Conversely we expect Council and NHS services to have the lowest percentage of non-staff costs relative to other services due to the economies of scale that exist in such large organisations. We also expect large RSLs to have relatively low non-staff costs for similar reasons. Providers that do not meet these expectations will be scrutinised in greater detail with regard to this parameter.

3.4 Intensity of support provided

As part of its consideration of VFM the Authority also needs to consider whether the intensity of support provided is appropriate. Intensity is defined in this context by the hours of support provided per person per week.

The Authority will categorise all services as high, medium or low. This categorisation will be made by a number of methods, including an examination of the nature of the client group and the type of support to be offered. The Authority will establish indicator bands of support hours for each category. Draft categories are outlined below:

Low support services (less than 5 hours per person per week): Most floating support services working with people with a previous history of homelessness or rough sleeping, people with a history of offending and/or people at risk of offending, teenagers who are pregnant, people with HIV or AIDS and those whose mental health, drug or alcohol problems are generally under control will be considered appropriate for low support. Most sheltered housing services would also be in this category

Medium support services (5-15 hours per person per week): services for people who are unable to live in the community with low levels of floating support. In particular people who require a level of resettlement support to prepare to live independently e.g. young people leaving care, some people leaving rehab units/residential care. Typically many temporary accommodation based services would be in this category

High support services (more than 15 hours per person per week): services for people with complex needs, often multiple in nature. High support services are usually accommodation based (e.g. intensively staffed hostels) and/or specialist in nature, sometimes with substantial social care costs and statutory care management input

These categories will only be used as a guideline. However these categories will be used to make an initial assessment of whether the intensity of support being provided is appropriate to the needs of the client group e.g. a service providing more than 10 hours per week per client but not working with people with complex needs would pose VFM questions.

If a service is providing less than 5 hours per week support and appears to fit into the definition of a low support service, this will normally be taken as adequate evidence that support is being provided at the appropriate intensity. Only if stakeholders express concern or quality/support planning issues are raised will further investigation be required

Where a service is providing more than 5 hours per week support, particularly where it does not appear to fit the medium/high support definitions, further investigation may be required. This investigation will require some confirmation of the appropriateness of the support being provided e.g. service user, carer or other stakeholder feedback

Where a service is providing more than 5 hours per week support and has significant input from care management they will be approached to give a view as to the service's appropriateness.

Unlike other Authorities we have not set a maximum ceiling as to the number of support hours for which we are prepared to fund. The Authority considers that housing related support can legitimately be provided on a very intensive basis. However, very high support services will need extremely robust rationales for their mode of service delivery. This will typically require intensive input from care management and a particularly rigorous assessment of SPG eligibility. In almost all such cases there will be a need for an independent assessment of the level of support being provided e.g. by care management.

3.5 Service delivery models

The Authority requires all services to fit within its approach towards preferred service delivery models. This approach is not prescriptive but does require providers to provide a justification

where services are provided in a manner different for the preferred models. Such rationales may be material in assessing VFM e.g. if a low-support service is being provided in shared housing this may be cheaper than alternative service models but if it cannot meet the tests below would not be regarded as constituting VFM.

3.5.1 Overall approach towards service delivery models

The SP Commissioning Body (CB) has a clear preference for floating support services as the preferred means of service delivery for most client groups in most situations. Floating support services provided in people's own homes offer flexibility, the opportunity to work more dynamically towards independence, and the opportunity to tailor services to individual needs.

However, the CB does not take the view that all floating support services should be delivered through generic services. Specialist floating support services have an important role to play. They are particularly (but not exclusively) appropriate where the following conditions apply:

- There is a specific client group with specific needs requiring specialist staff.
- There is a very specific client group with very intensive needs
- There is a specific ethnic minority or other minority community group where services are best provided by means of community specific provision

The CB has based this approach on the assumption that most service users prefer floating support service models. There is considerable evidence for this viewⁱ and the CB has further tested this assumption with service users by means of focus groups in autumn 2004.

3.5.2 Role of accommodation based services

Notwithstanding this the CB continues to see an important role for accommodation based services. There is research that indicates that some tenants receiving floating support often experience isolation and lonelinessⁱⁱ. Shared accommodation-based schemes can offer social interaction and opportunities for peer-support – this may not be a final destination for all clients but such provision can offer an important option during a stage in service-users rehabilitation. This type of scheme can also offer efficiencies and economies of scale for service-users requiring medium to high support.

Accommodation based services will continue to be funded and commissioned where one or more of the following conditions apply:

- It is impractical to deliver the service in any other way for reasons of safety or security (e.g. a women's refuge)
- Clients/potential clients have expressed a strong preference for accommodation based provision (e.g. sheltered housing)
- Potential clients require quick access to a service (e.g. a direct access hostel for rough sleepers)
- The rehabilitative focus of the service can only be delivered through an accommodation based service (e.g. a scheme focused on rehousing people from long-stay institutions)
- Potential service users lack the skills to maintain independent living even with the provision of intensive support
- A major component of the service delivery model is promoting social interaction and this can be shown to be beneficial to the clients (e.g. a therapeutic community)

3.5.3 Type and location of accommodation based services

The CB is concerned, however, at the level of *shared* provision that it funds. In particular it is concerned at the substantial level of shared provision it funds in the east of the Borough.

This concern is for a number of reasons. Firstly most clients and potential clients of SP accommodation based services express a clear preference for self-contained provision when asked.

Secondly the Borough also has a large transient population, with thousands of people placed in Houses in Multiple Occupation (HMOs) by the Local Authority's own homelessness service as well as the National Asylum Support Service (NASS). Until recently, other Local Authority's homelessness services placed large numbers of homeless households in the Borough also although recent cross-authority agreements have reduced this problem somewhat. It is a priority of the Community Strategy to "reduce population turnover, address its effects and promote stable communities"ⁱⁱⁱ. Similarly it is recognised in the strategy that "to have a stable, good quality and affordable home is important to achieving a better quality of life."

3.6 Service outputs and outcomes

There are three board categories of outputs and outcomes that are relevant to an assessment of VFM:

1. Mandatory DCLG Performance Indicators
2. Individual service user outcomes
3. Strategic outcomes that link the service's achievements to desired outcomes for the Authority

DCLG Performance Indicators

Performance of the provider against DCLG Performance Indicators (PIs) is a component of the VFM assessment process. The Authority also expects services to meet PI targets on an annual basis as set out below:

Service Availability:	95%
Utilisation level:	90% block gross
	95% block subsidy

Services that are consistently failing to meet these targets will be investigated. Whilst there may be legitimate reasons for failing to meet these targets continued underperformance raises obvious VFM concerns, particularly in Block Gross contracts.

There are no specific national targets for throughput/successful move-on. However, these can be significant measures of the effectiveness of a service: a short-term accommodation based service with highly limited throughput may well not constitute effective VFM (even if the lack of throughput is not the fault of the provider this could constitute evidence that the service delivery model may be inappropriate and thus not effective VFM). A similar argument would apply with regard to high levels of unsuccessful departures although this may be qualified by the nature of the client group

The Authority has set indicative specific client group targets as follows:

KPI 1: this KPI is intended to measure the extent to which service users are being supported to establish and maintain independent living in long term services such as sheltered housing.

It measures the number of service users who have established or are maintaining independent living as a percentage of the total number of service users in the periods.

2005/6 performance ranged from 85-100% for KPI 1. For 2006/07 targets have been set for specific services and client groups in a band between 92 and 99% From 2007/08 onwards all long-term schemes will be expected to reach at least 99% for this KPI.

KPI 2: this KPI applies to short term services and measures the number of service users who have moved on in a planned way as a percentage of the service users who have left the service.

2005/06 performance ranged from 39-100% for KPI 2. For 2006/07 targets have been set for specific services and client groups in a band between 55 and 100% (with an overall average target of 84% For 2007/08 targets will be set between 80 and 100% dependent on the nature of the client group and the previous performance of the service with an overall average target of 90%

SPI 4: this measures the percentage of units that are used by more than one person consecutively over the measured period.

In addition to the actual KPI/SPI percentages there are related measures. Thus the actual number of planned/unplanned departures is of relevance as is the average length of stay and destination of those people who have exited. The Authority intends to set measures in these areas for specific services and client groups and will use these to measure performance. These will be also be benchmarked against comparable services in the north London sub-region. There will be an expectation that services will improve performance over time. Obviously performance against these KPIs and these related targets is a material factor in assessing the VFM of a service

Individual service user outcomes

A number of tools for measuring service user outcomes have been developed in recent years. Whilst use of these is not yet widespread these tools can be a powerful means of demonstrating VFM. Where a high proportion of support plan objectives been achieved and/or the service user reports increased capacity to live independently this constitutes evidence that the service is being effective and thus represents good VFM.

The Authority has developed a mechanism which measures the achievement of support plan objectives in conjunction with a large local floating support provider. This has now been implemented across the three large floating support services and the Authority is working with a further seven services in 2006/07 to implement this approach more widely. We will encourage all providers to develop such service user outcome measuring mechanisms in the medium term. In the meantime the Authority will, as part of VFM negotiations, invite providers to show what evidence they have to demonstrate successful service user outcomes. It is the intention of the Authority that this will become an area of increasing importance in future years in assessing VFM.

Strategic service outcomes

The SP CB expects SP funded services to contribute to the objectives of its members and other statutory partners.

Service outcome measures will be agreed with providers at the point of issuing Steady State contracts. Outcome measures will be agreed on a client group basis and will be influenced by the following parameters:

1. The number of support units being provided will impact on the quantity of outcomes being delivered
2. The number of support hours being provided per week will impact on the complexity and difficulty of the outcome measures

Thus, for example, for a large generic low support scheme there may be outcome measures that reflect quite high numbers of people accessing education, employment and training. However a high support mental health scheme may have outcome measures that reflect their capacity to support and sustain people with complex needs in the community with reduced hospital admissions.

Strategic service outcome measures that show how schemes have helped to meet statutory objectives can also be extremely powerful indicators of VFM. A framework for measuring strategic service outcomes has been developed in consultation with providers and other stakeholders, and has been piloted with a number of providers. This approach will be rolled out to all providers in the next year. In the meantime the Authority will, as part of VFM negotiations, invite providers to share what evidence they have to demonstrate successful strategic service outcomes. There will be a particular focus on evidence that the service is making a saving for the public purse in some way. Achievement of strategic service outcomes will be of increasing importance in assessing VFM in future years.

3.7 Quality of the Service

The Authority also needs to be satisfied that the service is offering its users good quality support and is delivering continuous improvement. This will be established for existing services by examining the service reviews and whether or not action plan targets have been met. Existing services will normally be expected to be seeking to work towards achieving B status for the core QAF's. User input and stakeholder feedback, both during and subsequent to the reviews will carry considerable weight. Members of the Supporting People team visited projects as part of the review validation process and regularly visit services as part of the contract compliance. Their reports will also help establish the quality of the service. The effectiveness of a service in maintaining and improving quality over time will be a material factor in assessing VFM. A service that does not improve may be regarded as providing poor VFM

4. VFM concerns for Existing Services

Where Value for Money has been highlighted as a concern for an existing service, providers will be informed, and be given the opportunity to comment

Specifically the provider will be given the opportunity to:

- Verify the interpretation of information that has been provided
- Produce further evidence if appropriate and available (e.g. around eligibility or outcomes)
- Self assess the VFM of their service
- Confirm and share calculations
- Confirm that the records and information on the service are correct (i.e. staff hours, staff ratios, hourly rates)

Where the Authority has concerns over any of the elements of the Value for Money assessment the provider will be invited to either provide a rationale and/or make a proposal for revised funding arrangements.

The Authority is seeking to avoid a prescriptive approach towards VFM. It is prepared to consider arguments around any of the five areas listed above and will also take account of the following factors

- Size of providers – small providers may legitimately argue that they have less scope to spread fixed costs and thus that costs per hour/percentage of non-staff costs are higher than for other providers
- Specialist providers – specialist providers may legitimately argue that they have extra costs related to the specialist nature of their work
- Other types of added value – providers may be funding added value services such as user involvement or employment projects from their non-staff costs. Such services can constitute significant added value and thus can be used to justify higher non-staff costs

The Authority will seek to reach agreement wherever possible with providers on future levels of funding. There is not a 'notice period' in these situations, either minimum or maximum. Each case will be dealt with individually.

However there will clearly be situations where negotiations are unsuccessful. In all situations where contract values are to be reduced the Authority will consider the appropriate timescale for implementation of this decision and will seek to proceed by negotiation in this area wherever possible. Factors to be considered in this decision include:

- The likely impact of the decision on service users. This will be the primary concern
- The Authority has a duty to ensure that services are provided in a cost-effective manner and that public money is spent properly
- The Authority's contractual liabilities to the provider
- The possible impact of the funding reduction on the provider (particularly for small providers)
- The likelihood of the provider securing alternative funding and whether the Authority can (or should) assist in this

5. VFM when tendering for Service provision

When existing provision is being re-tendered or new services sought VFM will be a prime factor taken into account in deciding which providers will win the tender. The past record of the providers' services in the Borough will be taken into account in reaching a decision (if applicable).

6. Inflation and cost of living uplifts

The Authority has conflicting requirements with regard to agreeing cost of living increases. The Authority recognises that services need to be adequately funded on an ongoing basis and that costs increase over time. However it has to manage contracts in a context where it is likely to receive declining levels of SPG (in both real and nominal terms) for the foreseeable future whilst also, as part of local government, being expected to achieve Gershon efficiencies of 2% per annum.

In this context the Authority cannot agree to automatic inflation uplifts as part of Steady State contracts. It will consider requests for inflation uplifts on an annual basis from providers. All of the factors listed above will be of relevance but the decision whether or not to grant inflation uplifts will focus, in particular, on the following factors:

- Non-staffing costs: are these at or below the % that would be expected for the type of provider?
- Staffing PI performance: did the service deliver the level of staffing which it was contracted to provide?
- KPI/SPI performance: was there a high level of planned departures and successful move-on?
- Quality: is there clear evidence that the service has improved in service quality?
- Service user outcomes: is there evidence of positive and improving outcomes for service users
- Strategic outcomes: is there evidence of positive and improving outcomes with regard to the schemes contribution to the achievement of statutory objectives?

Thus there is a clear intention on the part of the Authority to link the award of inflation uplifts to service performance as this is seen as the best measure of VFM. Any decision to award inflation is, of course, subject to the Authority having the resources to pay such uplift. If a service can give a positive answer to most or all of the above questions but there is no additional funding for inflation it may be possible to negotiate a slight service capacity reduction to allow the provider to cover its costs. This would be particularly applicable to large floating support services but would be seen as a last resort by the Authority.

Conversely a service that cannot give positive answers to most of these questions could argue that a lack of funding was hampering its capacity to improve service quality and outcomes. Such arguments can be put forward but there would need to be a very clear linkage between the proposed increase and the anticipated improvement in service for such arguments to be accepted by the Authority.

ⁱ e.g. see James K., Curteis S., Griffiths S., 2004 'Just surviving': the housing and support needs of people on the fringes of the homelessness and/or the criminal justice system in West Yorkshire

ⁱⁱ Joseph Rowntree Foundation, 2003 Supporting People: Real change? Planning housing and support for marginal groups 2003.

ⁱⁱⁱ Haringey Council, 2003, Better services for our community: Haringey's Community Strategy 2003-2007 p4