KEEP SUPPORTING PEOPLE

Cuts to Supporting People: Consultation Response

6TH January 2012
Cuts to Supporting People: Consultation Response prepared on behalf of Birmingham Supporting People Provider Chairs and Birmingham Supporting People Providers

A report submitted by GHK Consulting Ltd

16th December 2011
There are five main reasons why Supporting People should be protected from further cuts

Like all English local authorities, Birmingham City Council (BCC) has to make cuts. In March 2011, the Council produced a budget and action plan to make savings of £350m over a four year period - £213m of which had to be achieved in the first year. Following a legal judgement preventing changes to eligibility criteria for adult social care services, BCC now needs to make a further saving of £65m in 2012/13.

BCC is consulting on how to achieve these reductions in expenditure. One area being consulted upon is a cut to the Supporting People (SP) programme. The consultation document sets out the possibility of a cumulative reduction of £15.2 million, made up of a £3.8 million reduction each year from 2012/13 to 2015/16. This cut would follow an earlier round of reductions in SP funding, achieved largely through contract variations and provider efficiencies.

This document presents a response to this element of the consultation. It has been produced by GHK Consulting Ltd and was commissioned by a consortium of providers under SP. Overall, the analysis suggests that SP should not see further cuts. This conclusion rests upon five key reasons:

1) SP helps BCC and its partners achieve their aims

SP provides services for some of the most vulnerable groups in Birmingham. This includes supporting older people, people with learning disabilities and women experiencing domestic violence to live fuller and more independent lives. Most support is provided by third sector organisations.

BCC’s draft new strategy for SP gives the purpose of the programme as being to:

“Deliver high quality, value for money housing related support services which focus on the prevention of escalation of need, with an emphasis on transition and providing vulnerable people with quality opportunities to move towards, developing, maintaining, or regaining their independence.”

Services vary from interim support and prevention activity (often for younger people at risk of homelessness) through to longer-term support (typically for older people and people with learning disabilities). The chart below shows the proportion of investment for each target group:

The nature of the groups supported means that SP addresses a very wide range of strategic and policy objectives. The 2005-2010 SP Strategy lists 45 policy and strategy documents that provide the programme’s broader strategic context.

In return, core strategies for the City depend upon SP for delivery. At the highest level, SP addresses each of the five outcomes of the ‘Birmingham 2026’ strategy; its approach is also in-line with strategy’s four key principles – notably in terms of shifting services to more targeted and preventative approaches. At a more specific level, the Birmingham Homelessness draft Strategy 2012+ cites SP as vital to its vision of early intervention and the prevention of homelessness.

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In putting its strategic aims into practice, Birmingham has developed some innovative approaches to commissioning – notably through the Total Place pilot and subsequent Community Based Budgets. The principles underpinning this approach are that investments should:

- Be in line with a strategic vision (as articulated through the Vision 2026);
- Prevent problems, rather than treat them;
- Use evidence of need and cost-effectiveness to guide commissioning decision;
- Work across organisational boundaries; and
- Co-produce services to ensure that they meet people’s needs.

The principles underpinning this approach are that investments should:

The analysis presented below shows that SP addresses each of these criteria.

2) SP meets the criteria for protection from cuts

In deciding upon the optimal way to deliver savings, BCC has established a set of principles and criteria that it can apply to make decision making more transparent. Within the consultation document, BCC lists a set of top service priorities; they are shown in the table below, alongside the ways in which SP addresses them.

<table>
<thead>
<tr>
<th>Service priority</th>
<th>Ways in which SP addresses the priority</th>
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<tbody>
<tr>
<td>Protecting vulnerable people (children and adults)</td>
<td>SP supports the most vulnerable groups in Birmingham, including: older people with frailties; women experiencing domestic violence; people with mental health problems; people with learning disabilities; homeless families with support needs; and vulnerable young people.</td>
</tr>
<tr>
<td>Encouraging investment to create jobs and helping people into work</td>
<td>SP helps its users to engage in education, training and preparing them for employment by overcoming barriers. Places of Change schemes combine capital investment and revenue support to prepare homeless people to re-enter the workplace.</td>
</tr>
<tr>
<td>Improving education and skills (employability)</td>
<td>SP sets out to promote independence. Where possible, services aim to support users into work; this includes specific schemes to help teenage parents and young people who are not in education, employment or training.</td>
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<tr>
<td></td>
<td>Education, training and employment are all key outcomes identified under SP’s national outcomes framework. Around 3,800 people achieved outcomes relating to this priority in 2010/11.</td>
</tr>
<tr>
<td>A clean, green and safe city</td>
<td>SP provides stability for specific groups, such as ex-offenders and people at risk of offending and imprisonment, that help ensure a safer city. In 2010/11 around 1,900 people achieved outcomes relating to community safety.</td>
</tr>
<tr>
<td></td>
<td>As BCC’s draft Equality Impact Needs Assessment (EINA) states: “without the Supporting People safety nets (service users) may pose risks and safeguarding issues both to themselves and the wider community”.</td>
</tr>
</tbody>
</table>

In addition to specifying service priorities, the consultation document describes the means by which BCC intends to achieve savings. This is shown in the table below, where a deeper shade of blue indicates a closer match between BCC’s intended means of making savings and the ways SP support these efforts.
### BCC will make savings by: SP helps BCC to do this because:

| 1. Continuing to transform our efficiency | SP providers are already delivering efficiency gains - services are lean and providers offer value for money. Providers have, in real terms, offered efficiency savings year on year since the establishment of SP, with contract income uplifts often below staff income inflation |
| 2. Preventing problems to avoid big costs later | Prevention is a core value underpinning SP and is an objective under the draft new strategy. There is robust evidence that investment in SP delivers a net saving (see point 4 of this report) |
| 3. Reducing dependency and enabling self sufficiency | SP's fundamental purpose is to promote self-sufficiency and independence. In 2010/11 nearly nine out of every ten people leaving short terms services in Birmingham had more choice and control of their lives. |
| 4. Collaboration between service areas and public agencies | SP is a housing intervention, but achieves benefits in other areas for other agencies; there is also a focus on support at times of transition between agencies. SP providers often provide a linchpin role - especially for vulnerable people with no intervention from statutory services; they assess needs and link individuals in with the most appropriate services to meet their needs. This includes referrals to statutory services, healthcare professionals or charitable organisations who can assist in reducing the burden on the state |
| 5. Personalisation such as moving to individual budgets giving more choice to service users | SP provides users with choice and independence; personalisation and user involvement are objectives within the new strategy |
| 6. Maximising income streams | SP maximises income streams, by reducing expenditure on other services and leveraging in other resources. Historically SP has assisted to maximise growth and draw in income in terms of grant funding to develop accommodation based services (Places of Change). It has also attracted capital investment in a range of accommodation for independent living. In addition it lever in complementary revenue support from multiple sources both national and local. |
| 7. Levering in funds from the private sector | Many SP providers supplement their services via contributions from both charitable and corporate sector sources, alongside their own investment. |

3) Efficiencies have already been achieved within SP: further cuts mean reductions in service - at a time when demand is increasing

Savings from efficiencies have been a feature of SP for some time; in 2007, BCC’s SP strategy update notes that savings realised through increased provider efficiency amount to around 18% of the overall budget\(^{xii}\). The organisations responding to this consultation consider that all efficiency gains have been made. From this point on, reductions in funding mean reductions in service.

The consultation document raises the possibility of a further reduction of £15.2 million from the SP budget. This is made up of a £3.8 million reduction each year from 2012/13 to 2015/16. Using the previous budget allocations for 2012/13 and 2013/14 (£47.1 and £43.7 million respectively)\(^{xv}\), this equates to a reduction of around 8.5%. This would mean that around 3,800 fewer service users would receive support than in 2010/11\(^{xx}\).

Moreover, this reduction in the number of people supported assumes that cuts could be made such that a reduction in investment leads to a commensurate cut in the level of service. It is not clear that this is the case. Beyond a certain threshold, some providers will be unable to operate and will leave the market altogether. The estimate of 3,800 fewer service users may therefore be conservative.

People in need / receipt of support will therefore see services withdrawn. Yet demand for SP services is increasing. The financial crisis, recession, slow recovery and cuts to public spending have hit the
poorest hardest\textsuperscript{xvi}. Moreover, the negative impacts associated with poor economic conditions – mental health problems, unemployment, unstable housing situations, alcoholism, domestic violence – will increase the demand for SP services.

Furthermore, cuts to housing benefit and changes to the homelessness duty combine with these factors to create what Homeless Link describes as a ‘perfect storm’\textsuperscript{xvii}. Their recent research found that 40% of local authorities reported increases in young people being homeless or at risk of becoming homeless; nearly half reported seeing more young people in this situation than this time last year. A 2009 Association of Directors of Adult Social Services survey also gave a similar finding: around 40% of adult social care departments reported a rise in homelessness and use of temporary accommodation\textsuperscript{xviii}.

The Department for Communities and Local Government (DCLG) recognises these pressures\textsuperscript{xix}. Moreover, central government has recognised the value of SP and has not cut its allocation to the same extent as other programmes\textsuperscript{xx}. However, following the removal of the ‘ring fence’ around the SP budget in 2010, this protection is not guaranteed at local level. The practical effect of this has been far more substantive cuts than those intended by DCLG: Birmingham’s proposal amounts to a cut of around 25%\textsuperscript{xx}. With the additional cuts proposed of £3.8million, this figure will rise to 33%.

Lastly, it should be noted that each of these factors presents challenges in the short- and medium – term. Longer-term demographic factors – notably a growing population of older people / people with long-term health conditions – create a more substantive and structural problem. Addressing this will require carefully targeted and cost-effective investment of the sort represented by SP.

4) Making ‘savings’ on SP are a false economy: cuts here mean increased costs elsewhere

As noted at the beginning of this paper, the links between SP and other areas of public service are well established. These links form a central part of the rationale for investment: that by providing SP services savings are made both:

- ‘Down the line’ - investment now leads to savings later; and,
- ‘Across the board’ - investment in housing support leads to savings in other service areas.

Birmingham’s Draft new strategy for SP states that the programme: “...has a crucial role in the city delivering services that benefit our most vulnerable residents and that save money.”\textsuperscript{xxi} It provides a wide range of evidence around specific savings that result from investment in SP – for example that: “...each pound spent on older people services achieves a cost avoidance of around £6 in statutory care services”.

This type of ‘spend to save’ claim is often made in the absence of good evidence. Yet in the case of SP, the nature, scale and distribution of these savings have been demonstrated empirically. In 2009, national research into the financial benefits of SP showed that SP produced an overall net annual saving of £3.41bn, compared to an investment of £51.61bn: a net return of over £2 for every £1 invested\textsuperscript{xxii}.

The approach used in the national research has been replicated for Birmingham. A similar result was obtained: an annual cost avoidance of £108 million was shown for an investment of £51 million\textsuperscript{xxiii}. Savings were achieved in a preventative fashion: by containing demand for more costly acute services. In the absence of SP, this demand would have fallen predominantly to local authorities, through increased residential care packages; but it would also have fallen on key partners – notably the Police / criminal justice system and the health service.

This modelling should be regarded as highly conservative: it excluded a set of longer-term benefits; it also focused on savings to the public purse and left aside the value of the support to the service user.

Figures from the national modelling allow an examination of the scale of possible cost increases in different service areas should the preventative investment in SP be removed. This can be done by using the reverse of the ‘spend to save’ analysis described above: i.e. that £1 not invested in SP implies a disbenefit (measured by increased use of other services) of over £2. This analysis suggests that the total proposed cut of £15.2 million implies additional costs / savings forgone of £32.2 million\textsuperscript{xxiv}.

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The distribution of these additional costs can also be examined, again by reversing the analysis from the national research into the financial benefits of SP. As part of that research, there was an analysis of the areas of service where costs were avoided; this enables an examination of where costs would fall as a result of cuts to SP. Results are shown in the table below. The modelling suggests that, over the four year period the cut is assumed to operate, the major costs would be in relation to increased demand for residential care packages, increased crime costs and increased healthcare utilisa.

<table>
<thead>
<tr>
<th>Area of service</th>
<th>Additional costs / savings forgone in Birmingham</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential care packages</td>
<td>£27,546,200</td>
</tr>
<tr>
<td>Crime costs</td>
<td>£2,106,400</td>
</tr>
<tr>
<td>Health service costs</td>
<td>£1,605,300</td>
</tr>
<tr>
<td>Homelessness</td>
<td>£483,800</td>
</tr>
<tr>
<td>Tenancy failure costs</td>
<td>£258,200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£32,000,000</strong></td>
</tr>
</tbody>
</table>

The impact would therefore be that: these services would face increased demand and be unable / unwilling to invest more to address it; quality of service would diminish (they would become less effective); and / or services would be further rationed (investment in prevention declines in favour of addressing acute / higher need cases).

As an illustration of the way this might work in practice, cuts to SP are likely to lead to problems in relation to:

- **Increased homelessness.** BCC’s draft EINA recognises the pressures outlined above in relation to likely increases in homelessness; it also gives the cost to BCC of discharging its statutory duties associated with a homelessness application as being an average of £12,000 per applicant. Birmingham has already seen an increase of 20% in homelessness applications between January and September 2011 compared to the same period in 2010.

- **Loss of supported accommodation.** Providers have identified that additional cuts will directly result in the loss of supported accommodation available to vulnerable people. Without support input to accommodation, landlords are unable to accommodate vulnerable client groups.

- **Delayed transfers from hospital.** These delays are harmful from the patient’s perspective – especially in relation to remaining independent – but are also costly from the perspective of health and social care services. The Draft new strategy for SP in Birmingham notes that the city’s performance on this issue is in lower quartile for England. Moreover, a recent Overview and Scrutiny Committee (OSC) report describing these problems cited SP as “…a key factor in enabling a hospital leaver to return to live in the community after discharge.”

- **Reduced support for people with drug and alcohol problems.** Removing support from these groups implies increases in service use in relation to healthcare, and also costs associated with crime. The Community Safety OSC noted the role that SP currently plays in relation to supporting these groups.

Ultimately therefore, the providers and users of these public services would bear the cost. This proposition is supported by the Local Government Information Unit, which reported the results of a survey of councillors and housing officers in 139 authorities. 90% of respondents to the survey considered that cuts to SP would: “…put vulnerable individuals at risk and create costs elsewhere in the system.”
5) The proposed cuts will harm service users

Questions of policy relevance and cost savings are vital; but so too is an acknowledgement of the impact on individuals. As BCC’s Draft EINA states: “...the scale of the additional reductions...creates a potential for a high risk negative impact on Supporting People client groups.”

The case studies below provide a short illustration of the nature of the outcomes achieved as a result of current investment in SP; they also therefore show the likely impact of withdrawing services from these groups.

Case Study 1 - “Alesha”

Alesha was in need of support following the breakdown of her marriage. Her husband had left the country, leaving Alesha to care for their three young children, all of whom suffered from disabilities. Her husband had recently re-mortgaged the family home and left Alesha to deal with the resulting debt. Alesha was fearful that the home could be repossessed as a result of her deteriorating financial situation.

Alesha had difficulty accessing mainstream services, due to cultural and language barriers, but as a result of Supporting People funding, a Punjabi speaking Support Worker from a third sector organisation was provided.

Alesha was helped to resolve the problems with the mortgage, was empowered to deal with her financial situation, and was supported to access legal advice. Her Support Worker helped improve her confidence, which enabled Alesha to access activities in her local community and enrol on an independent living course. Alesha’s family were able remain together, avoid repossession of the family home, and better manage their financial position.

Case Study 2 – “Frank”

“With a lot of support I have achieved things that I thought were never achievable, and I am continuing to achieve lots of positive things. I go to a club once a week, I see my daughter once a week, I have lots of friends and most importantly I haven’t re-offended.”

After being released from Prison, Frank was referred to a Supporting People funded service by the Probation Service. Frank was at a high risk of reoffending. He was alcohol dependent, has a diagnosed personality disorder, suffers from a brain injury which has caused a speech impediment, and was estranged from his family.

The SP Support team worked with Frank to assess his needs and he was helped to access appropriate support, including speech therapy. During this therapy, it emerged that Frank’s difficulties with reading and writing were linked to his brain injury. Frank was then supported to access Conductive Education (an agency that has a specialist team dedicated to supporting those with brain injuries). Frank was also referred to support for his alcohol dependency.

Supporting People funded services have also helped Frank re-establish a relationship with his daughter and have worked in partnership with the Community Mental Health Team to support Frank with his mental health needs. Since receiving support Frank has begun to read and write again; accessed support for his alcohol dependency; re-established a relationship with his daughter; and, not re-offended.

Keep Supporting People

Finally, The Supporting People Programme is effective: 3 out of every 4 needs identified by service users are met (Client Records 2011). It protects vulnerable people, prevents and reduces costs to other services and Commissioners can have confidence that services delivered by the programme are achieving the aims described above.
Annex 1 References

1 Birmingham City Council (2011) Business plan and budget 2012+, public consultation
2 Birmingham City Council (July 2011) Supporting People Strategic Review – Presentation to Business Development Groups 6/7/8
3 Birmingham and Solihull Women’s Aid, St Basil’s, Midland Heart, Bromford Support, Birmingham Mind, Freshwinds
4 BCC (2011) DRAFT - Supporting People: a housing related support strategy
5 Adapted from BCC (2011) DRAFT - Supporting People: a housing related support strategy
6 This list will have grown as new policy agenda have been articulated – recent statements in relation to public health and health inequalities for example.
7 The ways that SP addresses these outcomes is set out in more detail in the draft of the new SP strategy referenced elsewhere in this document.
8 Be Birmingham (February 2010) Birmingham Total Place Pilot
9 http://www.bebirmingham.org.uk/page.php?id=326
10 Supporting People Client Records for Birmingham, 2010/11
11 Supporting People Client Records for Birmingham, 2010/11
12 Supporting People Client Records for Birmingham, 2010/11.
14 Birmingham City Council (July 2011) Supporting People Strategic Review – Presentation to Business Development Groups 6/7/8
15 Based on an 8.5% reduction to the current 45,000 users cited in the consultation document.
16 HM Treasury (November 2011) Impact on households: distributional analysis to accompany the Autumn Statement 2011
17 Homeless Link (December 2011) Young & homeless: a survey of services and local authorities
19 Letter from Nico Heslop, Private Secretary to Eric Pickles, to Matthew Style, Private Secretary to the Prime Minister reproduced in the Observer (2nd July 2011)
20 ADASS et al (2011) 4 facts, 4 questions about the future of Supporting People
21 BCC (July 2011) Draft Equality Impact Needs Assessment for the cut to SP
22 BCC (2011) Supporting People – A Strategy for Housing Related Support
23 Capgemini (July 2009) Research into the financial benefits of the Supporting People programme. Department for Communities and Local Government
24 BCC (2011) DRAFT - Supporting People: a housing related support strategy
25 There are a range of ways that this £32.2 million can be described – disbenefit, benefits foregone, additional costs, avoidable costs etc. The most accurate description depends upon the service response to the additional demand created by cuts to SP, which cannot be known at this point. As noted in the paper, the most likely response is not additional spending by the agencies involved – e.g. the Police would not invest an additional £2.1 million to address the problems of criminality resulting from the removal of SP support. Currently therefore, the £32.2 million is perhaps best considered as an expression / scaling of likely increased demand.
26 Proportions taken from Table 1.3.3 (p.13)
27 Results rounded to nearest £100; all figures are indicative and are given solely to illustrate the scale and distribution of resulting loss of cost saving in each area.
28 BCC (11th January 2011) Delayed Transfers of Care Report of Health and Adults Overview and Scrutiny Committee
30 Local Government Information Unit (October 2011) Promoting independence the future of housing related support

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