

## Table of Contents

Update: Social Services Conference Key Messages.....	3
Update: the Future of the SS PAF - ‘use it or lose it’? .....	5
Using the PAF.....	6
Promoting Timeliness.....	7
Ensuring local relevance.....	7
Integrating use of the PAF with wider quality systems.....	7
Figure 1: Locating Local Performance Indicators in the Information Pyramid. ...	8
Figure 2: Locating Local Performance Indicators in an Integrated Quality Strategy. ....	9
Improving Information Systems.....	9
Key Messages.....	10
Children’s Services: Climbie, Care Trusts and beyond.....	11
Policy Context: the facts about Child Poverty.....	11
Changing Population and Need Profile.....	11
Policy responses.....	12
Social Inclusion Indicators.....	13
Progress made so far?.....	13
Investigations into chronic system failure.....	14
Structural and Organisational Responses.....	14
Capacity to take on the new agenda?.....	15
Early options and models:.....	16
“Serving Children Well” – a new vision for Children’s Services.....	16
Core Principles.....	17
A new model for service delivery.....	17
The planning model.....	17
Figure 3: Gaps, cracks and overlaps in the current system. ....	18
Figure 4: Mapping Children’s Resources .....	18
Accountability and Governance.....	19
Figure 5: Accountability and Governance Arrangements .....	19
The delivery model.....	19
Figure 6: Example of Local Hub Delivery Arrangements.....	20
A note on the need for common assessment tools.....	20
Key messages.....	21
References and related reading.....	22
Money.....	23
The Formula Spending Share.....	23
Figure 7: PSS element of the Formula Spending Share.....	24
Reasons for the change.....	25
What does it mean? .....	25
Ring-fenced grants and charges for services.....	26
Property disregard.....	27
Deferred payments.....	27

Third party top-ups .....	28
Supporting People funding.....	29
Supported Housing Supply.....	30
Figure 8: Supply of Supported Housing.....	31
Chart 1: Sheltered Housing Units per 1000 of the Population over 65 by Region.....	32
Chart 2: Sheltered Units per 1000 Population age 65+ (All Local Authorities) .	33
Chart 3: Current Estimated Supported Housing Supply by Region .....	34
Cost of Supported Housing Supply.....	35
Chart 4: Actual Cost of Supported Housing (Assuming Support Costs for Sheltered at £20 p/w and Other at £100 p/w) .....	35
Chart 5: Split between Sheltered Housing and Supported Housing: Costs and Volume .....	36
Distribution of Supporting People Funding.....	36
Chart 6: SSA Distribution of Supporting People Funding (£850 million) .....	37
Chart 7: SSA Distribution of Supporting People per head of population .....	38
Chart 8: Change in Funding: Comparison of SP based on current Supported Housing and SSA Distribution .....	39
Chart 9: Change in Funding (Percent): Comparison of SP based on current Supporting Housing and SSA Distribution .....	40
Supporting People Money – Key Messages.....	41
<b>Briefing Matters .....</b>	<b>42</b>
Subscriber Benefits Reminder.....	42
Dates for 2003.....	42

# Update: Social Services Conference Key Messages

Alan Milburn made several key announcements at the social services conference about how the government saw the future of social care

The headlines were:

The creation of specialist service commissioning and provision for children's and adults services. For children's services it was suggested that this would take the form of Children's Trusts. These would either be created as local authority companies, or as free standing bodies, possibly run by not-for-profit organisations. One of the distinctive features of these Trusts would be the ability to commission children's health services.

- Services for disabled children
- Children with special education needs
- Child protection
- Identification, referral and tracking of children at risk
- Speech and language therapy
- Child and adolescent mental health services
- Areas where social care, health and education services need to work together

It is therefore feasible, if everyone agreed, that you could create a free standing, not for profit commissioning/provider of social care, health care and education.

Adult Services and specifically services for older people, would as you might expect to become Care Trusts.

Again, theoretically, this could mean that a local authority did not directly commission or provide any social service for children or adults.

Milburn also foresees a significant growth in direct payments particularly to older people. The intention is to introduce new regulations that will mean that all older people will have the automatic right to choice between direct provision and direct payment to buy the provision. The government is proposing that £9million should be made available to facilitate this. Milburn also sees the voluntary sector having a key role to play in the direct payments process.

There was also the commitment to create a new kind of social health care worker. The government have asked the General Social Care Council to help develop a new kind of social care professional that combines the skills of:

- Community worker
- Therapist
- Community nurse

- Home help

And also a new role of Family Care Worker which combines the skills of health visitors and social worker skills.

The issue of earned autonomy was repeated, this time specifically in the context of social services. For those social service departments that achieve the maximum three star rating will gain the freedom to carry over resources from one financial year to the next, and also the freedom to spend the money on social services free of ring fencing.

At the other end of the spectrum, social services that continue to fail will be transferred into care trusts.

Finally, the government sees a much bigger role for the not-for-profit sector, they appear to have woken up to the fact that 600,000 social care staff are working in this sector.

The government wants to see a blurring of the lines between the statutory and not-for-profit sectors.

So what does this all mean?

- In the future local authorities with traditional social services departments will be rarities;
- Children's Trusts will result in the creation of a major new independent sector players;
- Care Trusts will become the regular vehicle for social service commissioning;
- The workforce may become more flexible as demarcation between sectors is broken down;
- The independent sector will for the most part become the provider arm of the public sector as far as social services are concerned.

## Update: the Future of the SS PAF - 'use it or lose it'?

We thought it would be timely to cover the Social Services Performance Assessment Framework as an Update, as this years publication is the last time it will stand alone as an assessment of social services performance. You may recall we covered Star Ratings and the Comprehensive Performance Assessment last time, and henceforth the SS – PAF becomes more integrated with these summary judgements.

The PAF has now been in place for three years, and despite the criticisms that have always accompanied its development, we should nevertheless be in a position to make some informed comments on the overall progress of the social services sector.

This would be the case but the story about this particular set of performance indicators and the way they have been used by stakeholders inside and outside Social Services Departments, is not a happy one. Broadly speaking:

- People don't really trust the data, especially front line staff, where reliable, timely information is most needed. The basis of the criticisms are both in terms of the integrity of the data itself (data quality), and its usefulness (that it is crude cost and volume information which doesn't tell the whole picture);
- So does the PAF still matter? The PAF now forms part of the more rounded assessment that generates star ratings, and in turn the Comprehensive Performance Assessment (CPA) for the whole authority. Despite many of the recent criticisms of interested parties, the latter is clearly here to stay and has already evolved to the point where it is the main instrument for determining the freedoms and flexibilities made available to authorities. The first publication of the Assessments are due in December 2002, and we will no doubt return to them in future briefings.

There are a couple of other key assumptions about the PAF that most people would find it difficult to challenge:

- The information has a very short shelf life. For a start it is one year old or more when its published, usually around November. Before that authorities have their own data to think about, but this is not much use without the comparative data from other authorities. By March (around June from 2003) the following year it will have been absorbed into the general conclusions for star ratings, and subsequently, the CPA;
- Its primary purpose is for central government to capture a sense of whether policy is having an impact in terms of sectoral improvements, or what some authorities quite aptly refer to as "feeding the beast";

- Most authorities don't have the information management systems to support the easy collection, reporting and interpretation of the data collected for all the necessary statutory returns.

So what we are seeing is the evolution of a published performance management reporting system for social care that is becoming increasingly sophisticated, multi-dimensional, and in some ways more invasive / intrusive than one based on statutory returns. We can probably assume for instance that the PAF will never again be used to name and shame the "best" and "worst" departments.

So should we start to forget about the PAF? Our view is probably not. While the more sophisticated, more rounded assessment of the star ratings is more appropriate to the complexity of delivering social services, we still think the PAF has an important role to play, and can remain a useful management tool. This will however require additional effort on a number of fronts.

Recent Joint Reviews reports have been more critical of authorities in the way they generate and use performance information (in the sense that the Joint Review teams appear to be interpreting the criteria around performance management in a different way). For example:

*"Data tends to be seen as an external reporting mechanism rather than as a key tool in managing and planning services...There has been a reactive approach with data only being interrogated when it is fed back to the Authority in terms of poor performance. The information is then frequently found to be inaccurate. Data that reflects well on the Authority is not questioned"*  
(extract from recent Joint review report)

We have heard similar messages from the SSI:

*"focus on modernisation, not on targets"*

(Denise Platt, quoted at the 2002 Social Services Conference)

## Using the PAF

We would suggest the main implication for Councils with Social Services responsibilities (CSSRs) will be that Departmental quality and performance management systems have to co-evolve at a pace to match the sophistication of the star rating and CPA regimes. This has a number of dimensions:

- the more timely use of information;
- the more "local" relevance of information;
- the more integrated use of PAF information within overall quality and performance management system;
- the development of IT infrastructures for easier accessible to information

## Promoting Timeliness

The PAF is published in October / November, and feeds into the Annual Review Meeting (ARM) by February / March of the following year, in time for the publication of star ratings, which from 2003 will be around June. This means a 3-4 months lead in time to make sense of the data and put together a considered response. Our proposal is that in order to make sense of the data in a timely manner you already need to have created some kind of container to import the data into. We shall shortly be distributing the Cordis Bright SS-PAF tool to all briefing subscribers; this includes the following core functionality:

- Routine comparisons with Audit Commission comparator groups;
- 3 year graphical comparison per indicator and by authority;
- Full technical notes on each indicator;
- Includes all relevant national targets.

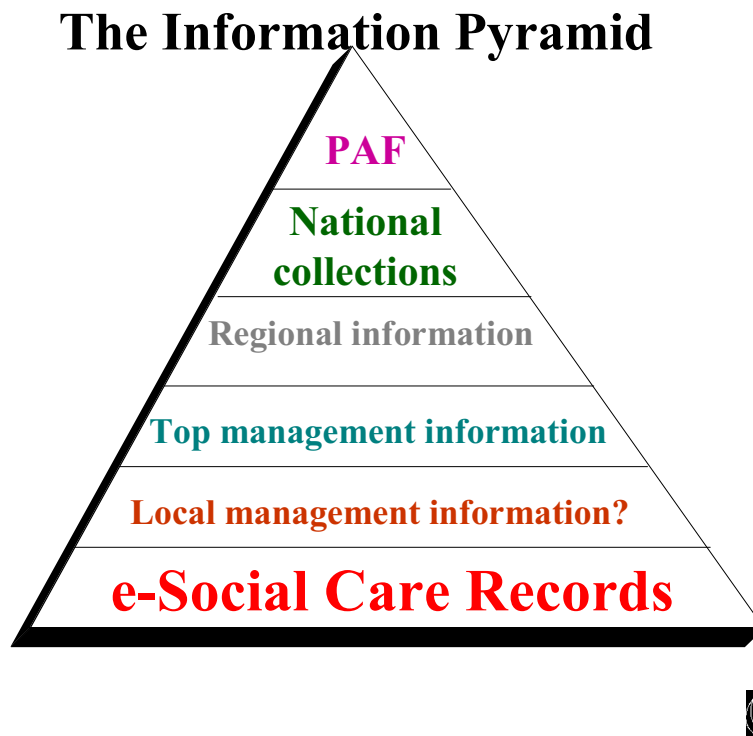
## Ensuring local relevance

The PAF is a necessary but by no means a sufficient information resource for service improvement. Our view is that its usefulness is significantly enhanced by the development of local performance indicators which reflect the national PAF. Involving front line staff in the development of local indicators that have a more direct relevance to their service is also one of the most likely ways to overcome the cynicism of front line staff. We shall shortly be distributing to Briefing subscribers an additional short paper on the development of local performance indicators.

## Integrating use of the PAF with wider quality systems

There are two main aspects to this. The first is recognising that electronic social care records form the basis of all management information, local or otherwise. Figure 1 below is taken from the policy guidance for implementing 'Information for Social Care'.

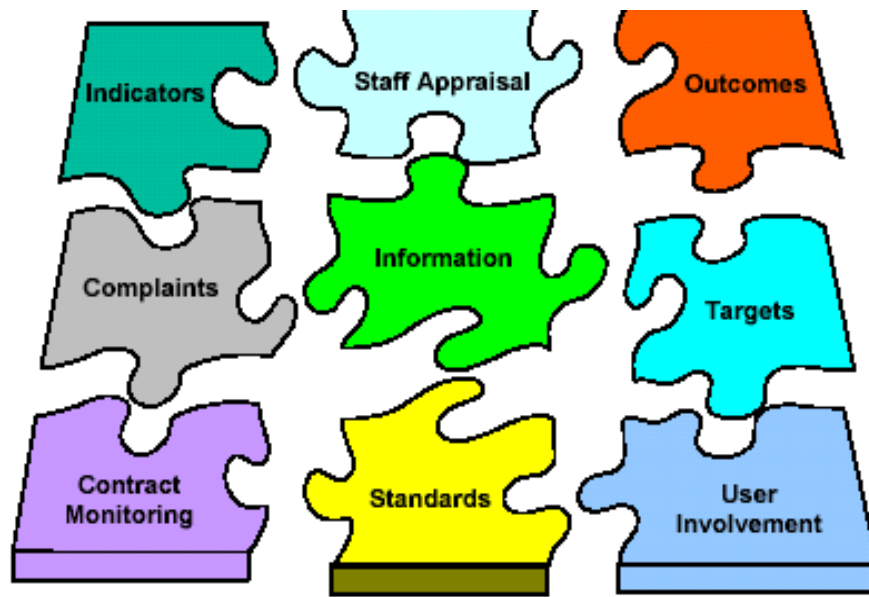
Figure 1: Locating Local Performance Indicators in the Information Pyramid.



Most authorities typically focus on producing summary performance information for senior managers, perhaps assuming that front line staff don't need regular feedback. The approach supported by 'Information for Social Care ' is that different audiences have different information needs, and services which neglect the information needs of front line staff and management do so at their peril.

The second aspect of integration is considering the use of local performance indicators as one component of an integrated quality strategy. Figure 2 is taken from a recent joint review report.

Figure 2: Locating Local Performance Indicators in an Integrated Quality Strategy.



Source: Joint Review Team

Cordis Bright has written a short paper on developing local performance indicators, and this shall shortly be distributed to briefing subscribers with the SS-PAF toolkit.

## Improving Information Systems

The PSS Standard Spending Assessment (SSA), now Financial Spending Share (FSS) settlement includes a (capital) allocation for the improvement of IT systems. However, this is a paltry sum per authority given the requirements of implementing “Information for Social Care”, and the relative lack of investment in IT infrastructure in social care. You may recall the comparative analysis that was presented as part of the Wanless report<sup>1</sup> on IT investment in different sectors. In short, only about 1.5% of health and social care expenditure is on ICT, comparing unfavourably to other sectors and government more generally.

Where management information systems are perceived as poor by those who are required to use them, and the data unreliable, then confidence is undermined in the system and detracts from the willingness of frontline staff especially to update data consistently. One authority has even resorted to running a poster campaign to ‘tell SSID’ (it’s Social Services Information Database) in order to overcome staff resistance to the use of IT. Considerable investment is needed but there are no obvious external sources of new money.

---

<sup>1</sup> Wanless, Derek, Securing Our Long Term Future Health – Taking a Long Term View. HM Treasury, 2001

Until such resources are available, authorities will have to look to other measures to improve the quality and usefulness of locally produced data. We think the best “make do” strategy is to pursue is to focus on improving the ‘psychological contract’ that exists between those who need the data for statutory returns and top management information, and those who ‘provide’ information by being required to manage caseloads using ICT tools. Local Performance indicators, as local “clues” needed by front line teams who are concerned to develop an evidence base for what works best, can play an instrumental part here.

## Key Messages

- The Social Services PAF is important only in so far as it remains one dimension of the performance management regime for CSSRs and Councils more generally. Making the best use of it in future requires a more sophisticated response to performance management issues, centered on the development of local performance indicators and investment in ICT.

# Children's Services: Climbie, Care Trusts and beyond

## Policy Context: the facts about Child Poverty

The Government's commitment to reversing the rise of child poverty since 1979 and to abolishing it completely in twenty years is one of the most important and boldest it has made.

Poverty and inequality increased very significantly in Britain between the end of the 1970's and the mid 1990s, becoming a major social, moral and economic problem. The proportion of children living in poverty had increased from 10% in 1979 to over one in three (35%) in 1996/97. By 2000 the proportion had fallen slightly to 34%, or 4.3 million children<sup>2</sup>. Children of all ages are affected and a significant minority are either intermittently poor throughout their childhood or for a significant part of it. The increase in national income has been highly concentrated on the rich and too many children have not shared in rising national prosperity. Child poverty was, and is, a bigger problem in Britain than any other industrialised country<sup>3</sup>

- In Britain, one in five children are growing up in workless households, a higher percentage than in any other OECD country;
- The deficiencies of the British economy in relation to other advanced nations are primarily in terms of educational qualifications;
- There is evidence that low pay is more persistent in the UK (and US) relative to other OECD countries;
- Since the late 1970s wage inequality in Britain has risen faster than in most other developed nations to reach its highest level at the end of the 20<sup>th</sup> century;
- Child poverty rates have increased in the UK very much more than in any other industrialised country for which there is data;
- The largest increases in the poverty rates were amongst lone parent families without earnings in the UK, but even children in two parent households with both parents employed experienced and increased risk of poverty. No other industrialised country for which there is data (except marginally for the Netherlands) shared this experience<sup>4</sup>.

## Changing Population and Need Profile.

While the child population is expected to decrease in the next 10 years by about 6.5%, the complexity of needs is expected to increase:

- increasing numbers of disabled children living longer;

---

<sup>2</sup> Howard et al, 2001:40

<sup>3</sup> Bradshaw, 2000

<sup>4</sup> Wadsworth, 1999, and Bradshaw, 2000

- increasing rates of cancer;
- increasing drug abuse (11% of 5-15 having used drugs in the last year);
- significant increase in mental illness (10% of 5-15 year olds having some kind of mental health problem);
- increase in the number of families where the parents have separated. Children from a lone parent family are twice as likely to have a mental health problem;
- substantially changing ethnic profiles (one-third of all children in London indicated speaking a language other than English at home);
- the number of children looked after in the UK has increased by 14 per cent since 1996, despite a decrease in the number of children entering care<sup>5</sup>

## Policy responses

There has been a wide range of policy responses since 1997, some of which are variations on themes of government policy prior to 1997. Broadly speaking they can be organised under four approaches<sup>6</sup>:

1. Increasing childcare provision and developing policies to ‘make work pay’ or increase family incomes:
  - Working Families Tax Credit
  - New Deals
2. Improving aspirations and opportunities for individuals through national programmes:
  - Children’s Fund
  - Sure Start and Sure Start Plus
  - Quality Protects
  - Connexions
3. Reducing inequalities - through tackling child poverty, reducing social exclusion:
  - Health Action Zones
  - Early Years Development and Childcare Partnerships,
  - Education Action Zones
4. Focusing on communities – developing communities, improving housing and the physical environment:
  - Neighbourhood renewal fund,
  - On track (identifying children at high risk of entering the criminal justice system)
  - Excellence in Cities

Part of the reasoning behind the development of Care Trusts as new organisational arrangements of services for Children and Young people is clearly to explore better

---

<sup>5</sup> Tomorrows Children, ADSS, 2002

<sup>6</sup> A summary of many of these Area Based Initiatives can be found in the May 2002 Social Services Briefing Notes, available on our web site archive of briefing speakers notes.

ways to co-ordinate what has become something of a maze of interrelated programmes.

## Social Inclusion Indicators

The Social Exclusion Unit, based in the Cabinet Office has co-ordinated much of the work to develop many of the above initiatives. In addition, it has identified 40 indicators around social exclusion to assess the effectiveness of Government policies. Some are based on more traditional measures of poverty (lack of money), others focus on social exclusion (lack of paid work and decent housing), and others involve aspects of the behaviour (with moral or cultural overtones) of those identified as socially excluded. The targets based on these indicators have been further developed and those for children specifically include:

- A reduction in the proportion of children living in low income households where income is defined in relative, absolute and persistent terms
- A reduction in the proportion and number of children living in households where nobody is at work
- A reduction in the number of homeless households with children
- A reduction in the number of households with children living in housing that falls below the set standards of decency
- An increase in the proportion of 11 year olds achieving at least level 4 at key stage 2 in Maths and English
- A reduction on the proportion of children finishing school without any GCSE 'C' grades
- A narrowing of the gap in infant and early childhood mortality and morbidity between socio-economic groups
- A reduction in accidental deaths among children
- A reduction in truancy and school exclusion
- A reduction in teenage pregnancies particularly among girls under 16

## Progress made so far?

In December 2001, the New Policy Institute<sup>7</sup> published a progress report against these indicators, the summation being:

“There is good news in these indicators to the extent that important factors diminishing the life chances of children and young adults, such as lack of educational qualifications are in decline. Even so it is disappointing that the number of people living on low incomes has remained largely unchanged since the 1980s. The lack of change in the 1999/00 suggests there is nothing about the current dynamics of the British economy that will help the government to achieve its targets for substantial reductions in child poverty. *Thus any further reduction will have to depend overwhelmingly on direct Government policies*”<sup>8</sup>

---

<sup>7</sup> An independent public policy think tank and research organisation

<sup>8</sup> Rahman et al, 2001

The move toward Children's Trusts have to be seen in this light. Considerable progress in delivering social care services to the most vulnerable and excluded children has been made, and services such as health, housing, education, social care and criminal justice are now more integrated, and in many cases jointly commissioned and jointly delivered. There has also been an increase in cross departmental initiatives aimed at reducing social exclusion and addressing inequalities in health, education and crime, as well as a focus on involving and empowering children and families. However, the summary evidence is that less success than had been hoped for has been delivered. This is leading the government into looking for more radical solutions – effectively structural change.

The prospect of new configurations of local services are seen as potentially a better vehicle for the achievement of the broader social inclusion targets the Government has set itself. Any new configuration of local services would be required to take ownership and responsibility for the headline social inclusion indicators listed above.

## Investigations into chronic system failure

A number of high media profile health and social care related (and not just children's services) scandals have engendered far greater public scrutiny and criticism, and therefore higher public expectations. For children's services these expectations have been steadily rising anyway with the increased focus on working in partnership with families. These negative images gain greater attention from the media than positive developments, despite the considerable progress in children's services over the last few years. These in turn have undoubtedly had their impact on recruitment and retention.

The central theme for the Climbié enquiry was poor co-ordination at a local level arising from the plethora of structures on which services depend, each with their own accountability structures. It is a theme which resonates through the proposals outlined in 'Serving Children Well', discussed below. The Inquiry's terms of reference were broad in this respect, as the following extract shows:

“To examine the way in which Local Authorities in respect of their Social Services functions, the Health bodies and the Police:

- iii. co-operated with each other;
- iv. co-operated with other services including the local education authorities and the local housing authorities”

Undoubtedly, these recent experiences will be used as a reference point to crystallize support for newer models, and potentially as a basis of criticism for any laggards or objectors to the reorganisation of children's services.

## Structural and Organisational Responses

The proposals for the development of Children's Trusts are best seen as the latest milestone in a steady evolutionary development toward new ways of working, not a

radical step change as presented by some commentators. In many ways the range of Area Based and National Initiatives can be seen as building a momentum to the organisational changes now proposed. More importantly, Local Strategic Partnerships were enabled (though not mandatory) through the Local Government Act 2000, a key shift toward the more holistic promotion of the social, economic and environmental well being of communities. Specifically with regard to services for children and families, Children and Young Persons Strategic Partnerships were created to oversee planning and service delivery for vulnerable children.

So it is the recognition of the complex and diverse needs of children, the structural and persistent problems associated with child and family poverty, and the emphasis on partnership working and joined up services which have culminated in the new proposals.

### Capacity to take on the new agenda?

The Health Secretary clearly believes that Social Services are key to any new configurations:

“social services have a pivotal role in securing the health and well-being of the children of our country, to safeguard them when necessary and most importantly to secure them with new choices and new opportunities”.

(Children Act Report 2000)

One has to question though whether there is sufficient capacity to take on system and organisational change which if, as predicted, this will lead to better co-ordination at a local level will in turn lead to the ‘discovery’ of additional unmet needs. A recent survey commissioned by the LGA and ADSS highlighted the harsh reality that the level of Standard Spending Assessment (SSA) does not relate to the realities of local authority social services needs. Over the three year period 1998/1999 to 2000/2001 children's services SSAs have increased by 9.2 per cent, while expenditure has increased by 14.2 per cent. In addition:

- Gross expenditure on children's services per child under 18 years has increased by 153 per cent since 1990;
- Gross expenditure on children looked after per child under 18 years has increased by 82 per cent since 1990;
- Personal social services budget per child under 18 years shows a 34 per cent increase since 1994.<sup>9</sup>

Most of this increase has been about Social Services responding to immediate presenting need and not investing in preventative support services. Overall, the picture emerging is a general funding position that is inadequate to meet needs, performance targets and statutory responsibilities. Add to this the negative media coverage from

---

<sup>9</sup> Webb and Marsh, 2001

scandals, and their exacerbation of already critical recruitment and retention difficulties<sup>10</sup>.

In terms of potential new organisational arrangements, the government has been looking in particular at the emphasis given to outcomes based approaches in other countries, particularly the US and Australia, the Netherlands, and Canada. The government has been impressed where services are organised around core results to be achieved by all agencies. That is, rather than each agency working in isolation to achieve a set of defined goals and targets specific to them, agencies must work across organisational barriers to achieve joint outcomes.

So it is possible to outline the government's specification for new improved multi-agency services for children and young people:

- The focus must be on outcomes;
- There is a preference for holistic commissioning: the development of a 'strategic organisation' responsible for commissioning all child care services - education, social services and youth services. This could be achieved by extending the concept of the Children and Young People's Strategic Partnership;
- There should be maximum use of Health Act flexibilities;
- The Delivery framework must promote synergies, not create new boundaries;
- The Governance regime must be grounded in local communities: Involving communities and families much more in decisions about priorities, strategies and the financing of service delivery systems may mean setting up new structures in communities.

### Early options and models:

It is important to remember that Care Trusts have been presented as only one of several options for children's services. These basically involve Education and Social Services authorities combining forces to break down the barriers between access to learning and the protection and support of vulnerable children and families. Other early options include 'virtual trusts' where people remain in the same organisation, but agree the common outcomes and use of pooled resources as exemplified by the Health Act flexibilities; and 'public - private partnership' structures (including public – interest companies), bringing together local authority and civil service staff with community members.

## “Serving Children Well” – a new vision for Children's Services

The most developed thinking around the future shape of children's services is contained in the recent publication “Serving Children Well- A New Vision of

---

<sup>10</sup> See Cordis Bright 2002 Annual Workforce Survey (October Briefing)

Children's Services 2002<sup>11</sup>". This represents the consensus view of the LGA, NHS Confederation, ADSS, and Education related representative bodies. The NCB have later endorsed the model and general principles.

The discussion takes as its starting point the same comparatively poor performance of the UK in addressing broader social exclusion and child poverty outlined above, and in particular:

- One in three children live in poverty;
- 4 per cent of families (one in four children) live in poor housing;
- 400,000 children in need live in England in 2000. This represents a 10 per cent increase from 1999;
- Three out of five children in every classroom have witnessed domestic violence;
- More than one in three 12–15 year olds are assaulted each year;
- In 1999 12 per cent 11–15 year olds had used drugs in the previous year;
- One in 10 children have mental health problems;
- Infant mortality is twice as high for unskilled workers as for professional families;
- African Caribbean children are five times more likely to be excluded but no more likely to truant.

## Core Principles

Children live as part of families and communities, and schools. The challenge is to create locally built solutions that create new connections between services that relate directly to children's experience as they develop in the context of these institutions, and which are accountable to the local needs of children. The core principles on which the consensus model is based are:

- Develop what exists, as major change would be destructive to those services that are performing well;
- Base it on outcomes, and make it performance-managed;
- Make it available to all children;
- Provide equality of access;
- Ensure that it is child-centred and involves children and families fully;
- See that all agencies share priorities and share risk;
- Support it with a robust workforce strategy to ensure we have the right number of staff with the right skills and knowledge to ensure its delivery;

## A new model for service delivery

### The planning model.

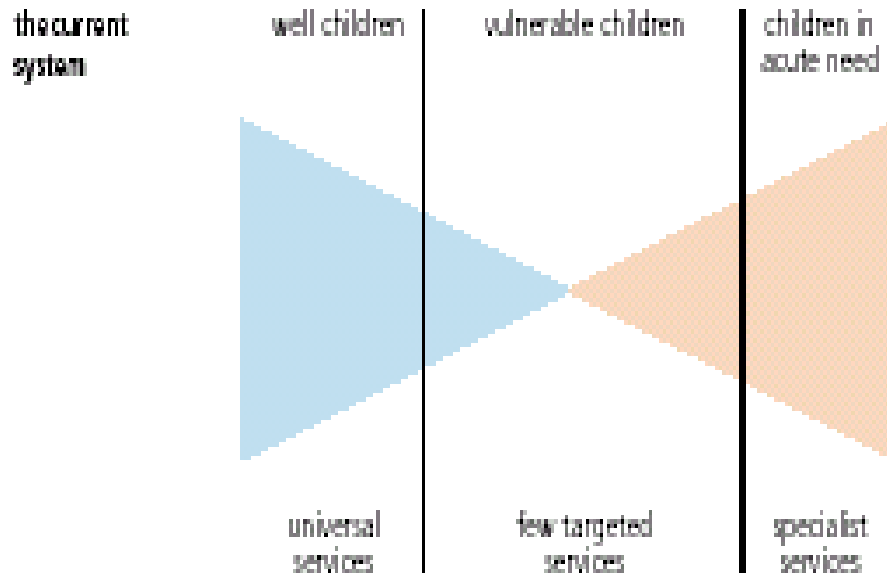
'Serving Children Well' proposes that Local Strategic Partnerships are the right vehicle to ensure that services are locally led and have real accountability to a wider network of local stakeholders, which together, have enough weight to pull services together, and meaningfully engage with local communities. The discussion paper

---

<sup>11</sup> [http://www.lga.gov.uk/Documents/Publications/Serving\\_Children\\_Well.pdf](http://www.lga.gov.uk/Documents/Publications/Serving_Children_Well.pdf)

argues that there are gaps, cracks, and overlaps in the current system, and that consequently, vulnerable children are not served well because of the relatively low investment in targeted services, as compared to universal (e.g. education) and specialist services.

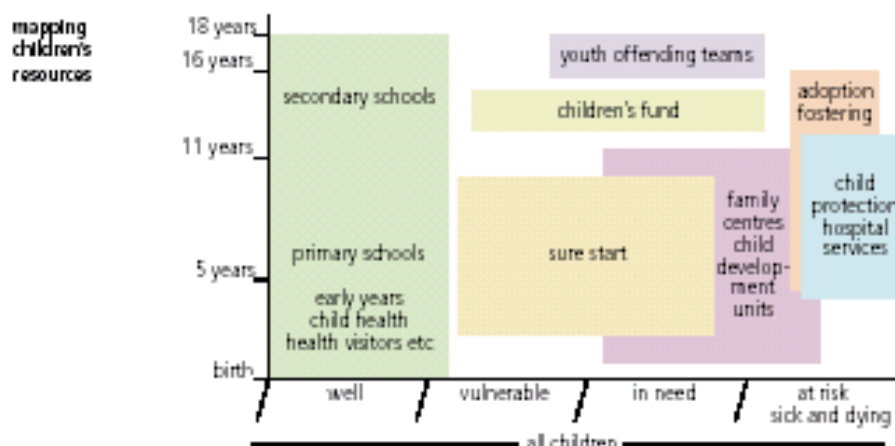
Figure 3: Gaps, cracks and overlaps in the current system.



Source: Serving Children Well, 2002

Another way of representing these perceived problems with the current spread of investment is set out in Figure 4. This is intended to show the spread of investment across existing preventative, universal, and specialist services, together with the transition points between services at key age milestones. The point of mapping services in this way is to better identify, understanding and manage the risks associated with these key 'life transitions'.

Figure 4: Mapping Children's Resources

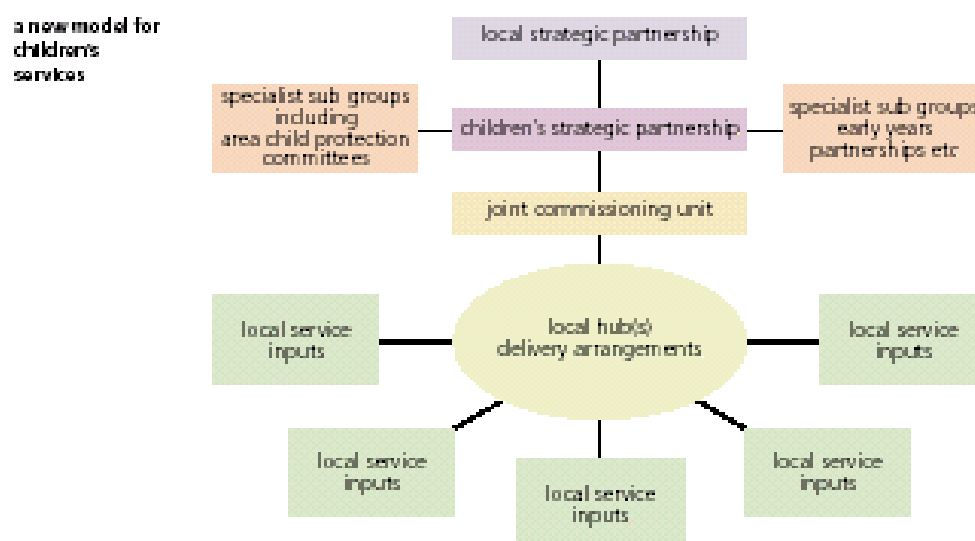


Source: Serving Children Well, 2002

## Accountability and Governance

The second dimension of the planning model is proposals for different accountability and governance arrangements. “Serving Children Well” envisages a system of national accountability and standards supported by the NSF for children. This is delivered locally through Children’s Strategic Partnership Boards (CSPB), which report to Local Strategic Partnerships (LSP), the chair of the CSPB appointed by the LSP. Professional accountability rests with the employing agencies. The model also proposes the creation of local children’s champions, providing a scrutiny and sharing good practice function. Commissioning of services, it is argued, is best co-ordinated through the CSPB, pooling budgets. The report proposes the establishment for the first time of a senior statutory officer post responsible for all children’s services.

Figure 5: Accountability and Governance Arrangements



Source: Serving Children Well, 2002

## The delivery model.

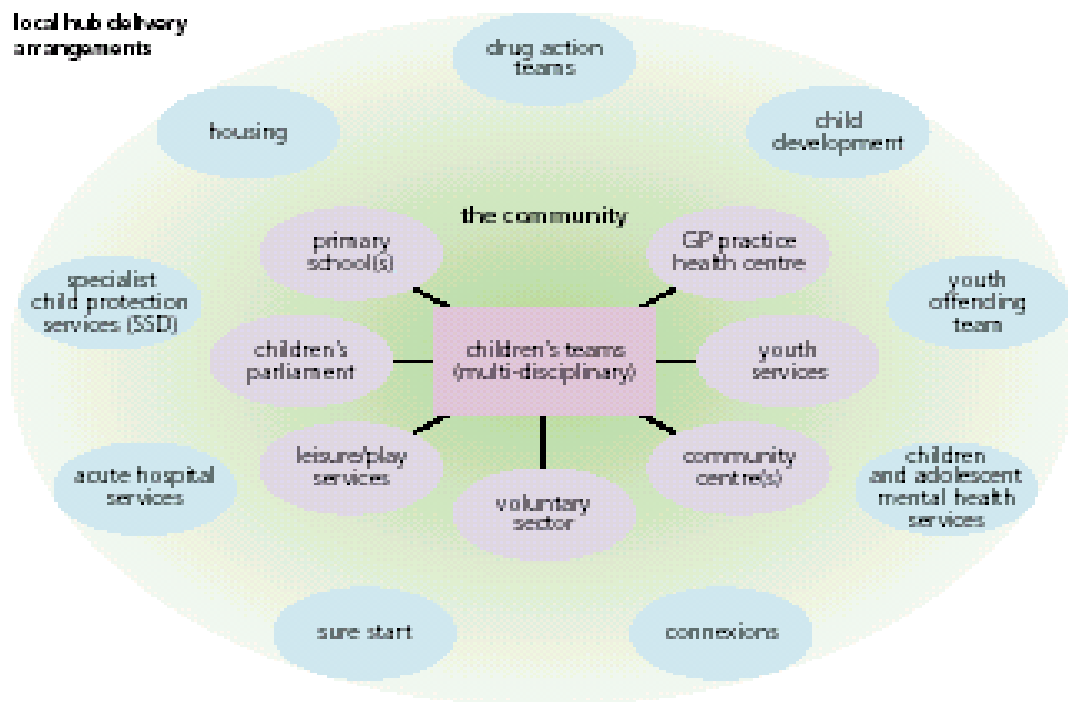
The first principle on which the proposals are based was to ‘*develop what exists, as major change would be destructive to those services that are performing well*’. Consequently, the proposed model relies on a network of local services held together in a “service hub”, based for example, around a school or cluster of schools. In other situations different service boundaries may be more appropriate. It is argued that that the key determinant is that the boundaries are clearest to the local community and the agencies providing the services. In turn a number of service hubs would be linked together under the CSPB and be co-terminus with local authority boundaries.

The range of services that could be included in Trusts is very wide, and might include combinations and variations from the list below:

- services for disabled children;
- children with special educational needs;
- child protection;
- identification, referral and tracking of children at risk;
- speech and language therapy;
- child and adolescent mental health services; and
- areas where social care, health and education services need to work together.

The community based, multi-disciplinary team at the heart of the service hub, it is proposed, would assess, deliver, refer, and / or commission services. Note that one of the key parts of the network of services is for local children's parliaments.

Figure 6: Example of Local Hub Delivery Arrangements.



Source: Serving Children Well, 2002

### A note on the need for common assessment tools

The establishment of multidisciplinary teams raises the spectre of single assessment processes. As with Older Peoples services, the development of single or common assessment tools for children and young people with multiple needs will be a key issue for any future configuration of children's services.

An example: Johnny is a vulnerable young person who is looked after and is a repeat minor offender. He is about to leave school. Johnny could be subject to any or all of the following assessment procedures:

- (a) Regular LAC assessment
- (b) Asset assessment by YOT
- (c) Education assessment
- (d) Connexions assessment
- (e) DoH comprehensive assessment under CYP assessment framework .

While the last is the most commonly accepted and holistic tool in use for Social Services, it is yet to gain the necessary credibility amongst other professionals. National work, led by the DOH, is underway to create an integrated children's system which will pull together all the information gathered through the various assessment processes.

There are many practical obstacles to successful implementation, not least the need for a single shared identifier for all agencies (universal child indicator), with all the data protection issues that present.

## Key messages

- Britain has a poor record of tackling child poverty both in absolute and relative terms. The Government has clearly linked it's own political fortunes to reversing this trend;
- There is a sound consensus around proposals for the planning, delivery, accountability and governance arrangements for new ways of delivering services for children and young people. The reasoning behind these proposals is well grounded in the child poverty debate;
- The development of these proposals are best seen as the latest evolutionary milestone to respond to increasing public expectations, where early evidence that a whole range of (often poorly co-ordinated) social inclusion initiatives have not delivered to the extent that the government has required;
- There are interesting local issues to resolve, including single assessment, and economy of scale issues. The latter raises the prospect of Children's Trusts at a sub-regional level, co-ordinating activities with regional offices of a national child protection agency, should support for this latter agency eventuate;
- The establishment of Children's Trusts could fundamentally change the relationship of these new bodies with local authorities, especially if models such as 'public interest companies' are supported.

## References and related reading

ADSS et al, "Serving Children Well, a new vision for Children's Services", 2002

Bradshaw, J., (2000) Child Poverty in a Comparative Perspective, in Gordon, D. and Townsend, P. (ed), Breadline Europe, Policy Press, Bristol.

Howard, M., Garnham, A., Finister, G., and Veit-Wilson, J., (2001) Poverty: the facts, 4<sup>th</sup> Edition, Child Poverty Action Group, London.

Marsh C, Webb A, Forrester R, Cousins S, Children's Budget Pressures, ADSS, March 2001.

Rahman, M., Palmer, G., and Kenway, P. (2001) Monitoring Poverty and Social Exclusion, Joseph Rowntree Foundation.

Wadsworth, J., and Gregg, P. (eds) 1999, The State of Working Britain, Manchester University Press.

"From Welfare to Wellbeing: the future of social care", by the Institute for Public Policy and Research (IPPR). This report outlines a vision for social care in 2020, demonstrating how the sector can make a greater contribution to delivering a more socially just society. With regard to Children's Services, the report proposes that the single most important change that needs to happen is greater investment in prevention. While accepting the government's preferred model of service delivery are Care Trusts, the report challenges whether these have to be NHS organisations, suggesting that the accountability framework of local government is equally appropriate. The report also makes a strong case for the creation of a separate, dedicated child protection service.

# Money

We are now going to take a look at three key income streams for Social Services:

- The new Formula Spending Share
- Specific grants and charging
- Funds for Supporting People

## The Formula Spending Share

Formula Spending Share (FSS) has replaced the Standard Spending Assessment (SSA) as the means of calculating the indicative amounts that local authorities ought to be spending on local services, including social services, education and the environment.

The FSS, like the SSA, is then used as the basis for central government to calculate the amount of Revenue Support Grant that individual local authorities will receive. The RSG is awarded after taking into account the distribution of business rates and the level of council tax that local authorities are assumed to be able to raise. Interestingly, the RSG calculation doesn't take account of charges to individuals for services.

When the FSS figures came out for consultation last week, the angle that made national news was that the new FSS had resulted in a redistribution of resources from south to north, causing 'outrage' in some parts of the land, notably Tory controlled boroughs in the south east. In fact the national average increase in proposed funding to local authorities is 5.9%, with the following regional variations:

East	7.1%
West Midlands	7.1%
North West	6.6%
Yorkshire	6.3%
North East	6.0%
South West	5.8%
South East	4.5%

The FSS introduced the concept of 'floors' and 'ceilings' (for education & social services authorities), so that no local authority got an increase of less than 3% overall or an increase of more than 8%. There were no decreases, as has been the case in the past.

We have taken a closer look at the Personal Social Services (PSS) element of the Formula Spending Share, and the results are interesting. It would appear that assumed expenditure on PSS is the area where the biggest shift has occurred in terms of central government calculations of what local authorities should be spending. Key points are:

- The total PSS element of FSS has increased from £11.2 billion this year to £13.1 in 2003-04. This represents an increase of 16%.
- This is after allowing for a transfer of funds from Social Services to the NHS to pay for 'free' nursing care.
- Within this figure, 'basic' funding – i.e. not ring-fenced for particular purposes - has increased by 26%.
- Ring-fenced revenue grants have gone down by 32%. Within this, there are a number of significant shifts.
- Amongst Briefing subscribers, the increases range from 14% to 35%, with an average increase of 26%.

Figure 7: PSS element of the Formula Spending Share

Authority	2003-04 FSS (£m)	FSS (£/head)	PSS SSA	
			per head 2002-03	% Increase
Barking and Dagenham	53.991	329	288	14.5%
Kent	257.524	194	166	16.7%
Thurrock	30.228	211	180	17.3%
Camden	85.998	434	361	20.4%
Hertfordshire	204.972	198	164	20.8%
Portsmouth	44.565	239	195	22.3%
Bedfordshire	67.507	177	143	23.8%
Bromley	62.169	210	170	23.9%
Harrow	49.721	240	191	25.8%
Haringey	75.796	350	277	26.3%
Luton	40.586	220	173	26.9%
Sutton	41.160	229	180	27.2%
Brent	84.077	319	250	27.6%
Hillingdon	55.877	230	179	28.5%
Tower Hamlets	106.912	545	417	30.8%
Buckinghamshire	81.872	171	130	31.0%
Liverpool	149.189	339	259	31.0%
Bracknell Forest	19.323	176	134	32.1%
Knowsley	49.883	332	251	32.2%
Reading	31.659	221	165	34.4%
Windsor and Maidenhead	24.538	184	136	35.2%
<b>Average increase</b>				<b>26.1%</b>
<b>National average</b>				<b>23.7%</b>

## Reasons for the change

- The calculation for 2003-04 has taken into account actual levels of expenditure on personal social services, bringing the indicative grant allocation in line with the level at which most councils are actually deploying resources.
- The figures for 2003-04 take account of 'resource equalisation' – that is councils' ability to raise council tax. It recognises that local conditions mean that assumed revenues from council tax will differ greatly from one region to another.
- The FSS calculation incorporates a new 'area cost adjustment' – for example, taking account of higher costs of employing staff in some areas.
- There are new components of the formula that is used to arrive at a quantitative measure of the level of deprivation in each area; for example, the older people's sub block is partially based on numbers of people over 65 on income support and numbers living in public rented sector.
- Elements of the calculation that are based on population statistics have taken information from the 2001 Census. In some cases the figures are very different from those drawn from the 1991 Census.
- Information that has been used to feed into the FSS calculation has been based on local authorities' own returns to central government. This highlights again the importance of being able to collect accurate local data.

## What does it mean?

As we have seen in previous briefings, many local authorities have consistently spent far in excess of SSA grant levels (although some have spent below). The new Formula Spending Share allocation apparently recognises that actual levels of expenditure are a realistic reflection of the cost of providing personal social services.

In practice, however, the new allocation levels may create tensions within individual authorities in the budget setting process. In the guidance that accompanied the release of the FSS amounts, authorities were directed to ensure that the full increase in the education element is reflected in actual spending, although the same has not been said of social services. Nevertheless, difficulties may arise if the FSS allocations are taken as an indicative guide for budget setting purposes. While the personal social services block is a substantial winner within the overall average increase of 5.9%, other blocks will have reduced allocations. The issue is about how much notice authorities will take of these changes within their own internal budget setting, and the extent to which councils will seek to raise Council Tax in order to fund FSS indicative spending levels.

## Ring-fenced grants and charges for services

While specific and ring-fenced grants have featured more prominently as a proportion of the SSA over the last three years, the allocation for 2003-04 sees a reduction in the amounts of money earmarked for specific purposes. As predicted in previous briefings, the government has quickly removed the restrictions on the Preserved Rights grant. This follows the recent announcement that high performing authorities would have the freedom to spend ring-fenced grants (including the new Supporting People grant) as they saw fit.

The following monies will no longer be ring-fenced in 2003-04:

- **Preserved Rights** moves into unhypothecated resources, which means that the money can in theory be spent on anything.
- **Promoting Independence** this grant was always time limited, and resources are now included within the general FSS. The rationale for this is that partnerships between health and social services should be well developed by now, and services developed with this grant mainstreamed.
- **Residential Allowance** is also included in total formula spending, but not as a ring-fenced grant. Further changes to the rules are expected in October 2003, when not only people who are entering local authority residential homes for the first time, but also people who are already in them, will no longer be entitled to Residential Allowance. More money will be transferred to local authorities in due course to compensate them for this. Details are still being finalised.
- **Building Care Capacity** was originally a grant to fund the costs of providing community services to people who could not be discharged from hospital without them. The money has now been channelled into a wider strategy for tackling the issue of delayed discharge. In part, the Building Care Capacity money is replaced by the Access and Systems Capacity Grant, which has a broader remit to fund the implementation of strategies that enable older people to stay in own homes for longer.

The following new ring-fenced grants are introduced, reflecting the new key priorities of central government:

- **Access and Systems Capacity** is a specific grant to enable authorities to expand community care services to enable people to stay in their own homes for longer. Examples of services that might be funded include Home Improvement Agencies, community equipment etc.
- **National Training Strategy (£25m)** is funding to support the training of social care staff across all sectors. Conditions will be issued in due course. As an observation, that works out at about £25 per year per front-line worker in the social care sector. The Training Support Programme continues as a separate ring-fenced grant, targeted at the development of professionally qualified staff.

- **Human Resources Development Strategy** (£9m) is a new grant to support employers to develop social care workforce. If distributed equally amongst all authorities, the funding works out at about £60k per year per social services authority.

There are also a number of sources of funding that are related to charging for services, which, as I mentioned, is not included in the RSG calculation. Since April 2001 a number of important changes have occurred to the ways in which authorities can charge for services, largely prompted by the recommendations of the Royal Commission on Long Term Care. In some respects it is too early to determine the impact that these changes have had on local authorities' budgets, but there are a number of potential risks for authorities in implementing new guidance on charging.

Considerable attention has been given to the new regulations contained in the DoH's *Fairer Charging Policies for Home Care and other non-residential Social Services* (practice guidance was issued in August 2002), which is largely about introducing restrictions on taking into account individuals' earnings (including benefits) in assessing charges for care.

The ring-fenced grants awarded to local authorities within the FSS, and previously the SSA, are intended to cushion the impact of new charging regulations with regard to residential services. The changes to the *Charging for Residential Accommodation Guidance* (CRAG) are largely designed to respond to calls to for people in residential care to be able retain their capital.

Taking as an example, expenditure on services for older people, where the majority of charging occurs, a number of CRAG changes are beginning to affect income streams. These include:

### Property disregard

The NHS Plan introduced a mandatory property disregard. This means that in calculating how much an individual must pay for his or her own care, local authorities must disregard the value of a person's home for up to 12 weeks after admission to care in a residential setting. This applied from April 2001. It is intended that the additional costs for local authorities should be absorbed by the general increase in the PSS SSA.

### Deferred payments

Deferred payments' were introduced by the Health & Social Care Act 2001 and came into force in October 2001. The government's aim is to allow people who do not wish to sell their properties to have a legal charge placed on the property to meet the shortfall in care costs. Residents may only enter into a deferred payment agreement once the 12 week property disregard period is up.

From October 2001 social services authorities were given a specific grant, totalling £15m across all authorities, to get the scheme off the ground. £30m was allocated for 2002/03, and £40m will be allocated in 2003/04. The idea is that eventually new deferred payments will be funded from the redemption of existing charges on properties, and that the scheme will be self-financing. The Department of Health 'expects' that councils will use repayments of deferred payments to fund deferred payments for new residents, although this is not mandatory.

The key issue is the gate-keeping of the scheme. There are a number of risks for authorities. For example, more people may request deferred payment than the authority can afford to fund. As always, when discretion and scarce resources are at issue, the council could face having to defend its decisions at judicial review.

The other issue is that councils remain responsible for funding the care of people whose payments are deferred. In each case, Authorities need to undertake a risk assessment, to ensure that the value of the charge will be sufficient to meet the care costs of the individual for as long as necessary. Predicting how long this will be may be difficult.

Economic factors will impact on the level of funding that the local authority recovers through the deferred payments scheme. Should property prices crash, authorities may find themselves with a shortfall

### Third party top-ups

Third parties can make top-ups for council funded residents, if a resident wishes to enter more expensive accommodation than a council would normally fund. Relatives who are liable under the regulations to contribute towards an individual's care costs may NOT make third party top ups. Residents may also top up care costs from their own funds, if these are not taken into account in calculating charges. An amendment to CRAG, with effect from October 2001, broadens the resources that resident may use to top up.

Key points are:

- Residents can only top up if they have either accessed the 12 weeks property disregard or are subject to a deferred payments agreement. The rationale behind this is that to deny people choice in interim period would be unfair.
- Residents with a property disregard can top up from disregarded earnings, disregarded income, disregarded capital and other capital, except the home. They can only top up to the value of the lower capital limit.
- Residents with deferred payment agreement can top up from all of the above, including the value of the property, which can be used as collateral for top up. The amount is added to deferred contributions and repaid when the property is sold.

The local authority is responsible for the full cost of any accommodation that it places someone in. So, technically, the local authority pays the cost of accommodation, then recovers it through a charge, based on a person's income. Third party top up is taken into account as income.

Although these measures will offer more flexibility for individuals, they will present some risk for local authorities:

- Authorities need to assure themselves that a third party can and will continue to make the top up.
- The resident or the third party can pay the top up direct to the accommodation provider. However, if the individual does not pay, the local authority is liable to pay the full cost of the placement to the provider.

A useful exercise for all local authorities, in the light of the rapidly changing landscape of funding, is to conduct an audit of income and expenditure in relation to these specific amounts of money, (a) to see whether they are future proofed against funding changes in the near future, and (b) to re-assess the risks of changes to the level of income from charging.

## Supporting People funding

Supporting People funding will be an important component of Social Services funding from April 2003. Allocations were not announced with the FSS figures, since work is still going on to identify the amount of funding that will be needed to fund support services that already exist or are in the pipeline ('sizing the pot').

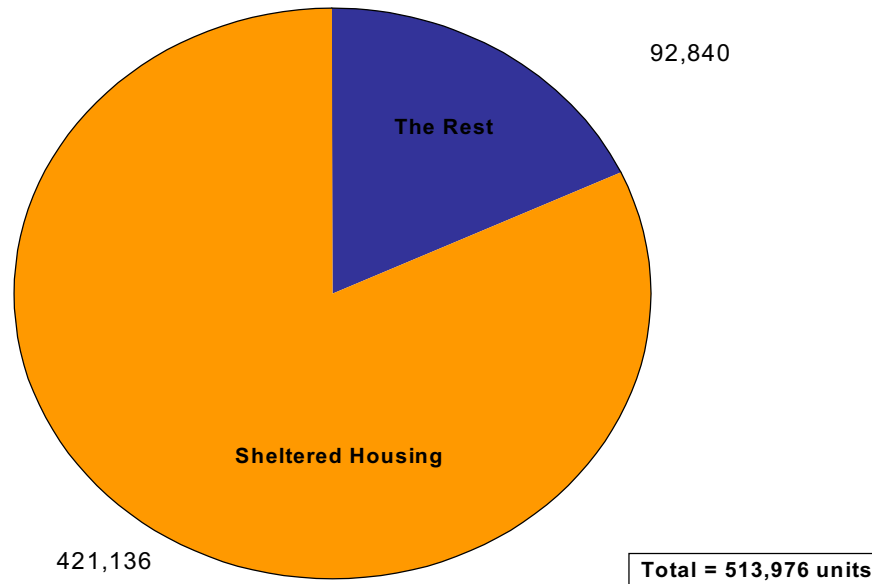
The amount of funding that each authority will receive will be announced in February 2003. However, in the meantime we have taken a look at how funding is likely to be distributed, based on what is known about the distribution and costs of supported housing. Our best guess indicates that there may not be enough money available to fund the claims that local authorities are in the process of submitting.

- Overall the pot size is likely to be in the region of £850 million. The original cost of Supporting People was estimated at around £700 million.
- The £850 million will be distributed nationally, initially based on the value of existing interim contracts, and in the longer term based on a national allocation formula.
- A key to understanding the current and future impact of Supporting People distribution is the amount of Supported Housing in each local authority, as this shows how much Supporting People the authority will need now, and how much it will win or lose when the allocation formula is applied in the future.

## Supported Housing Supply

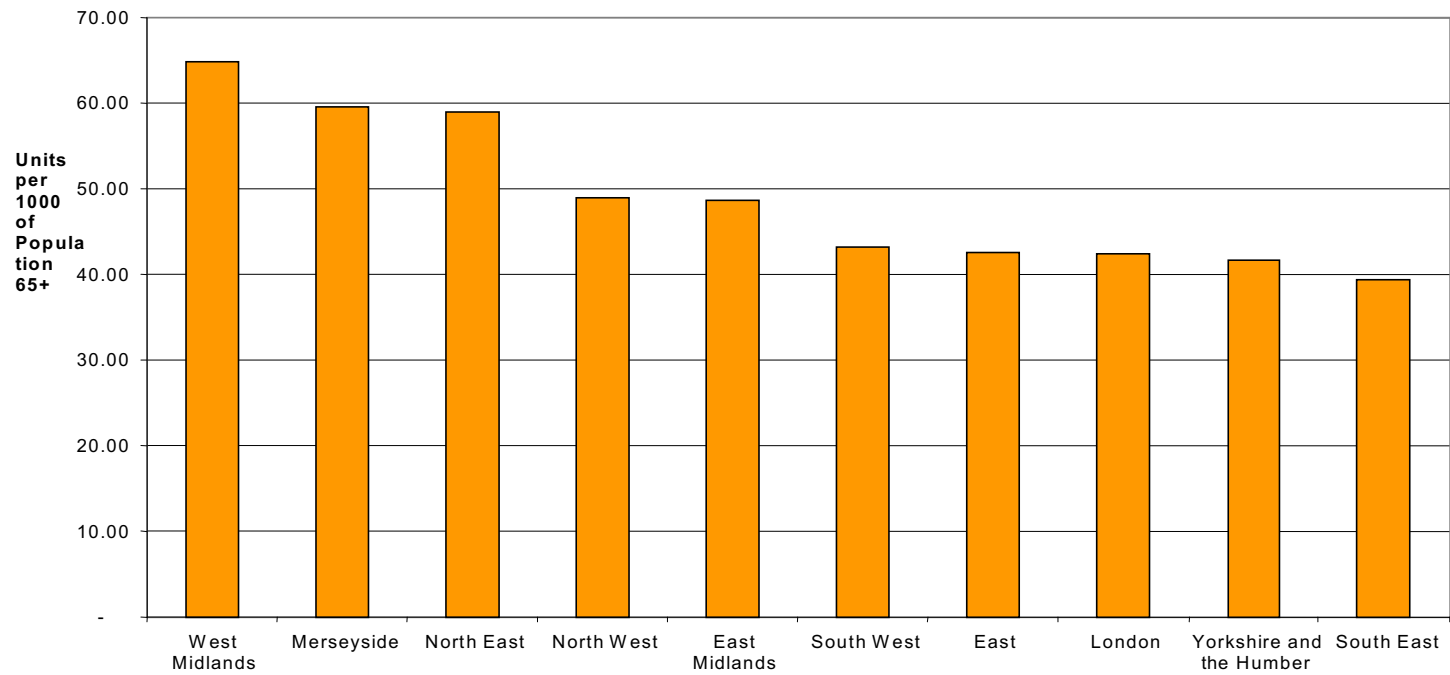
- The supply mapping exercises undertaken by Supporting People Teams will provide a wealth of information about the local availability of Supported Housing – eventually.
- The combination of data on Supported Housing Management Grant (SHMG) units funded by the Housing Corporation (with an uplift of 20% to allow for non-SHMG services) and data on sheltered housing from the Elderly Accommodation Counsel suggests that there are a total of about 515,000 units of supported housing. This equates to £32 per unit per week.

Figure 8: Supply of Supported Housing



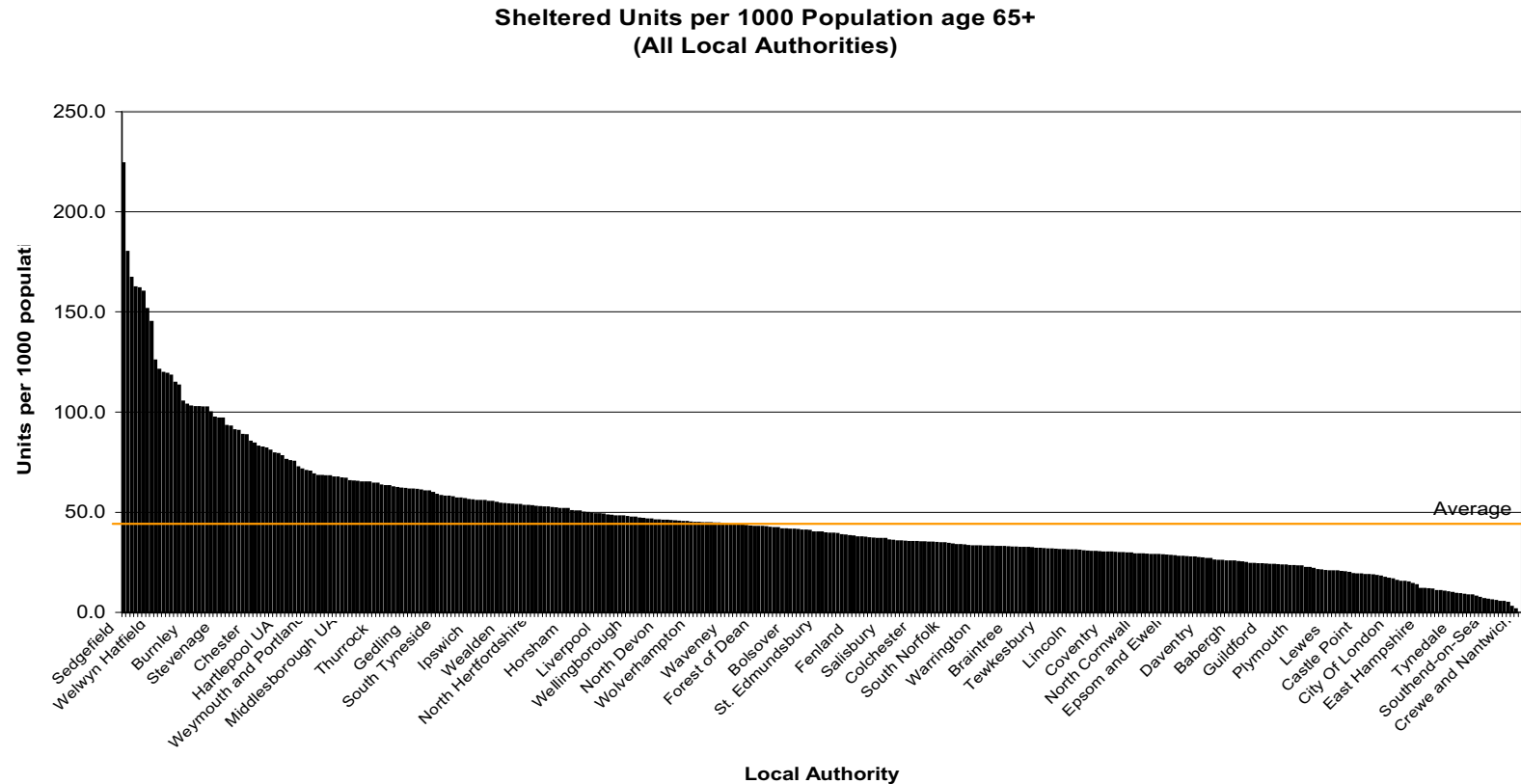
- ❑ Sheltered housing accounts for 421,000 units (82%) of Supported Housing. All other clients groups (“Others” for the purposes of this briefing) account for the remaining 93,000 units (18%) of supported housing.
- ❑ The overwhelming numbers of sheltered housing units make this housing type a major indicator of how much Supporting People individual authorities will get now and in the future. The chart shows the distribution of sheltered housing based on the number of units of sheltered housing per 1000 of the population over retirement age.

Chart 1: Sheltered Housing Units per 1000 of the Population over 65 by Region



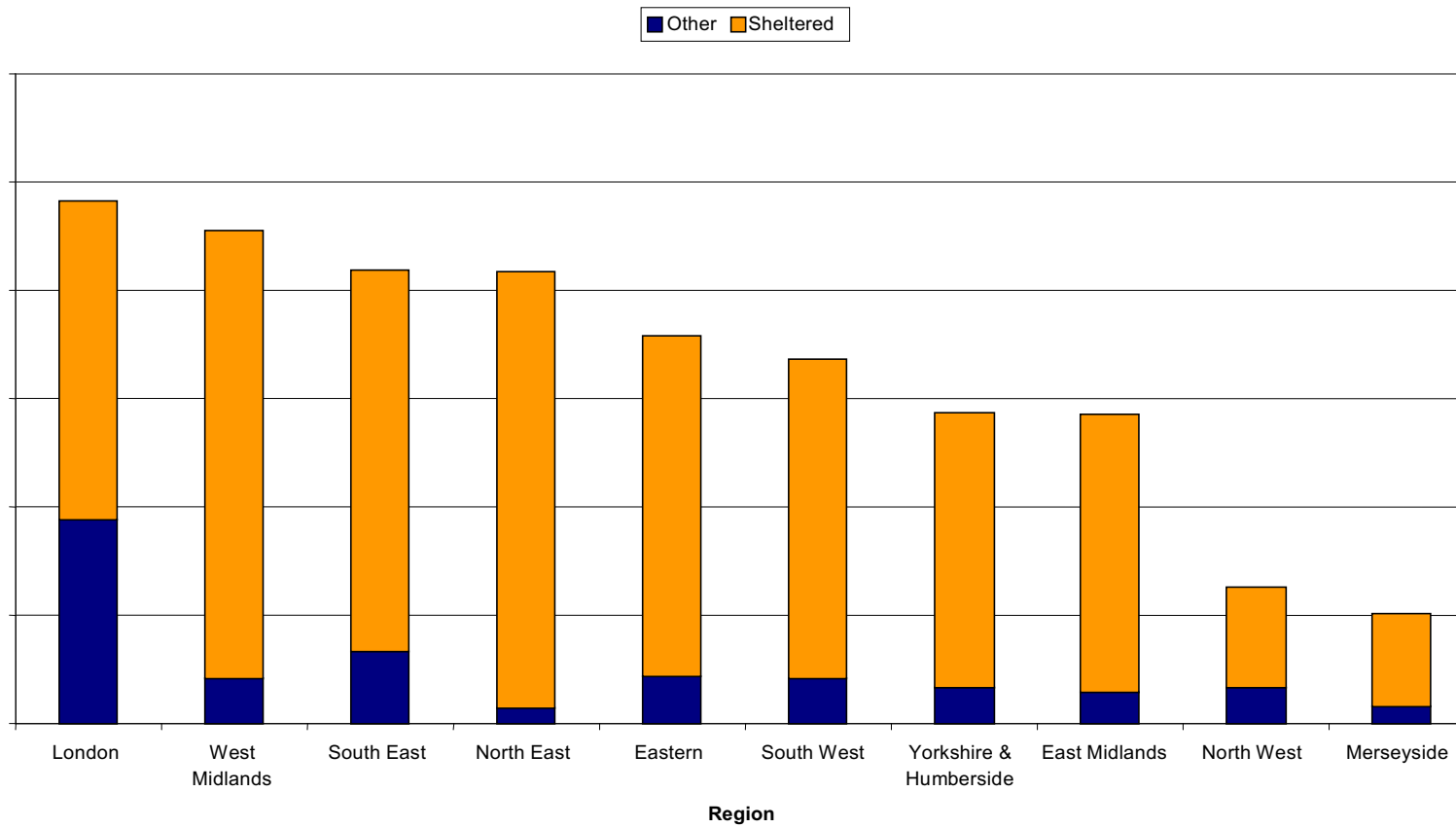
- ❑ The range, based on Regions, ranges from 39 units per 1000 of the population in the South East, to 65 units in the West Midlands.
- ❑ Based on individual local authorities, the range is much more extreme – from 224 units of sheltered housing per 1000 in Sedgefield to none in Crewe and Nantwich, with an average of around 49 units.

Chart 2: Sheltered Units per 1000 Population age 65+ (All Local Authorities)



Combining this with the supply of other supported accommodation, based on Housing Corporation SHMG data, results in the following overall distribution based on actual units of accommodation. London has the greatest number of supported housing, as suggested by the unequal distribution of SHMG discussed in previous briefings

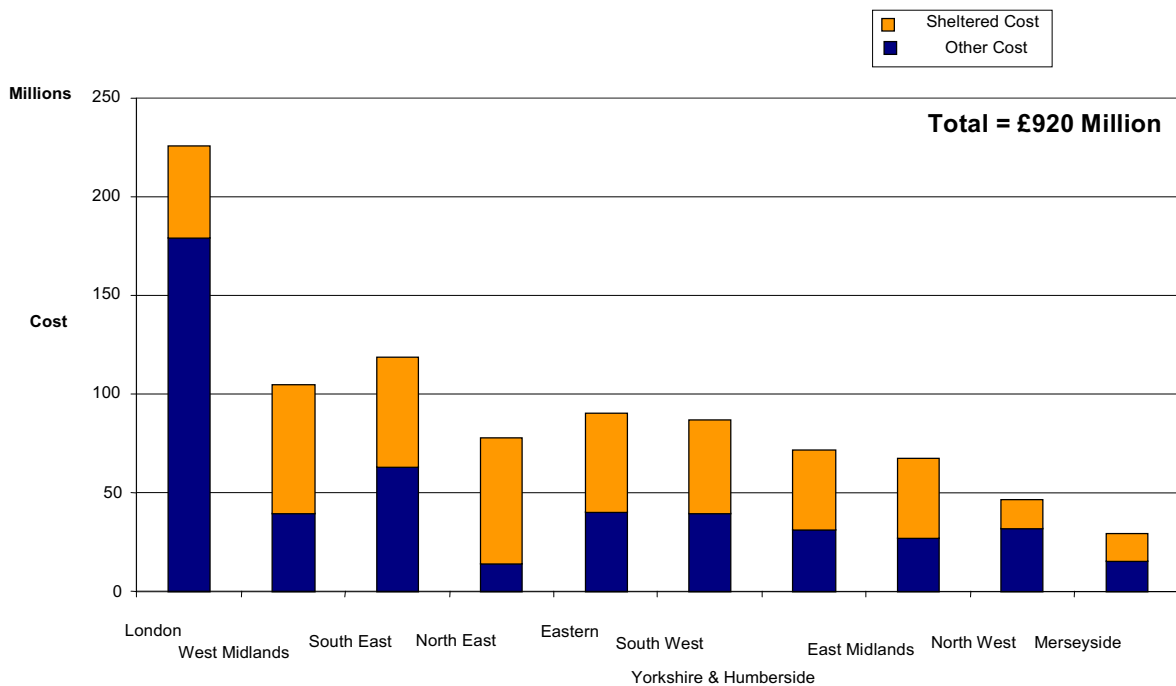
Chart 3: Current Estimated Supported Housing Supply by Region



## Cost of Supported Housing Supply

- The supply of supported housing gives a basis for estimating how much it will cost. For the purposes of this, the support costs for Sheltered Housing have been estimated at £20 per week, and the cost of Other Supported Housing at £100 per week. Based on sheltered housing and the SHMG funded units (uplifted by 20%), it comes to around £920 million.

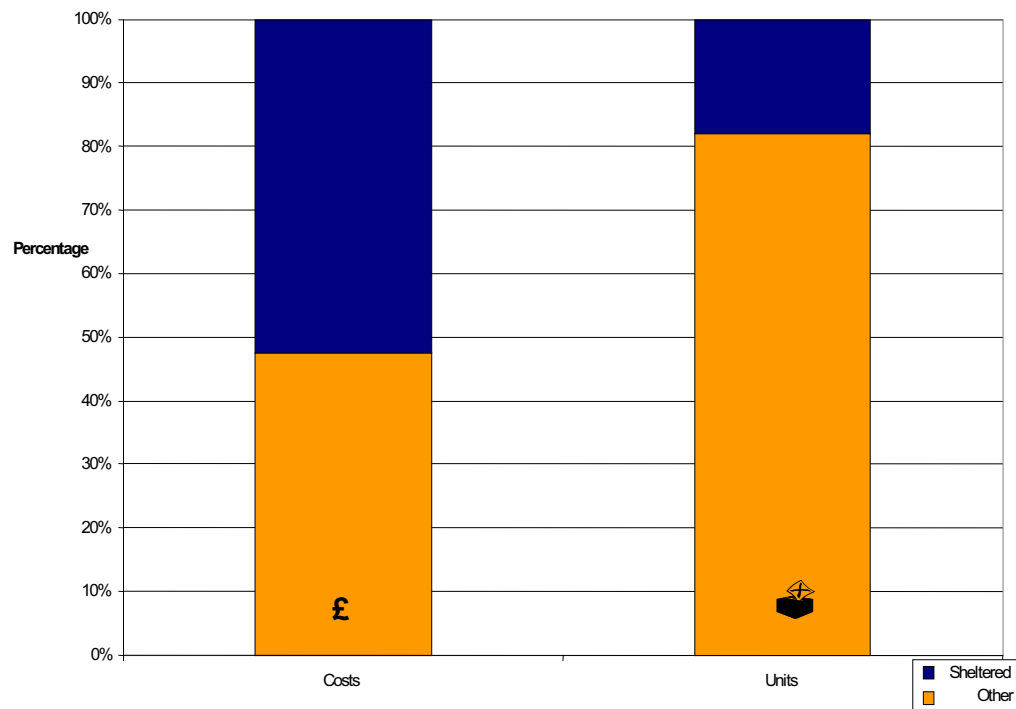
Chart 4: Actual Cost of Supported Housing (Assuming Support Costs for Sheltered at £20 p/w and Other at £100 p/w)



- This already represents a shortfall of £70 million, but these figures do not take into account the new schemes being developed, in particular the high cost services that are being transferred out of Social Services Community Care budgets.
- Estimates of the potential shortfall are difficult due to the lack of current supply data, but our work in a number of local authorities suggests that the development of new services, particularly ex-community care services, are pushing up the total cost of supported housing by 20-25%. If this was reflected nationally, this would result in a national shortfall of £250-300 million.

- Looking at the cost and volume of sheltered and other supported housing together, it can be seen that although there is a lot of sheltered housing, it is cheap, accounting for 82% of the supply, and only 48% of the cost.

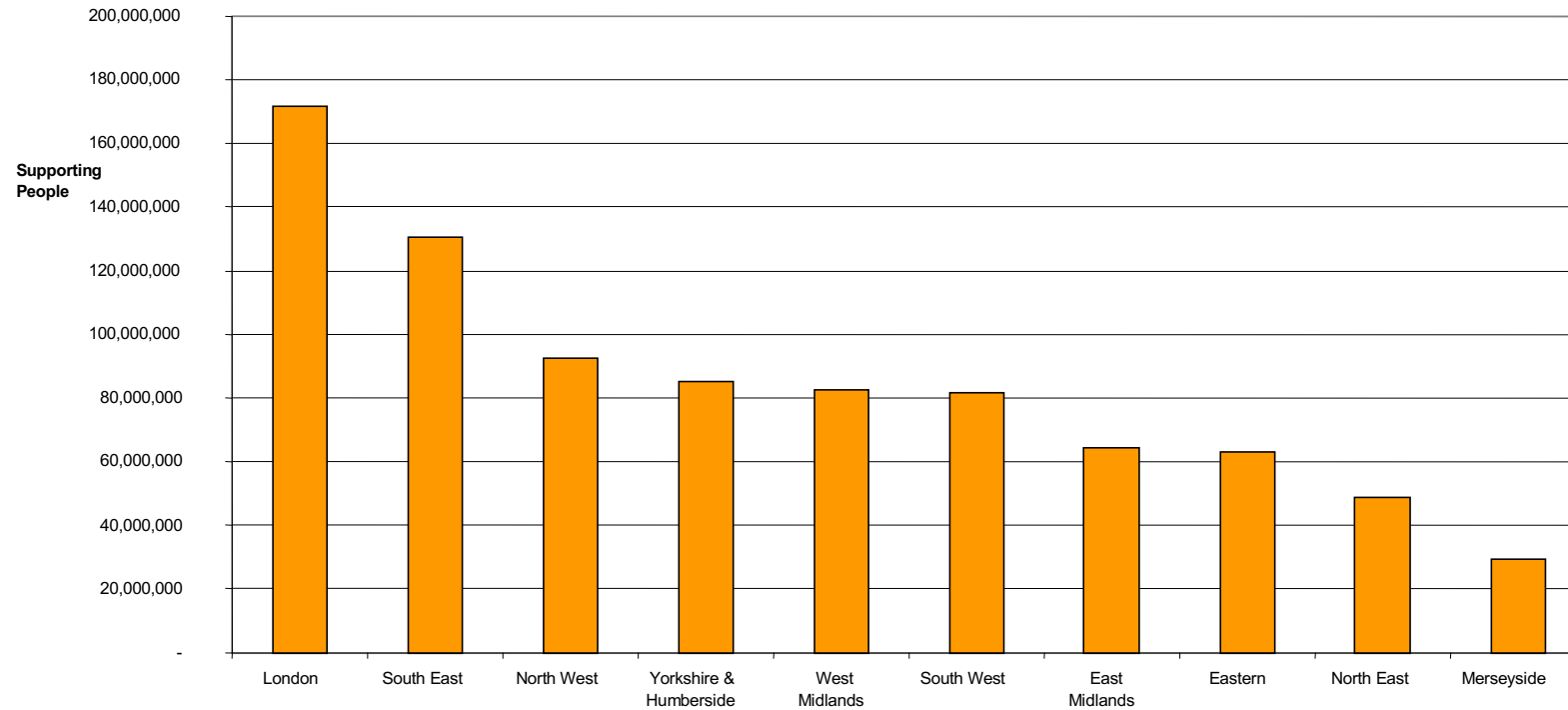
Chart 5: Split between Sheltered Housing and Supported Housing: Costs and Volume



### Distribution of Supporting People Funding

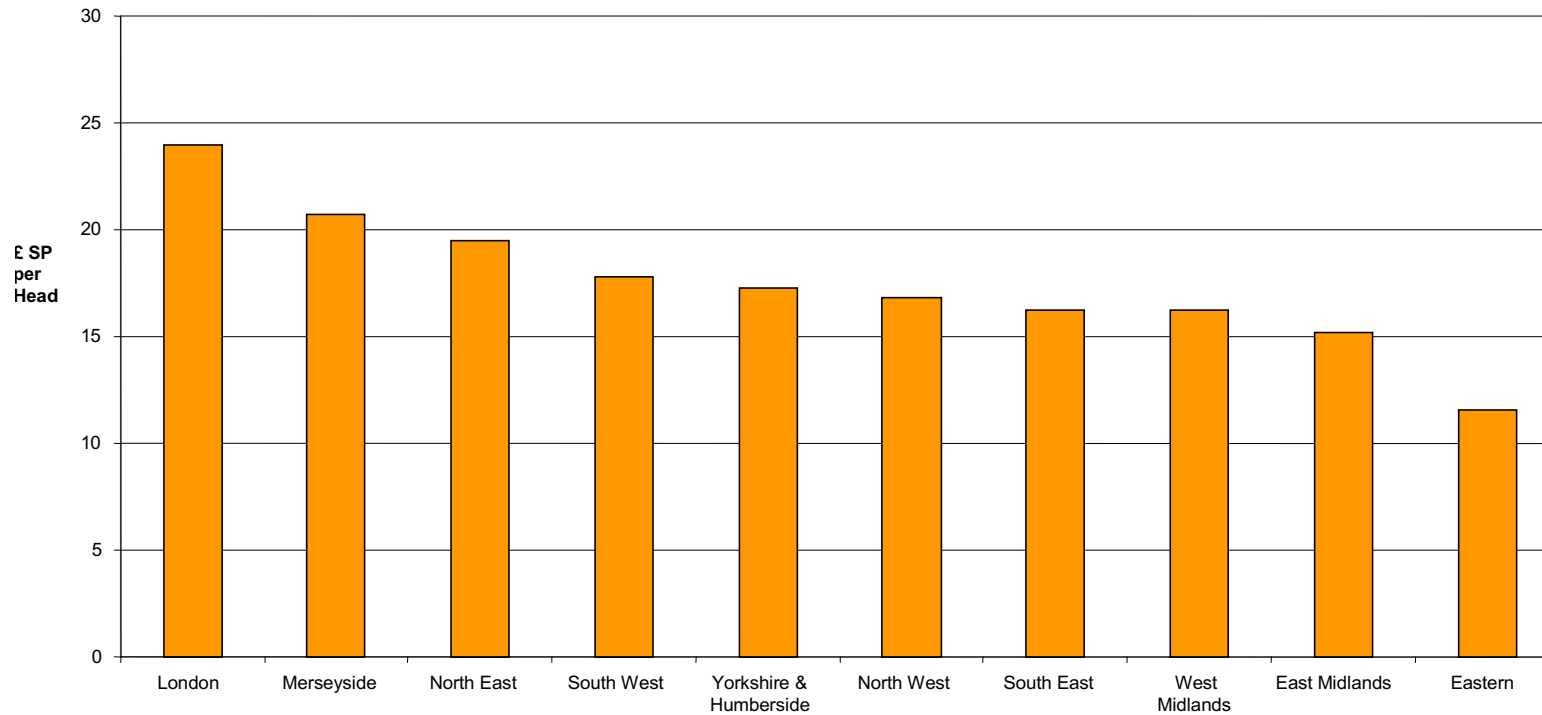
- The current distribution of Supporting People is based on actual supply, but the future is based on a national allocation formula based on local demographics and deprivation data. The formula is still being developed, but we feel that the results are close enough to the formula of the Standard Spending Assessment (now Formula Spending Share) for local authority funding for this to be used to estimate future distribution of Supporting People.
- Under an SSA/FSS distribution formula, the distribution of Supporting People shows London to be the largest single recipient of Supporting People, in terms of money.

Chart 6: SSA Distribution of Supporting People Funding (£850 million)



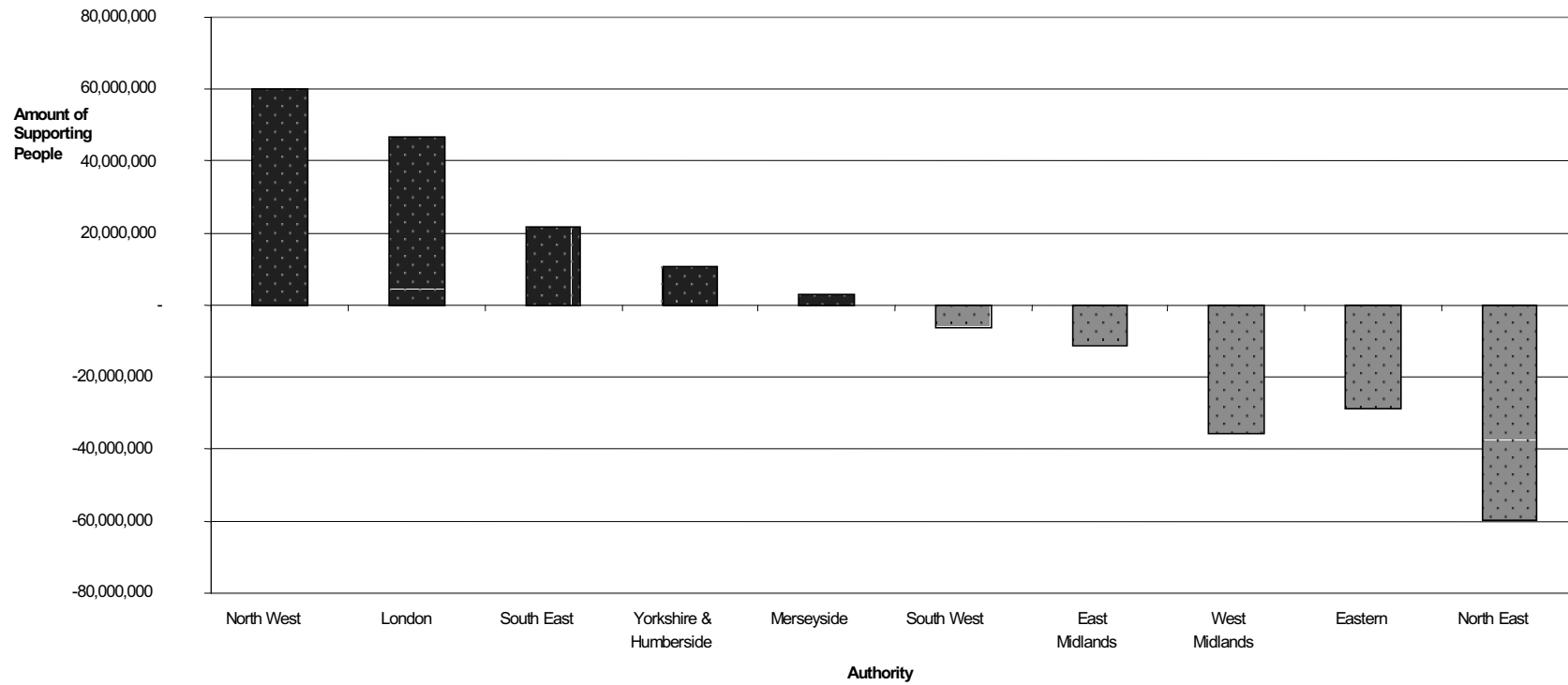
- Based on an assessment of SP distribution on the SSA allocation formula per head of the population, London is still on top, but the order is very different below this level.

Chart 7: SSA Distribution of Supporting People per head of population



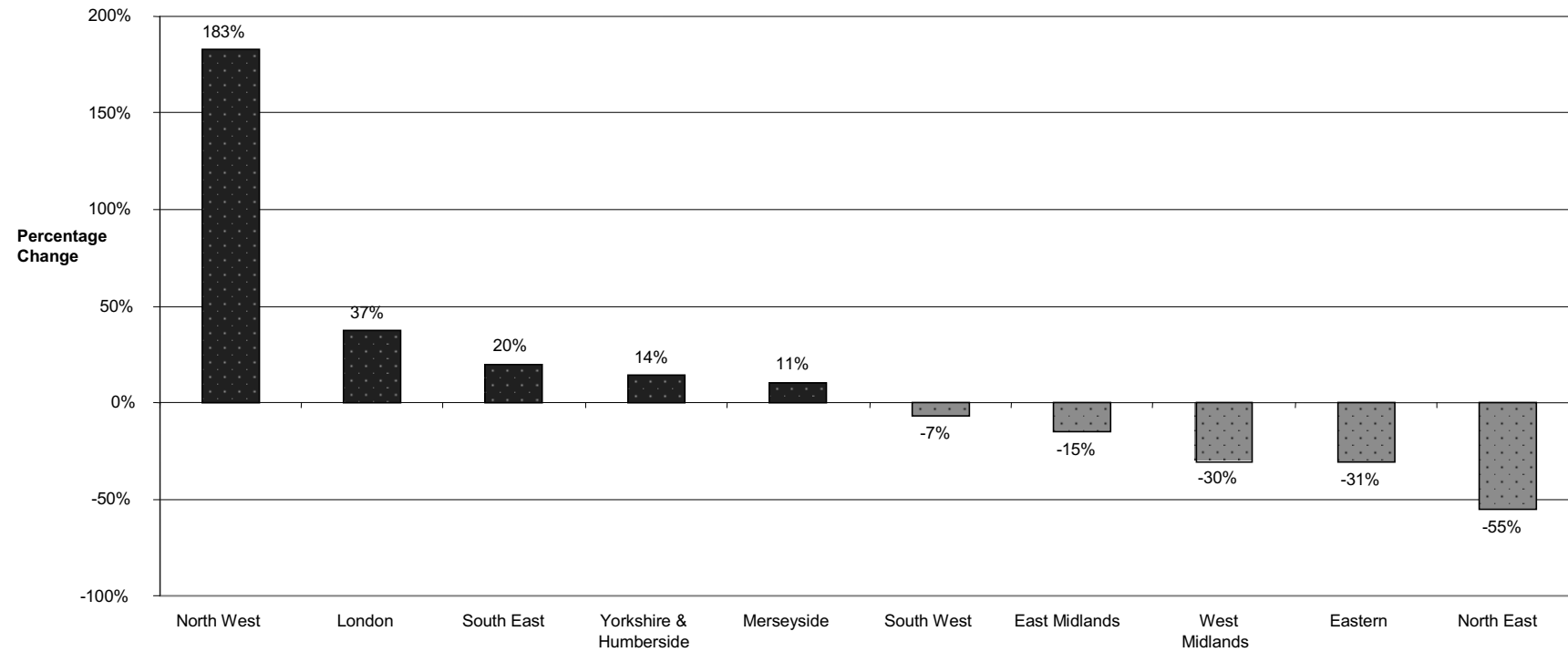
- Comparing the current allocation of Supporting People based on supply, and the future distribution based on SSA, then the considerable shifts of funding become apparent.

Chart 8: Change in Funding: Comparison of SP based on current Supported Housing and SSA Distribution



- The shifts in funding are even more apparent in percentage terms.

Chart 9: Change in Funding (Percent): Comparison of SP based on current Supporting Housing and SSA Distribution



## Supporting People Money – Key Messages

There will not be enough money – we estimate a potential shortfall of at least £100 million, and possibly as much as £250 Million, resulting in:

- Pressure on social services to transfer community care funding into schemes that have moved into Supporting People.
- Increased pressure to generate savings through scheme reviews.
- A reduction in the overall cost of Supported Housing – it will become cheaper to local authorities, and make less money for providers. Economies of scale will become increasingly important.
- A refocusing of priorities (for funding) of Supporting People services.

The changes in funding will have a particular bearing on services for older people – particularly sheltered housing, where substantial savings may be possible.

# Briefing Matters

## Subscriber Benefits Reminder

A subscription to the Cordis Social Services Briefing entitles subscribers to two in-house briefings at no cost, choosing from any of the topics delivered. For a full list of topics covered please see the health and social care briefing section of the web site:

[www.cordisbright.co.uk](http://www.cordisbright.co.uk)

and contact us if when you would like to make best use of this part of your subscription.

## Dates for 2003

The Cordis Bright Social Services briefing is scheduled for the following dates in 2003:

- Monday 17<sup>th</sup> February
- Wednesday 21<sup>st</sup> May
- Monday 22<sup>nd</sup> September
- Wednesday 10<sup>th</sup> December

Venue: ORT House, 126 Albert Street, Camden Town, London NW1 7NE.