

They say cut back...

Glynis Sampey reports on the impact of funding cuts in the South West.

At a number of recent South West forum meetings, members have been sharing information on local authority responses to the current and predicted cuts in housing related support funding. Providers have reported a range of price cutting measures taking effect this year. For example, two authorities in the region have announced payment of only 90 percent of agreed contract prices, with 10 percent reserved for payment by results, which have turned out to be impossible to achieve. In one case, the performance targets which would trigger the balance of payment have not even been announced. In the other, the reserved percentage had to be bid for, but providers have had no response to their bids.

In both cases, providers believe that Supporting People staff team shortages are the reason for the silence, but this still leaves them trying to deliver a service not knowing half way through the financial year whether 10 percent cuts will be imposed. Other authorities have further lowered price per hour caps by contract variation.

Competitive tendering continues

In spite of the high cost of the process, many authorities are still trying to use competitive procurement to drive down prices. Floating support service tenders are including low price per hour caps and definitions of a support hour which exclude non face-to-face work, driving tenderers towards the employment practices of private domiciliary care companies. Whether providers have a "line in the sand", on quality and delivery of outcomes, when deciding whether or not to bid is a major question. One large floating support contract in the region had to have a negotiated extension because, it is believed, the terms were so problematic there were no competitive bids.

In response to the cuts, a number of providers are introducing support assistant roles at lower salaries although, as management hours are also cut, there are concerns that supervision of staff is stretched. Others are watching with interest the example of one housing association which has set up a new subsidiary, which will be unrestricted by the parent organisation's staff terms and conditions or central team's support costs. Even one intensive specialised service for very challenging clients has staff that have been employed on zero hours contracts. This shows that "casualisation" can even affect the highly skilled end of the market.

Future cuts

Supporting People staff are being asked to make spending projections and impact assessments of cuts starting from at least 10 percent each year for three years. These reductions follow years of already shrinking budgets in the South West, where the Supporting People Distribution Formula always posed a threat. One authority reported that its first run of impact assessments showed that the cuts it considered manageable in practice generated less than 15 percent of its target reduction.

Expiry of current contracts is a major factor in providers' worries. Many authorities in the region have a majority of their contracts expiring in March 2011. One large authority has just given six months notice of termination to all its housing support services with an indication that just 50 percent of them may be offered spot-purchase contracts post April 2011.

Making the case for prevention

In this very difficult climate, people are continuing to work on making the case for support services. Many provider organisations have been making contact with politicians, particularly where there are new MPs who they can brief on what Supporting People services can achieve. The South West Regional Provider Forum has shared feedback on contacts and circulated example briefings and letters¹ which can be locally tailored to support approaches to MPs (especially while the national Spending Review is underway) and throughout the autumn to local councillors and stakeholders who will be making decisions on local priorities.

The Supporting People lead officers group has shared local examples of use of the Capgemini financial benefits model. Several

teams will have local data, on costs to other public services which would increase if housing support services are lost, which will be used in their impact assessments. The authorities who have shared their reports have put them on the group's website².

The need to negotiate

Although briefing and lobbying must continue, providers recognise that they have, at the same time, to review again what savings they can make, what the impact of cuts would be and how this can be managed. Blanket percentage cuts are no solution. Providers should be prepared to negotiate in good faith to avoid them.

Long-term on-going service improvement and development is much more likely to be achieved when organisations are not under constant threat of re-tendering. For example, initiatives such as the resource-sharing partnerships described in hact's recent Collaborate 2³ report can save money, but can only be developed where there are long enough timescales to warrant the up-front investment of time and energy.

For negotiations to succeed, both parties must be prepared to compromise and make trade-offs. For example, negotiations can achieve savings while avoiding the process costs (for both sides) of procurement. In exchange for streamlined monitoring of outcomes, providers can reduce administration and free up more staff time for direct work with clients. Providers need to be freed from the shackles of cheap hourly inputs and allowed to focus on creative, time/cost efficient ways of promoting service users' wellbeing.

1. See the South West Regional pages on the Sitra website at www.sitra.org

2. See www.spsouthwest.co.uk

3. See <http://hact.org.uk/collaborate-2>