

SITRA

# briefing

Accreditation



SITRA

policy, training and consultancy for supported housing

About SITRA

Financial Management

## How good are your services?

- Do you know what to expect at service review, and how to prepare this?
- Can you demonstrate how your service meets local strategic priorities?
- Do service users know how they can get involved?
- Are you clear about what information you need to have ready for a validation visit?
- Are you confident you will pass the test of becoming an 'accredited' provider?
- How will you demonstrate that your services represent value for money

## How can SITRA help?

SITRA is a policy, training, and information agency for supported housing. We are a part grant aided, part income-generating charity. Membership of SITRA gives reduced rates for training and consultancy, as well as increased access to our Policy Advisers. We work with a variety of organisations across the country to help them develop their services in a number of ways, for instance:

- Financial health checks
- Developing financial procedures & implementing systems & controls
- Preparation of grant returns
- Payroll service
- Budget setting and cash flow forecasting
- Costing of services and contracts
- Development of financial policies

## If you are a small provider

You may have particular challenges in meeting the requirements of Supporting People and preparing for review. We work with a lot of small providers and can offer advice.

Accreditation may be a particular challenge for you. We can assist by carrying out financial and organisational health checks and identifying ways to address any problem areas.

We can offer help with Business Planning and Financial Management if required.

# Accreditation

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## Supporting People: the basics

The *Supporting People* programme - the biggest ever reform of supported housing and support - went live on April 1st 2003. A number of existing funding sources – predominantly ‘support’ monies formerly paid through Housing Benefit or the Housing Corporation – were unified in one spending pot. The Local Authorities now in charge of *Supporting People* funding are known as Administering Authorities (AA). The AA acts on behalf of a *Supporting People* Commissioning Body, which has Social Services, Health, Probation and Housing representation. The AA must produce a local *Supporting People* strategy, based on an analysis of needs and supply in the area. *Supporting People* funded services are targeted at a range of clients who need support on a temporary or long term basis to remain in their accommodation or achieve independence.

All existing providers were automatically granted ‘interim contracts’ from their Administering Authority to provide housing related support services. This guaranteed the level of funding they had previously received from the various ‘legacy’ funding streams amalgamated into *Supporting People*. These contracts were called ‘interim’ because they covered the period between the launch of *Supporting People* and the initial review of the particular scheme for which the funding was received. All schemes will be reviewed within the first three years of the start of *Supporting People* and providers will go through an accreditation process. After this initial review, a ‘steady state’ *Supporting People* contract will be issued.

Providers receiving *Supporting People* contract monies are required to self assess against a *Supporting People* Quality and Monitoring Framework and supply a variety of performance monitoring information.

# Introduction

The aim of this briefing is to help providers prepare for *Supporting People* (SP) accreditation. It is particularly intended for small providers in the private, voluntary and charitable sectors who may not have specialist finance or personnel staff.

Accreditation is the part of the SP monitoring and review framework which focuses on the provider organisation and not the support service paid for by the SP grant which is the subject of the service review process.

When the SP programme went live in April 2003, the Local Authorities who administer it had to issue interim contracts to all existing providers who had received funding under one of the previous sources of grant or Transitional Housing Benefit. Because of the scale of the task, the Administering Authorities (AAs) could not make the checks that they would normally carry out before issuing a contract for delivery of services. AAs now have to review every service provided within the first three years of the programme. If they wish to continue to fund the organisation, they are required to check whether the provider is a suitable and competent organisation before issuing a new contract - the accreditation process. If an

Authority decides the organisation is satisfactory, the provider will be accredited to deliver SP services and be issued with a certificate of this. To be accredited, a provider must demonstrate that they:

- are financially viable
- have competent administrative procedures that are able to properly handle and account for SP
- have effective employment policies to cover staff development, staff supervision and the health and safety of both staff and service users
- have sufficiently robust management procedures to provide SP services, and
- are able to demonstrate a track record or competence to deliver services.

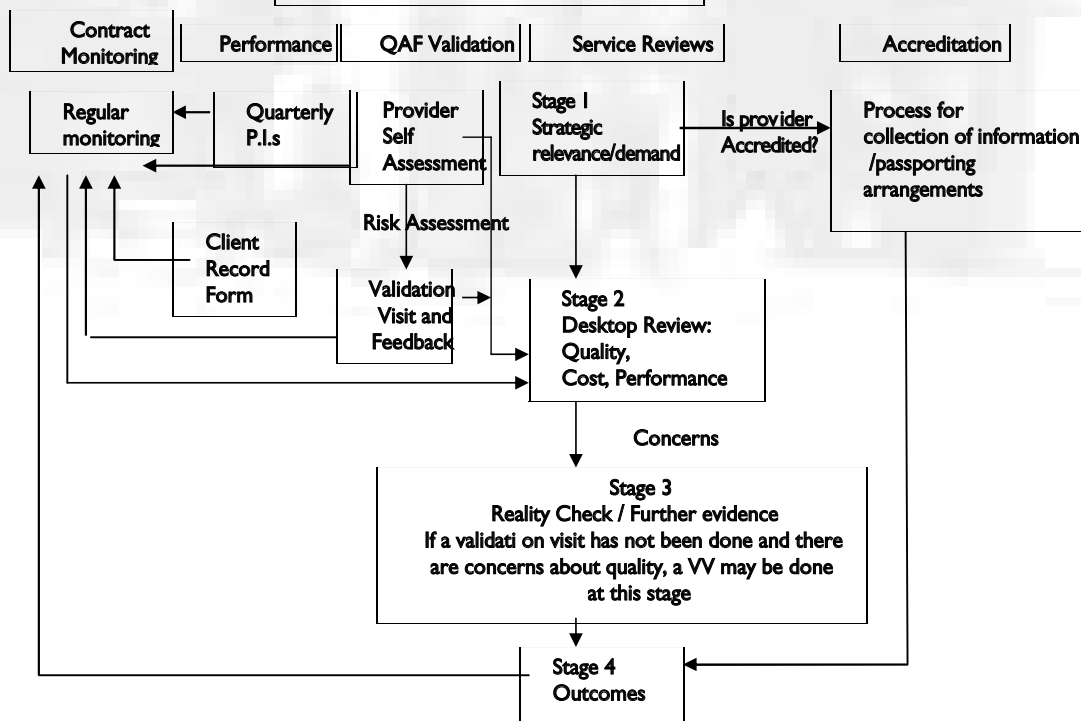
The accreditation process may run in parallel with the service review process. Although it has a distinct focus and purpose, information col-

lected by AA staff in the course of service reviews may also be relevant to and used in the accreditation process.

AAs are not required by law to follow this guidance. They are able to use their discretion as to how they interpret and apply the accreditation process so different AAs may take different approaches. When the AA's own performance is monitored by the Audit Commission they will have to show how they complied with good practice and achieved the outcomes required of the SP programme.

The Office of the Deputy Prime Minister has issued guidance on accreditation which provides more detail on the five criteria and on the circumstances in which exemptions from some or all of the criteria can be granted. This guidance can be found on the SP website [www.spkweb.org.uk](http://www.spkweb.org.uk).

## Supporting People Review Process



# Passporting & local approaches

**Administering Authorities (AAs) may choose to carry out a full check of all providers delivering services on all five accreditation criteria. Alternatively they may decide to accept accreditation carried out by other Authorities, or by other inspection or quality assurance frameworks on some or all of the five criteria. This granting of an exemption from accreditation by acceptance of certificates from other bodies is referred to as “passporting”.**

The guidance on accreditation issued by the ODPM includes advice on which other frameworks should be recognised as giving exemption on one or more of the criteria (Table 1). A distinction is made between quality assurance frameworks where the standard reached is checked by an independent body, referred to as an “externally validated framework”, and frameworks where the provider assesses themselves without external checks. The current list may be updated if, or as, other frameworks change their content to align them to *Supporting People* accreditation criteria.

Passporting is intended to prevent duplication of effort, particularly for providers who work in many different AA areas, and to offer an opportunity to reduce paperwork.

Providers who have been accredited by another AA's *Supporting People* team or have achieved a recognized quality assurance standard should approach their local *Supporting People* team to establish whether they will passport them for accreditation. Although *Supporting People* teams should have regard to the ODPMs guidance they must comply with their own authority's standing orders. These rules govern the Local

Authority's practice on tendering and letting contracts, commissioning and purchasing services, compliance with EEC directives and other matters. Some *Supporting People* teams have found that their authority's legal advisers' strict interpretation of their standing orders gives them very little scope to accept passporting of any kind. In some areas, groups of neighbouring authorities have worked together on common approaches to accreditation to identify how far they can go to meet the aims of passporting within the limits of their standing orders. Providers should check the AA's approach locally.

Table 1

Passporting by other accreditation frameworks (ODPM Guidance, Dec 2002)		
	Externally validated frameworks	Self-assessment frameworks
Criterion 1: Financial viability	Abbeyfield Standard Foyer Accreditation Housing Corporation (RSLs)	PQASSO QuADS SHIP
Criterion 2: Competent administrative procedures	Abbeyfield Standard Community Legal Services Foyer Accreditation Housing Corporation (RSLs)	PQASSO QuADS SHIP <sup>(3)(4)</sup>
Criterion 3: Effective employment policies	Abbeyfield Standard British Quality Foundation CSHS Code of Practice Community Legal Services Foyer Accreditation Investors in People	PQASSO QuADS SHIP <sup>(3)(4)</sup>
Criterion 4: Robust management procedures	Abbeyfield Standard British Quality Foundation Community Legal Services Foyer Accreditation Housing Corporation (RSLs) Investors in People	PQASSO QuADS SHIP
Criterion 5: Competence / track record	Abbeyfield Standard CSHS Code of Practice Community Legal Services <sup>(5)</sup> Foyer Accreditation	QuADS

# Business Planning

An assessment of financial viability will look for “evidence that a provider is likely to be and to remain financially viable”. Providers need to be aware of the risks they face and take measures to minimise those risks.

The Administering Authorities (AAs) will check that providers have;

- a business plan
- annual budgets and management accounts
- sound financial projections
- risk assessment
- banker’s reference
- annual accounts
- auditor’s management letter

## Business planning

Business plans are a key requirement of the ODPM’s framework for accreditation. To become an accredited provider, an organisation must have a business plan, which addresses all material aspects of its work.

Business planning should be a simple but systematic process for:

- Assessing an organisation’s current position with regard its services, resources and business environment
- Deciding its main priorities and objectives for a period of time – preferably 3 years
- Developing action plans for securing and using its resources to achieve these aims and objectives
- Monitoring performance against monthly or quarterly plans

There should be:-

- A list of principal weaknesses, and threats
- Sound plans for overcoming the weaknesses and threats
- Financial projections of income and

expenditure and cashflow supported by realistic assumptions.

## Why business plans fail

Business planning can easily become a disruptive, time consuming and exhausting experience, and fail to make a positive difference to an organisation and its service users. These are some of the reasons why:

- Lack of management support – it is seen as just another passing fad, or treated as a formality only necessary to meet funding requirements
- Lack of ownership – it is driven by one or two senior managers, without meaningful input from anyone else, especially frontline staff, service users, partners and funders.
- Lack of time and resources - staff and managers cannot cope with their existing workload, and no one has the time or energy to think properly about the future.
- Over-ambitious plans - too many action plans and too much to be done
- Exhaustion - by the time a business plan is completed, people are too tired to put it into effect, and by the time they get round to doing so, it’s out of date

## Sound business planning

A sound business plan will:

- Summarise, through a position Audit, what the organisation has done in the last three years, and where it is now in terms of its services, human resources, work load, finance etc.

- Identify strengths, weakness, opportunities and threats facing your organisation (By the process of SWOT and STEP - social, technological, economic and political analysis).

- State where the organisation wants to be in three years – this will cover a range of issues such as strengthening current services; developing new ones; the level of the organisation’s resources and how they are deployed; involvement of service users in decision making and relations with external stakeholders.

- Outline what the organisation will pursue to get where it wants to be in three years. These include a small (no more than ten) number of priorities or aims, broken down into a series of annual SMART (Specific, Measurable, Achievable, Realistic, Timed) objectives.

- Detail annual action plans – specific short-term things to do at the operational level
- Provide an income and expenditure (balance sheet, if possible) forecast for the three-year planning period, and a cashflow forecast for at least 12 months.

A business plan can fit into a few sides of A4 or run to over 100 pages depending on the complexity of the organisation. The main body of the plan should not be less than 15 or more than 25 pages long. Allow enough time – roughly six months - for doing the first 3-year business plan, and buy-in expert guidance, if you are doing it for the first time. Monitor performance against the plan at least quarterly, and provide for annual review of the plan.

# Risk Management

Every organisation should have a risk management policy, set out the risks associated with its activities, and agree appropriate measures to eliminate them or minimise their adverse effects.

The accreditation guidance on risk assessment requires organisations to demonstrate that:

- there is an up-to-date assessment of potential risks faced by the business
- there are measures in place to eliminate or minimise the impact of these risks

There is no universally accepted definition of risk. The word is often associated with harm but there is a need to acknowledge that an informed decision to take risks may have a positive as well as harmful outcome.

## Business risk management

The process of establishing effective systems to help provide protection against the risks which might undermine an organisation's ability to meet its obligations is known as business risk management. Risks will vary from organisation to organisation but generally providers should ensure that their:

- assets are safe and secure
- management, staff and clients are protected
- business objectives are met in an efficient and effective manner.

Reducing the likelihood or minimising the potential financial and non-financial loss is at the heart of business risk management. Any residual risks, which still remain a significant threat after a rigorous risk management process may be covered by some form of insurance. However, insurance is rarely a complete substitute for effective business risk management. There is potentially no limit to the number of risks an organisation might encounter. Typical examples include:

- change in government funding policy
- introduction of new regulatory framework
- change of local government social policy
- fraud, theft and burglary from the workplace
- damage or loss of essential operational data or information
- failure to meet the complex needs of clients
- being overwhelmed by increasing demand or expectations
- deterioration of quality of work or services
- failure of a new scheme
- closure of an existing project
- damage to or loss of premises or housing stock
- injury to staff or service users insolvency.

Business risk management is a systematic and proactive approach for:

- identifying the risks facing an organisation
- estimating their likelihood
- assessing the extent of their impact on its people & operations
- considering what action is needed to minimise the likelihood and potential losses
- deciding what to do with any residual risks

To have a reasonable chance of success the risk management process must:

- be driven from the top of the organisation

- be properly resourced
- review all risk areas and risks
- involve key stakeholders such as staff and service users
- place accountability for day to day risk management with service or functional managers

The response or action taken must always reflect the organisation's assessment for each risk of:

- its likelihood
- potential impact
- degree of control over
- level of concern about the risk

## A ten step approach to risk management:

- Assess your organisation's external business environment
- Review its recent history and current state of affairs
- Examine its business aims and objectives
- Analyse its services and internal functions
- Identify the risks associated with the above
- Evaluate the risks identified
- Prioritise the risks
- Manage the risks
- Record the risks and the outcome of risk management measures
- Review existing risks and make timely adjustments

# Budgets and accounts

The ODPM's guidance for accreditation outlines five other criteria as well as business planning and risk assessment that providers need to achieve in order to be accredited for *Supporting People* grant.

- Annual budgets and management accounts
- Sound financial projections
- Banker's reference
- Annual accounts
- Auditor's management letter

Providers must produce budgets and management accounts and show that the figures included in them and the business plans (including cash flow forecasts) are sound, justifiable and reasonable.

## Budget setting

This is a process that takes place annually to produce the annual revenue budget. (This is not the only kind of budget that exists, there can be capital budgets; specific project budgets; cyclical maintenance budgets). For the purposes of accreditation the ODPM concentrates on the annual budget providers need to produce in order to ensure they are financially viable.

## So what makes a budget viable?

You might think a balanced budget is what is required i.e. budgeted expenditure is covered by budgeted income. This may be an acceptable aim but it all depends on the reasoning behind the figures within a budget. A budget after all is a plan of intended income and expenditure, a prediction of how things will work

out in the coming financial year. Therefore it is a planning tool for managers and trustees/board members to gauge income and expenditure against. This means it needs to reflect where the organisation is at budget time and where it would like to be at the end of the financial period. Taking last year's income and expenditure and adding a percentage increase to reflect inflation might be a straightforward task but is not necessarily a good way to set a budget.

If you do this you might easily come unstuck:

- if in the previous year you had income that is not guaranteed in future years, (just adding inflation might mean you haven't taken account of shortfalls in income),
- you might fail to develop services in the light of expanding income opportunities.

Good budget setting would start from a current assessment in light of the ongoing business plan. Once you have made an up-to-date assessment of where you want to be in terms of your services you can then cost those services, i.e. put a financial assessment on the cost of delivering those services. The way to do this is to draw up a list of expenditure detailing all the areas of expenditure that need to be monitored. You will also need explanatory notes to show you how you arrived at the figures. For example, a table breaking down the salary figure by post.

Once you have produced your expenditure budget, it is time to look at the income budget. If you do it the other way round you will limit your horizons to what income you know you have rather than planning for growth based on need.

The ODPM's guidance suggests looking at assumptions that underly your budget projections (e.g. support charges, inflation rates, staffing levels, interest rates, utilisation/occupancy rates, levels of bad debts, maintenance costs etc.). Then assess these to see if these assumptions are realistic and based on reasonable evidence. This includes:

- making sure that all major expenses been included
- awareness of the extent to which your income sources are guaranteed or speculative
- awareness of the extent to which your projections represent a best case scenario, a worst case, or somewhere in between.
- the impact of changes to any of your principal assumptions – e.g. an increase in voids or staffing costs. Will the organisation still be viable?

## Cash flow forecasting

Providers are expected to produce a cash flow forecast. A cash flow forecast looks at how receipts and payments will be received and spent during the year. It's important to realise that a budget surplus/deficit does not necessarily turn into a cash surplus/deficit. This depends on the timing of receipts and payments and any reserves you may have. An organisation becomes insolvent when it is unable to pay its liabilities when they fall due (e.g. monthly salary bill).

A cash flow forecast will help predict falls and rises in your cash balances and to make decisions on how to manage these, e.g. overdraft requests or moving funds into higher earning interest accounts.

## Management accounts

Management accounts should be produced monthly or quarterly depending on the size of your organisation in order to monitor actual income and expenditure against budget. Any longer than quarterly, would make them useless as a management tool. Management accounts are internal accounts for managers and board/committee.

Typically a set of management accounts will include actual income and expenditure to date compared to budgeted figures for the same period with a variance column showing any differences. It is important to include notes explaining:

- any differences between budget and expenditure
- the steps that are in place to rectify significant variances that require attention or why such variances are acceptable given the circumstances.

It is advisable to have a covering report when the management accounts go to the board/committee picking out the most important issues for consideration.

## Annual accounts

Providers must have accounts audited according to their constitution and legal status, e.g. as charity, limited company, industrial and provident society, partnership or sole trader, and where their legal status/constitution stipulates those accounts must be audited.

Providers that do not have a legal or constitutional obligation to have accounts audited will have to produce annual accounts in a prescribed manner including a balance sheet.

Sole traders and partnerships who do not have a specific way of presenting accounts to any regulatory authority, will have to supply financial records to the inland revenue for taxation purposes and these should suffice as part of the evidential requirements to prove financial viability.

Where the legal status/constitution requires the accounts to be audited, the auditor's report should state that

the accounts show a "true and fair view".

This means that the accounts are "unqualified" i.e. there are no major concerns the auditors wish to bring to light in a public way. If the report is qualified in any way then this is usually a serious matter and would indicate a question mark over the financial viability of the organisation.

Administrating Authorities (AAs) are being asked to pay particular attention to the balance sheet. A balance sheet indicates the value or worth of the organisation broken down between:

- assets (what the organisation owns or is owed), and
- liabilities (what the organisation owes).

If a provider's current assets are not sufficient to pay their current liabilities then this means they are technically insolvent.

A statement demonstrating the *Supporting People* income has been spent on the services for which it was intended should be included within the audited accounts. If not then a separate auditor's certificated needs to be provided stating this.

## Auditor's "management letter"

This is a letter to the board or management committee outlining any areas of concern the auditor wishes to bring to their attention but which do not warrant any qualification of the audit report in the accounts themselves. It is good practice for any organisation to ask their auditors to produce a letter to the committee/board at the end of the audit pointing out any areas the auditor can recommend for improvement.

Providers should not be concerned if the auditor raises issues with you in this way. An informal discussion is the best way to deal with issues initially and then concerns can be put in writing to the board. The organisation can then plan to deal with these concerns so they need not appear in the following year's management letter.

## Banker's references

The guidance suggests that AAs seek a banker's reference which should comment on the way the provider manages its account:

- Does it stay in credit?
- Does it go into overdraft without prior authority?
- Does it adhere to any arrangements to pay off loans or overdrafts?

Clearly producing a cash flow forecast will help you manage your bank accounts not only preventing you from going into unauthorised overdraft but also maximising any interest that could be made on significant surpluses for any period.

The AA can only seek a reference from your bankers with your permission.

## Competent financial administrative procedures

Providers should ensure they are operating within the remit of their governing instrument e.g. trust deed (charities), memorandum and articles of association (limited companies, charitable limited companies and industrial and provident societies), partnership agreement (partnerships) as applicable. Sole traders do not have a governing instrument however the AA needs to satisfy itself that the sole trader is not an inappropriate person for providing such services e.g. they have no relevant convictions.

Providers should have suitable arrangements for the financial administration of the *Supporting People* income. They should ensure:

- they operate a bank account
- all income and expenditure is appropriately recorded and this is understood by relevant staff
- the recording system can identify where the income comes from and how much has been spent
- there are financial procedures to minimise opportunities for fraud; e.g. for cheque signing, cash handling.

	Housing Services	Floating Support	Total of Services
	£	£	£
<b>INCOME</b>			
<b>Charge Income</b>			
Rents and services receivable	53,916		53,916
Less: voids	(5,392)		(5,392)
<b>Sub-total</b>	<b>48,524</b>		<b>48,524</b>
Less Payment to RSL	(22,932)		(22,932)
<b>Agency Fee for Housing Management</b>	<b>25,592</b>		<b>25,592</b>
<b>Grant Income</b>			
Supporting People	136,500	33,280	169,780
Grants & Donations from fund raising	18,437		18,437
Bank Interest	660		660
<b>Sub Total</b>	<b>155,597</b>	<b>33,280</b>	<b>188,877</b>
<b>TOTAL INCOME:</b>	<b>181,189</b>	<b>33,280</b>	<b>214,469</b>
<b>EXPENDITURE</b>			
Salary Costs	108,715	25,337	134,052
Recruitment	2,000		2,000
Staff training	584	136	720
Staff Travel	284	66	350
<b>Total Employee costs</b>	<b>111,583</b>	<b>25,539</b>	<b>137,122</b>
<b>DIRECT SERVICE COSTS</b>			
Council Tax	2,256		2,256
Heat & Light	3,500		3,500
Water Rates	615		615
Travel/transport	1,800		1,800
Resident Welfare	3,000		3,000
Provision for Furniture replace	5,600		5,600
Cleaning	4,000		4,000
Volunteer Expenses	2,000		2,000
Communal decoration	2,000		2,000
Laundry	1,300		1,300
Renewals & Servicing of equipment	3,800		3,800
<b>Total Service Costs</b>	<b>29,871</b>	<b>0</b>	<b>29,871</b>
<b>OVERHEAD COSTS</b>			
Phone & Fax	4,055	945	5,000
Printing, Post, Stationery	2,433	567	3,000
Publications and subscriptions	1,216	284	1,500
Insurance	2,838	662	3,500
Audit / Finance	6,488	1,512	8,000
Annual Report / AGM / Cttee Expenses	2,027	473	2,500
Bank Charges	122	28	150
Office Rent and rates	6,488	1,512	8,000
Office heat and light	973	227	1,200
Legal and professional	2,027	473	2,500
Bad debts	1,968	459	2,426
Depreciation	2,027	473	2,500
Contingencies	4,055	945	5,000
<b>Total Overheads</b>	<b>36,717</b>	<b>8,560</b>	<b>45,276</b>
<b>TOTAL EXPENDITURE</b>	<b>178,171</b>	<b>34,099</b>	<b>212,269</b>
<b>SURPLUS/(DEFICIT)</b>	<b>3,018</b>	<b>(819)</b>	<b>2,200</b>

Budget	TOTAL	April	May	June	July	August	September	October	November	December	January	February	March
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£	£	£	£	£	£	£	£	£	£	£	£	£
48,524	53,916	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493
169,780	169,780	14,148	14,148	14,148	14,148	14,148	14,148	14,148	14,148	14,148	14,148	14,148	14,148
8,437	8,437				8,437								
10,000	0												
660	660		165			165			165			165	
<b>237,401</b>	<b>232,789</b>	<b>18,641</b>	<b>18,806</b>	<b>18,641</b>	<b>27,078</b>	<b>18,806</b>	<b>18,641</b>	<b>18,641</b>	<b>18,806</b>	<b>18,641</b>	<b>18,641</b>	<b>18,806</b>	<b>18,641</b>

**CASH FLOW**

**RECEIPTS**

Net Rent  
Supporting People  
Agreed grants  
Fundraising  
Bank Interest

**TOTAL**

**PAYMENTS**

Payment to RSL

Salary Costs

**Other Staff cost**

Council Tax

Heat & Light

Water Rates

Resident Welfare

Furniture

Renewals

**Other Direct costs**

Phone & Fax

Printing, Post, etc

Insurance

Office Rent

Legal

Bad debts

Depreciation

Contingencies

**Indirect Costs**

22,932	22,932			5,733			5,733			5,733			5,733
134,052	133,491	10,054	10,612	10,612	11,357	11,357	11,357	11,357	11,357	11,357	11,357	11,357	11,357
<b>3,070</b>	<b>6,440</b>	<b>3,150</b>	<b>60</b>	<b>1,150</b>	<b>150</b>	<b>60</b>	<b>150</b>	<b>150</b>	<b>60</b>	<b>150</b>	<b>150</b>	<b>1,060</b>	<b>150</b>
2,256	2,256	226	226	226	226	226	226	226	226	226	226		
3,500	3,375	750			875			875			875		
615	615	62	62	62	62	62	62	62	62	62	62		
3,000	3,000	150	150	150	750	150	150	150	150	750	150	150	150
5,600	0												
3,800	3,500	1,000					2,500						
<b>11,100</b>	<b>11,100</b>	<b>758</b>	<b>758</b>	<b>758</b>	<b>758</b>	<b>2,758</b>	<b>758</b>	<b>758</b>	<b>758</b>	<b>758</b>	<b>758</b>	<b>758</b>	<b>758</b>
5,000	4,750	1,000			1,250			1,250			1,250		
3,000	2,917	167	250	250	250	250	250	250	250	250	250	250	250
3,500	3,500								3,500				
8,000	8,500		2,000				2,000			2,000			2,500
2,500	2,500		1,000			500		500			500		
2,426	-												
2,500	-												
5,000	-												
<b>13,350</b>	<b>13,227</b>	<b>775</b>	<b>850</b>	<b>863</b>	<b>2,625</b>	<b>2,005</b>	<b>1,163</b>	<b>625</b>	<b>1,125</b>	<b>663</b>	<b>625</b>	<b>825</b>	<b>1,083</b>

# Competent Administration Procedures

The *Supporting People* quality and monitoring framework is intended to ensure that providers are good at what they do, and committed to getting better at doing it. So it is not surprising to find that demonstrating a track record of competence is a key part of the accreditation process.

## Providers with interim contracts

Many existing providers are subject to other accreditation, regulation, inspection or monitoring regimes. For example, the Housing Corporation, the Care Standards Commission, by other funders or by other stakeholders such as partner Housing Associations. ODPM guidance suggests that in such cases it can be assumed that an organisation has an adequate track record and is competent to provide support services unless there are indications to the contrary. Such indications may come from formal inspection reports, private enquires made by the Administering Authorities to other stakeholders or feedback from users, cares or relatives. So staff from Administering Authorities may

choose to interview users and carers as part of any validation visit. Providers shouldn't fear this. Many users are very positive about services. In some schemes users or carers may criticise the service: this does not mean that the provider will automatically fail the accreditation process. Any reasonable Administering Authority will seek to verify any criticism, and assess its seriousness. If investigations identify concerns then, the Administering Authority should either:

- decline to accredit the provider and not enter into a *Supporting People* service contract; or
- agree a timescale with the provider to address concerns and review the application for accreditation.

## New providers

An application for accreditation must always be accompanied by a detailed proposal for a new service (or possibly a proposal to become the new provider in an existing service).

Administering Authorities always have the option of accepting another Administering Authority accreditation certification. So if you already run a scheme in one area and wish to branch out into a neighbouring authority, it may be enough to simply point out you have been accredited elsewhere. However, many Local Authorities have standing orders which prevent this. So you may need to go through a fresh accreditation process in each and every new area.

Guidance on Accreditation - ODPM 2002

Essential criteria for assessing new providers	How this might be demonstrated
The provider has an adequate understanding of the needs of the proposed service users	An operation plan, including all policies & procedures required as standard under the terms of a SP contract & the Quality & Monitoring Framework
The provider has an adequate understanding of the aims of <i>Supporting People</i> services	Via a clear mission statement for the proposed scheme that stresses user empowerment and promotion of independence
The provider has a positive attitude to the potential service users and to social support needs generally	Through a positive mission statement; views of external stakeholders & users / carers and, possibly, via AA interviewing staff or Committee members .
The provider has suitable experience at the right levels within the organisation of working with people with similar needs to those of the proposed users of the service	AAs may often interview key staff and/or Committee members to assess this, and look at their employment histories and experience. It may be OK for a proprietor or Committee chair not to have direct experience of working with a given group of vulnerable people if it can be shown the scheme manager and other staff have the necessary range of experience and abilities.
There are no reasons why the potential provider is unsuitable to work with vulnerable people	Criminal Records checks might also be required here. In some schemes which pursue a policy of employing ex-service users – as sometimes happens in substance misuse or homelessness schemes – it is possible that staff or potential staff have a past history of offending. If so, the AA should be warned of this possibility (without the provider revealing any personal details about any member of staff) and the advantages arising from employing ex-service users stressed.

# Robust management procedures

This accreditation criterion is a little misnamed. It isn't about demonstrating you are a 'tough manager'! It's basically about ensuring that everyone involved in the organisation works within a clear structure of accountability. It's about offering reassurances to the Administering Authority (AA) that everyone in the provider organisation knows their responsibilities in terms of delivering *Supporting People* services.

This applies from top to bottom of any provider organisation, although for some organisations such as sole traders or small partnerships the standards will not apply. All staff should have clear and up-to-date job descriptions – but, just as important, the Board or Management Committee must be composed of suitably experienced people and operate within a clear constitution.

The standards and evidence requirements can be used to assess against this requirement in cases where no other accreditation framework can passport the provider through this requirement.

## **'The provider organisation is properly constituted'**

Even more basically, AAs need to be confident that all their contracted *Supporting People* providers, with the exception of sole traders and statutory bodies, are operating within their legal powers. This means that their constitution, be it a Trust Deed or some other form of basic legal framework, allows them to provide support to vulnerable people.

Although this may seem an obscure detail, it is always worth just reading through your basic constitutional document to make sure this is so for your organisation. If not, it is imperative you organise a quick constitutional change to bring support provision within the defined legal powers and objectives of your organisation.

Unless the provider is a sole trader or a statutory agency, it has an appropriate governing instrument:

- Charities - Deed of Trust
- Limited companies & industrial and provident societies
- Memorandum and Articles of Association
- Partnerships – partnership agreement

## **'The organisation is governed by an experienced and competent governing body'**

It is not unusual for small voluntary sector providers to occasionally experience problems in maintaining a fully functioning Committee. This has always been a serious matter in constitutional and accountability terms, but with the *Supporting People* accreditation procedures it becomes absolutely critical. AAs need to see that the organisation they are contracting with is controlled and led by

Between them, the provider's trustees, board members or proprietors have demonstrable experience of:

- providing or using services for people within the target service user group
- running a business (commercial or not-for-profit) of similar scale or complexity to the provider's current operations.

people they have confidence in. NB "Business" can be interpreted broadly and does not need to refer to a limited company or a business related to the provision of support services. It can include experience of operating a similar service to the support service now provided.

## **'Internal accountability is clear and the respective roles and responsibilities of staff and board, trustees or proprietors are clearly defined.'**

These requirements apply only to organisations where staff or volunteers other than the proprietor(s) are employed to deliver services. This includes charities and limited companies. Providers need to check that they comply with the standards with clear job descriptions and clear procedures for delegated authority.

All responsibilities which are delegated to staff are documented e.g. in job descriptions, statements of delegated authority, staff handbooks etc.

All staff have up-to-date job descriptions which accurately describe:

- their principle responsibilities
- to whom they report
- for whom they are responsible.

# Effective employment policies

Providers must demonstrate that they have effective employment policies to cover staff development, staff supervision, equal opportunities and the health and safety of both staff and service users.

The criteria set out in the guidance for testing the policies are basic good practice. Most organisations will already be carrying out these practices. The challenge for the accreditation exercise will be to provide evidence of these practices.

Managing performance is an integral part of good practice. Broadly speaking, performance management starts from the organisation's strategic objectives, then rolls out a process of setting intermediate operational targets, monitoring performance and identifying and redefining objectives on that basis.

In terms of staff, these processes are usually dealt with through support, supervision and appraisal. Although these are valuable in their own right, the organisation will only gain the maximum benefit when they are linked to long term strategy, operational targets and personal work programmes.

There is a vital link between an effective induction process and supervision.

## Induction

The *Supporting People* (SP) Accreditation process requires that;

“There is an induction programme for new staff and volunteers. The principal elements in the induction are documented. Records (e.g. personnel files, attendance records etc) and/or staff themselves confirm that all staff and volunteers receive induction shortly after joining the service and can describe the content of the induction process”

Elements to be covered should be documented and recorded and form an established part of the probationary process. Critical topics would include:

- terms and conditions of employment,
- health and safety, equal opportunities, access to information including organisational policies,
- performance expectations and required conduct of the inductee, aims of the organisation and how the individual's role connects to the delivery of objectives. It is important to ensure that staff understand these policies and that time is given to explain them alongside key employment policies such as the grievance and disciplinary procedure within the induction process.

Providers are recommended to consider carefully how they record information e.g. a final probationary interview could necessitate production of a “signed off” induction programme.

Whilst SP documentation refers to personnel files and attendance records, providers are recommended to consider recording this information on an accessible checklist which records the induction process. This would mean that the SP team would not need to look at confidential documentation such as the personnel file. Data related to probationary performance should be filed with supervision notes. Providers are required to;

“ Ensure operational policies are made clear to staff. There is a comprehensive policies and procedures manual (or equivalent) covering all aspects of service delivery and, in particular, health and safety of staff and service users”

Ensuring these policies are made clear to all staff will form a vital part of the induction process.

Listed below are examples of organisational policies and procedures required for the QAF core service objectives;

### Needs Assessment and Support Planning

Needs assessment process and tool/forms  
Support planning process and tool/forms  
Review procedure

### Security Health and Safety

Health and Safety policy  
Lone working policy  
Procedures for out-of-hours emergency or crisis  
Dealing with violence and aggression

### Protection from Abuse

Protection from abuse policy (or equivalent)  
Whistle-blowing policy  
Code of Conduct for staff  
Procedure on handling service users' money  
Staff recruitment and selection policy (Criminal records bureau)

### Fair Access, Diversity and Inclusion

Equal opportunity policy  
Anti-discriminatory practice

Harassment procedure  
 Eligibility criteria  
 Application process (including referral, selection, how prioritised and allocation)  
 Staff recruitment and selection policy

#### Other

Service User Handbook or information provided to service users on provider's policies & procedures  
 Procedure for reviewing policies and dates last reviewed  
 Confidentiality policy  
 Data Protection policy

### Support and supervision

The SP Accreditation process requires that;

“All staff and volunteers involved in service delivery have access to regular support and supervision. Personnel policies, supervision notes and staff themselves demonstrate that regular supervision takes place.”

Providers need to show through a performance management policy that the organisation is committed to regular supervision. A performance management policy should also refer to induction and appraisal.

Supervision sessions should be regular and agreed at set intervals in advance lasting between one to two hours. A standard agenda is useful to ensure all issues are covered with an action/outcome based recording sheet. Supervisors need to consider carefully if it is necessary to document more than this, e.g. extensive notes about a supervisee's personal circumstances may not be appropriate. Any agreements to vary working practice which constitute an outcome should be recorded but detailed personal information should remain confidential between the supervisor and supervisee.

Issues to be covered include the work done and progress made since the last meeting and checked against long and short term targets. Needs for additional support, training or assistance may be identified here. Positive achievements should be praised.

This is also an opportunity to review the work programme ahead and

ensure its feasibility. Somewhere within the session time should be set aside for the employee to raise any concerns they may have about, for example, workload or communication. (Refer to Sitra Briefing for small providers on [www.sitra.org.uk](http://www.sitra.org.uk) for checklist on supervision procedure).

### Appraisal

The SP Accreditation process requires that;

“Staff performance is monitored and managed. All service delivery staff require periodic (at least annual) appraisals at which performance is considered and development or improvement plans (including training needs) put in place”

Whilst appraisal has traditionally been an annual process between manager and employee, more organisations are now looking at 360 degree appraisal which requires input from peers and staff in addition to managerial input. Organisations may wish to consider this process or to at least find a way of incorporating feedback from relevant groups including service users. If this feedback is used it should be accounted for in the records.

One way of approaching the appraisal process is to set short, medium and long term objectives which can be monitored on a 3 monthly basis at a “mini-appraisal”. In a busy and reactive environment it can be easy not to pick up longer term issues in the pressure to deal with more immediate problems.

The appraisal should never be a meeting where concerns about performance are raised for the first time. It is an aspect of the ongoing supervision process. The appraisal meeting will take longer than a supervision session and as such will give the appraisee time to reflect and discuss his/her performance over the previous year.

### Health and Safety

The SP Accreditation process requires that;

“The organisation operates a health and safety policy. The policy exists, in

accordance with relevant legislation and understanding by staff and service users is assured by appropriate means”. See checklist for developing Health and Safety policy in Briefing for Small Providers on [www.sitra.org.uk](http://www.sitra.org.uk)

### Equal Opportunities

“The organisation operates an equal opportunities policy. The policy exists, covers discrimination on grounds of gender, age, religion, race, disability, nationality and sexuality and applies to both staff and service users”.

It is important to remember that your equal opportunities policy will impact on a number of other employment policies, most obviously the recruitment policy, training and development, performance management, grievance, harassment and disciplinary policies. See checklist for developing an Equal Opportunities policy in Briefing for Small Providers on [www.sitra.org.uk](http://www.sitra.org.uk)

### Final word on Data Protection Act

*Supporting People* does not hold an exemption under the Data Protection Act and as such review teams cannot inspect confidential personnel files and records without the express permission of the employee. It is suggested that employees are sent a letter which explains the requirements of the review team including the information they will need to view (under strict control) and requesting written consent from the employee to do this. If any employees decline to give permission, access should be denied under the requirements of the Act. The review team may then wish to speak to the individual but they cannot access their records.

Organisations may wish to add a clause under their data protection policy about the needs for statutory bodies to inspect certain employment records under their auditing requirements.

# When things go wrong . . . .

Someone, somewhere is going to fail the accreditation process. What happens then? In principle, any Administering Authority (AA) has two choices:

- decline to accredit the provider and not enter into an *Supporting People* service contract or
- agree with the provider a future date by which the concerns will have been addressed and review the application for accreditation at that date.

## Potential new providers

If a potential new provider fails an accreditation process, the issue is likely to be quite simple: they have to go away, study the reasons they have been given for failing and make strenuous efforts to correct any perceived short comings. If they disagree with the AAs assessment they can ask for a review of the decision.

This is not the only option though. It is possible that some specialist provider might appear to offer potential advantages as a future provider of services. They may only fail on one or two elements of the accreditation process, whilst excelling in others, and seem to be well placed to meet a need identified in the local strategic plan. If, for example, there was a need for ethnically specific mental health support services, a group of people from that community with appropriate skills might be ideally placed to meet that need, but might not at first be sufficiently developed as a group to have 'robust management procedures'.

In such circumstances, one option for the SP team – or indeed, the would-be provider themselves – would be to try to broker a deal with a local housing association or other organisation that did enjoy accredited status. In the short to medium term the association might hold the main SP contract and sub-contract the support service to the emerging community group. This would be more costly than contracting direct as the organisation would incur expenses in monitoring the

sub-contract, but it is one possible way of building up an appropriate spread of 'niche' providers over time.

## Existing providers

For any SP team, a failure to accredit any existing provider is a serious. It means they have committed themselves to funding an organisation they consider to be at risk – an organisation which quite possibly poses a risk to users. Their prime concern will be to manage their way out of this situation as quickly as possible. So existing providers who fail an accreditation process are unlikely to be given much time to put things right.

It is almost always a mistake for a provider to react angrily to this. Certainly, in the (hopefully rare) cases where the SP Team has simply misunderstood the information presented them, or made what seems a perverse judgement, urgent representations should be made for a reconsideration, using any formal Complaints Procedure of the authority is a possibility in extreme cases.

But providers should try to convince the SP team that problems are being put right – and that the interests of the users are being safeguarded. So the early production of an action plan and timetable to put things right is essential. It may give the SP team confidence if you show that you have taken external advice in producing such a plan and if you have evidence to show that the plan is not just a

paper document. For example:

- Supply them with new policies, procedures and a business plan
- Keep them informed of any training existing staff receive in new policies and procedures;
- Let them know if you recruit new, more qualified staff
- Tell them if you decide to put, say, financial management out-house to a recognised accountancy firm and show them new financial report formats produced
- The progress of any building works or other steps designed to put right any health & safety concerns

If you are a sole trader who has traditionally operated independently, it might be possible for you to explore becoming a sub-contractor for an established local Adult Placement or Supported Housing Network which already is accredited.

## Putting the users first

Above all, work together with the SP Team to keep users and their carers informed of what's happening and reassured about their future. If you cannot demonstrate, at minimum, a positive and responsive attitude to the concerns and worries of the users any Sp team might be tempted to put in an emergency team to provide support and just terminate your contract.

## Accounting Year

The 12 month period of financial activities. The most commonly used period for voluntary organisations is April 1 to March 31 as this corresponds with the financial year used by many grant-making bodies.

## Accrued Income

Income relating to a given financial year but received in the following financial year. Appears in the balance sheet under current assets

## Accrued Expenses (Accruals)

Expenses that have been incurred in an accounting period, for which bills/invoices were dated and received after the year-end- e.g. electricity used but not yet billed, auditor's fee. They should be entered on the balance sheet as accrued expenses (with creditors).

## Accumulated Fund (AF)

Money an organisation may accumulate year by year through not spending all its income. If the organisation spends more than it earns, it will end up with an accumulated deficit. The AF is divided between Restricted and Unrestricted Funds. Restricted Funds can only be used for specific purposes, as defined by for instance the donor /grant giving body/contract. Unrestricted Funds may be used generally to further the organisation's objects which may or may not be designated by the organisation.

## Appraisal

Assessment of the performance of an individual staff member.

## Audit

The annual check of the accounts by an independent person (the auditor). See also independent examination.

## Auditor "Qualifies"

The auditor makes a commentary on the accounts which indicates they cannot sign them off as presenting a "true and fair view" of the financial activities of the organisation. Also called qualified audit report

## Balance Sheet

A "snapshot" of an organisation show-

ing its assets, liabilities and reserves at a given date, normally the last day of its financial year

## Deferred Income

Income received in advance – ie income received in one financial year but which relates to the next. Appears in the balance sheet under current liabilities.

## Depreciation

A method of spreading the cost of a piece of equipment (or Fixed Asset) over its useful life and showing it as a charge in the Income and Expenditure Account as the cost of using that asset during the year.

## Designated Reserves

Sums of money allocated by the organisation from General Accumulated Unrestricted Funds in the Balance Sheet and set aside to pay for specific items.

## Financial Projection

The plan for the financial future of the organisation, generally including an annual budget for income and expenditure.

## Fixed Assets

Items that have a longer life span than one year, e.g. buildings, equipment and vehicles.

## Governance

The overseeing and direction of an organisation by its board, committee members or trustees

## Governing Instruments

The documents which set out the legal basis for the organisation's existence. They may be a trust deed (for charities) memorandum and articles of association (for limited companies, charitable limited companies, industrial and provident societies) or partnership agreement (for partnerships)

## Prepayments

Items paid in advance, e.g. insurance, which cover a period beyond the year end. The portion of the item which covers the period after the year end

are shown in the Balance Sheet as amounts owed to the organisation as, in theory, if the organisation ceased operation on the Balance Sheet date, they would be able to obtain a refund.

## Provisions

Recognition of a liability (or potential expense) which is building up, but it may not be known exactly how much the cost will be or when it will become payable.

## Restricted Funds:

See Accumulated Funds.

## SOFA

Statement of Financial Activities - new financial statement – replacing the income and expenditure account - introduced especially for charities in the SORP. Summarises all incoming resources and application of resources.

## SORP

Statement of Recommended Practice - guidance on the appropriate treatment of items in the preparation of accounts of specialised bodies such as charities and Registered Social Landlords

## Sole Trader

A private individual running a business who has not formed a limited company. They may or may not employ other people.

## Statement of Delegated Authority

A record of what decision making powers and responsibilities have been given to which committees, sub-committees, managers and staff by the board, committee, trustees or owner overseeing the organisation

## Unrestricted Funds

See Accumulated Funds.

## Validation

Testing or checking by an independent body of claims or assessments made by an individual or organisation

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Approximately 800 organisations are members of SITRA country wide. Members have access to all SITRA's services and assist in the formulation of policy for the agency.

If you would like to join SITRA please contact the Membership Administrator on 020 7793 4711 and ask for an application form. SITRA provides the following services:

### Advice

SITRA provides telephone advice and answers correspondence on all matters relating to the development and management of specialist housing services.

### Information

SITRA publishes this Bulletin on a monthly basis as well as regular information leaflets, briefings and publications.

### Training

SITRA offers a comprehensive training programme and can also develop in-house training to meet the particular needs of supported housing projects.

### Consultancy

SITRA will work with an agency on a consultancy basis to resolve a particular issue, either on a long- or short-term basis.

### Policy

SITRA runs seminars on a variety of policy issues. SITRA works with local and central government to ensure that the needs of its members are recognised, understood and met by resource providers.

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**SITRA believes all individuals have a right to the housing, support and personal care services appropriate to their needs, delivered according to their own preferences. Such services should be easy to access, of the highest possible quality, and equitably reflect the diversity of user needs.**

**To this end, our mission is to:**

- Seek to influence those with the power to affect the quality and affordability of housing and support provision**
- Provide policy makers and practitioners with accurate, up to date and timely information, guidance and practical support on relevant technical and policy issues to maximise the chances of people with housing and support needs receiving an affordable, high quality service**
- Contribute to the baseline professional standards that typify the sector through the provision of training**
- Promote best practice in the design, commissioning, delivery, monitoring and evaluation of services**