The Housing Corporation

working to improve
people's quality of life
through social housing

The Audit Commission

promotes proper
stewardship of public
finances and helps those
responsible for public
services to achieve economy,
efficiency and effectiveness
Supported Housing in Context

Supported housing has grown rapidly in the last three decades; have systems for its regulation and monitoring kept pace?

The Framework for Supported Housing

The national framework lacks information on existing provision and future need, a problem which is replicated at the local level by patchy strategic planning.

Effective Project Planning

Rigorous planning underpins effective management and helps to achieve objectives and value for money.

Managing Project Resources

Effectively managing people and money is central to the delivery of efficient and appropriate services to vulnerable tenants.

Managing Performance and Resolving Crises

Comparative analysis of performance in supported housing projects is difficult but necessary, particularly with the demands of the best value regime.
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**Summary of Recommendations for RSLs and for the Housing Corporation**  

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Supported housing is considered to be a specialist area of provision.

**Preface**

Supported housing, originally called 'special needs' housing, was developed in the 1970s in response to the growth of single homelessness. The then Government launched the 'hostels initiative' to provide accommodation and support to single homeless people, funded initially in the form of hostel deficit grant (HDG). Since then, specialist provision has expanded considerably, partly because of government policy initiatives to move residents out of long-term psychiatric and other institutions. In 1996, £130 million in revenue and £98 million in capital was spent to provide housing and other support services to people with special needs.

Supported housing is considered to be a specialist area of provision, with complicated funding arrangements in place to meet a wide range of need. Rigorous performance evaluation has been difficult, partly because of this funding complexity and partly because of problems in developing meaningful bases of comparison. The Housing Corporation has a dual role as both a funder of some provision and a regulator of housing associations, now known as registered social landlords (RSLs). It is keen to make progress in evaluation and has asked the Audit Commission to recommend performance indicators that can help to assess the performance of individual RSLs as supported housing providers. It also recognises the challenges inherent in managing such projects, and the consequent value of an evidence-based handbook of good practice.

This study has been undertaken in three stages. An initial analysis was undertaken of the Corporation's data on RSLs that have been subject to the supported housing funding review; so far, around two-thirds of supported housing has been reviewed. This analysis informed the fieldwork stage of the study, in which detailed aspects of supported housing provision were covered in depth in 17 RSLs (in some cases, agents were managing units on the RSL's behalf). These visits produced qualitative information to supplement the data analysis. However, the fieldwork revealed that the material gathered in stage one from the Corporation database could not be used to meet the study objectives without further validation. A third stage was thus added to the process, involving a questionnaire-based survey of 195 projects, to ensure that the analysis informing the performance indicators was based on valid management and performance information.

The study was conducted by the Commission under the powers of the Housing Act 1996. This legislation allows the Housing Corporation and the Commission to work together to improve value for money in RSL housing. The study team comprised Susan Fenwick and Angie Smith, under the direction of Kate Flannery. An advisory group (see Appendix 1) provided valuable assistance and professional insight during the study. The Commission is also grateful for the many contributions it received on drafts of this handbook. However, the responsibility for its conclusions and recommendations rests with the Audit Commission alone.
Supported Housing in Context

Supported housing has grown considerably since its origins in the provision of hostel accommodation for the single homeless in the 1970s. It serves the needs of particularly vulnerable groups, such as those with physical disabilities, learning disabilities, AIDS or HIV, and individuals with substance abuse problems. Around 90,000 tenants live in supported housing that is managed by registered social landlords (RSLs) and received over £200 million of public subsidy in 1997. The Housing Corporation and Government need assurance that this money is being well spent.
Supported housing meets many different needs

1. ‘Supported housing’ is rented accommodation for people who need housing which is combined with a range of services over and above those normally provided by a landlord. Such services can include advice on welfare benefits, help with practical tasks such as budgeting or shopping, counselling for substance abuse problems or help with bathing and dressing. These additional tasks can be labelled ‘intensive housing management’, or support or care, but where they are linked with the provision of housing, the umbrella term of supported housing is used. Accommodation can either be self-contained, with those providing the support living in or visiting the tenant as necessary, or it can be in a shared house, which may be specifically adapted to the needs of the residents.

2. Not all supported housing is owned or managed by registered social landlords (RSLs); private sector providers and charitable and voluntary organisations are also involved, and a variety of agency arrangements exist between them. But the bulk of supported housing provided by RSLs – 62,500 out of 90,000 bedspaces1 – is funded wholly or partly through the Housing Corporation. It is this provision which is the focus of the study. This study does not address sheltered housing; issues of providing and managing sheltered accommodation are covered in the Audit Commission report published in May 1998, Home Alone: The Role of Housing in Community Care (Ref.1).

3. Supported housing meets many different needs – catering for the homeless, people with mental health problems, frail elderly people and young people leaving care, among others. For its own analytical purposes, the Corporation divides provision into 14 categories, according to the primary needs of the tenant [EXHIBIT 1, overleaf]. This categorisation gives a useful overview of the range of tenants' needs, but masks the extent to which needs overlap. In the largest single category – homeless people – many residents will have other problems such as alcohol or substance abuse, physical disabilities or mental health problems. Many, but not all, of these categories are covered by the provisions of the Community Care Act 1990, which requires relevant agencies such as social services departments to assess the care needs of vulnerable individuals. Perhaps because other sources of funding are available for housing community care clients, the Corporation funds just over half of these bedspaces. But for the non-community care groups – notably the homeless, refugees and ex-offenders – the Corporation funds 87 per cent of bedspaces provided by RSLs.

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1 A total of 90,000 bedspaces in RSL-supported housing is shown on the Continuous Recording (CORE) database, which is managed by the National Housing Federation (NHF) on behalf of the Corporation. This figure of 90,000 understates the total RSL provision because RSLs providing less than 250 units do not have to submit a return.
The largest category of supported housing provides help for homeless people. Those in orange fall within community care legislation.

**EXHIBIT 1**

**Categories of supported housing**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of beds (000)</th>
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<td>Homeless</td>
<td>15</td>
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<tr>
<td>Learning disability</td>
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<td>Elderly/frail elderly</td>
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<td>Mental health</td>
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<td>Young people</td>
<td>2</td>
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<td>Ex-offenders</td>
<td>1</td>
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<tr>
<td>Womens’ refuge</td>
<td>1</td>
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<td>Physical disability</td>
<td>1</td>
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<td>Vulnerable women</td>
<td>1</td>
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<tr>
<td>Alcohol</td>
<td>1</td>
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<tr>
<td>Other/unidentified</td>
<td>1</td>
</tr>
<tr>
<td>Drugs</td>
<td>1</td>
</tr>
<tr>
<td>AIDs/HIV</td>
<td>1</td>
</tr>
<tr>
<td>Refugees</td>
<td>1</td>
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</tbody>
</table>

1 The term ‘project’ is used throughout the report to refer to a level of supported housing provision; it could be a shared house, or the term may refer to support provided to individuals. More typically, supported housing projects serve the needs of a group of tenants. A bedspace is a subset of a project.

**Funding for supported housing**

4. Supported housing requires both capital funding (primarily for buildings) and revenue funding for day-to-day running costs. A main source of the former is the Housing Corporation’s Approved Development Programme (ADP), allocated each year by the government to fund investment in social housing by RSLs. It provides money for new projects, with supported housing schemes being subject to the same bidding process that applies to mainstream housing. This process and its operating framework is examined in detail in the Commission’s report on new-build development projects, *Competing for Attention* (Ref. 2).

5. There is also significant revenue expenditure to help pay for the support services for tenants with particular needs. The source of this revenue depends upon whether or not the project is registered under the Registered Homes Act 1984. If it is registered, residents have no access to housing benefit and the charges for the accommodation, support and care are funded by their local authority social services department. Depending on the nature of the client group, other funding may be available from the health authority or the probation service. If the project is not registered, residents can claim housing benefit providing their income level meets eligibility criteria. The whole area of housing...
benefit support for tenants with special needs has been subject to judicial and ministerial review, but changes to the regulations are not expected to be announced until late in 1999. This is an important backdrop to any study of supported housing, but does not detract from the importance of reviewing the quality and efficiency of management in projects currently supporting 90,000 residents.

6. Irrespective of registration status, all supported housing which involves a landlord/tenant relationship with an RSL is eligible for revenue grant from the Housing Corporation, known as Supported Housing Management Grant (SHMG). This helps to meet the particular needs of vulnerable residents, over and above the basic landlord role – for example, help in securing housing benefit or other financial assistance. Supported housing is an investment priority for the Housing Corporation, and this element of its programme has grown substantially over the last decade to reach a peak of around £130 million[EXHIBIT 2].

The need for review

7. The Housing Corporation requires that supported housing projects in receipt of SHMG are reviewed regularly to assess how well the funding is being used to meet the project's objectives. It strengthened this review process in 1996 to encompass detailed examination of demand issues, performance and financial viability. The Corporation is also a regulator of RSLs, including those RSLs where supported housing is funded from other sources. In the light of this dual role, and given

EXHIBIT 2

The growth in SHMG, 1988 to 1998

The revenue funding of supported housing has grown significantly since 1988.

Source: Housing Corporation
How are funders assured that value for money is being secured?

Increasing financial pressures and the need for RSLs to demonstrate compliance with best value principles, a number of questions arise:

- Given the threefold increase in funding in recent years, are existing systems capable of managing this rapid growth and ensuring that public money is being well spent?
- In the absence of established performance indicators for supported housing, how are funders assured that value for money is being secured?
- How effectively does the regulation and review framework guarantee probity?
- How well placed is supported housing to meet the challenges of best value, particularly in respect of user consultation and continuous improvement in cost-efficiency and quality?

8. This report addresses these questions by exploring:

- the impact of the national framework for supported housing;
- the nature of the planning and decision-making processes which lead to supported housing projects being established or expanded; and
- the critical elements of successful project management:
  - managing resources – people and money;
  - delivering quality services; and
  - managing performance, dealing effectively with crises.

Each chapter contains examples of good practice from fieldwork sites, recommendations for changes in practice or procedure for stakeholders, and action checklists for RSLs.
The Framework for Supported Housing

Supported housing operates within a national framework of funding, regulation and performance monitoring but there are some gaps and inconsistencies in this framework, especially around the analysis of need. Within RSLs, these deficiencies are sometimes compounded by ineffective strategic planning, which tends to be characterised by unclear objectives and poor communications.
9. Project performance can be affected by strategic as well as local decision-making. For example, the national policy objective to deliver care and support to the elderly in their own homes rather than in institutional settings has reduced the demand for existing sheltered projects. Many schemes thus experience difficulty in letting accommodation – the resulting low occupancy levels and long gaps between tenancies are sometimes attributed to poor management when in fact they represent a wider problem of over-supply or changing expectations. Similarly, a local authority housing strategy can have a significant impact on the success of RSL-supported housing within its area. This chapter examines the operating framework for supported housing and considers the implications for the management of projects, focusing on:

- national arrangements for identifying demand, planning and funding provision;
- the local framework; and
- current systems in place for strategic planning.

10. Ideally, funding decisions around supported housing provision should flow from national and local priorities, and be informed by analysis of existing provision compared with current and future needs. Funding mechanisms should be streamlined and rational, with providers or bidders able to demonstrate clear objectives for the use of public funds, within a culture of comparative performance and continuous improvement. The reality sometimes falls short of this ideal. The Housing Corporation works closely with local authorities to ensure that funding is channelled towards local priorities, but there is no national strategy within which to set these numerous decisions. More worryingly, there is no comprehensive database of existing provision, nor a map of future need for supported housing bedspaces, to inform decision-making. This differs from general needs housing: here, both existing provision and future demand are mapped by government, and resources are allocated throughout the country according to the Housing Needs Index, which takes into account local housing conditions and demand.

11. In both Wales and Scotland there is a national database of supported housing provided by RSLs which is used in planning future provision. In England there are three sources of information. The first is the database held by the Housing Corporation on the 62,500 bedspaces that it supports financially. It contains basic information on projects and the primary needs group of its residents. Detailed financial and performance information is available only in ‘management groups’ or

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9 In 1996 the Housing Corporation published a Position Statement on supported housing indicating that a national strategy had to await the outcome of the Government’s review of housing benefit, due in 1999.
The absence of comprehensive information on existing provision hinders effective planning. The second source of data is CORE, the database and monitoring system currently run by the National Housing Federation on behalf of the Housing Corporation. It covers all RSL-supported housing, regardless of the funding source, but only where the letting RSL owns more than 250 bedspaces. There is no data from small RSLs, thereby frustrating the establishment of a comprehensive database. Finally, RSLs are required to submit an annual statistical return that covers a range of activities including shared housing. Although small RSLs are included in this requirement, the return seeks details only on supported provision in shared housing, which represents around 55 per cent of supported housing.

12. In September 1997, CORE included information on 90,140 bedspaces, of which 52 per cent (46,872) were funded by the Housing Corporation. In fact the Corporation actually funds a further 15,600 units. More detailed comparisons show that there are four needs categories where the Corporation funds more provision than CORE shows exists – projects dealing with refugees, alcohol abusers, ex-offenders and young people. The discrepancy may occur because these 15,600 bedspaces are owned by small RSLs; because the data supplied to CORE is inaccurate in respect of the source of funding; because the Corporation database holds incorrect information on the needs categories that it funds; or a combination of all three factors. Whatever the cause, the absence of comprehensive information on existing provision hinders effective planning.

13. The problem is compounded by inadequate information on existing and likely future needs. Although the DETR has recently commissioned work to examine how councils can best assess the local need for supported housing, there is no established method of collating, analysing, evaluating or recording information on needs arising from sources such as submissions by pressure groups. One of the reasons for this is the lack of a common framework or definition of needs among stakeholders. All planning for current and future demand is carried out at local authority or ward level – information critical to successful provision. However, demand planning at this local level cannot hope to predict national trends, make allowances for new provision planned in other local authorities or deal with prejudice against certain 'unpopular' groups which some local authorities do not wish to provide for but which still need housing. Planning needs to be undertaken at either a national level or regional level – starting by aggregating the locally collected data – to gauge whether the right amount of supported housing is being provided in the right area to reflect priorities. Without such information, the Corporation's decisions are too influenced by 'micro' strategies of variable quality, with little or no reference to the bigger picture.

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1 This concept of management groups, where RSLs group together separate projects for review purposes, is discussed in more detail in Chapter 5.
14. The number of funding sources for supported housing, and the complexity of some of the partnership arrangements entailed, are key factors influencing decisions by RSLs to enter the supported housing field or to expand current provision. The current uncertainty over the future role of housing benefit for supported housing – the main source of revenue funding for more than 70 per cent of projects – is a further obstacle. This complexity and uncertainty, compounded by a dearth of strategic information, can have a direct impact on project performance [BOX A].

15. Local authorities have a statutory responsibility under the Housing Act 1985 to plan strategically to meet housing need, including that for supported housing:

'Every local housing authority shall consider housing conditions in their district and the needs of the district with respect to the provision of further housing accommodation.' (Ref. 3)

**BOX A**

**Problems arising from fragmented funding and conflicting objectives**

In 1994/95, the Home Office devolved the funding of Probation Accommodation Grant (PAGS) to local probation areas. Nationally, around £8 million of PAG funding helps to provide more than 5,000 places of accommodation for people leaving prison.

Most of the annual funding for one particular inner city probation area is allocated to existing projects provided by various RSLs. Performance is measured by occupancy targets, set at 83 per cent; however, 52 per cent of all projects in the area were failing to meet this target. Discussion with front-line probation staff revealed that shared rooms – a large proportion of the accommodation on offer from providers – are unpopular. In addition, demand for housing fluctuates throughout the year, and on occasion prisoners are released with little prior notice. The only 'emergency response' service is often full, so expensive private provision has to be paid for. A clear need exists for more self-contained property with support, or at least private bedrooms, and a greater level of emergency response.

Faced with too much of the wrong type of accommodation, probation staff sought to reduce the number of bedspaces while at the same time improving the quality of those remaining. This conflicted with the RSLs' financial objective of maintaining income levels by filling the existing number of bedspaces. Eliminating shared bedrooms would reduce the number of bedspaces and thus reduce the total project income, in some cases threatening project viability. The solution lies in agreement between stakeholders upon mutually beneficial objectives – providing appropriate accommodation to target residents at an affordable price – supported by relevant performance measures.

*Source: Audit Commission fieldwork*
Most RSLs rely heavily on predictions of demand made by those purchasing the provision.

In addition, the Chronically Sick and Disabled Persons Act 1970 requires local housing authorities to ‘have regard to the special needs of chronically sick and disabled people’, and gives social services the responsibility for assessing adaptations to property and the need for aids and equipment within the home. Local authorities are obviously better placed to fulfil these requirements when they have accurate, detailed information on current provision – for example, on properties adapted for wheelchair use – and levels of need which they can share with RSLs to avoid duplication.

16. Evidence from the fieldwork suggests that most RSLs rely heavily on predictions of demand made by those purchasing the provision – typically local councils – but these vary in quality. Only 2 of the 17 fieldwork RSLs used their own research or other primary data. Eight RSLs relied on purchaser assessment and the remaining seven were involved in joint assessment processes, whereby local purchasers and providers share information. Perhaps not surprisingly, many RSLs are reluctant to undertake their own research; they may lack the expertise and/or regard this as the responsibility of the local authority. Although such research may duplicate others’ efforts, it can provide a useful ‘reality check’ and help to improve performance [CASE STUDY 1].

**CASE STUDY 1**

**Brighton Housing Trust**

Evidencing demand for supported housing

Brighton Housing Trust was initially set up to provide a package of services for rough sleepers, including advice, day care, and housing with care and support. The Trust now runs two housing aid and legal centres and also operates the First Base Day Centre for homeless and insecurely housed people in the area. To ensure that services continue to reflect the Trust’s priorities, it began to monitor information from its day centre and housing aid project, in conjunction with other partners and purchasers, to assess local trends in single homelessness and housing support needs. First Base conducted an assessment of the HIV-prevention needs of homeless people and the Trust’s officers have also carried out primary research on a range of support need issues such as drug-related deaths. The information obtained is used to identify future needs, and to help to improve existing services.

The Trust has found the information helpful in delivering an effective service. For example, in 1996/97, 62.5 per cent of residents completed its drug and alcohol recovery programme, and 73 per cent of these were still free from substance abuse a year later. Occupancy levels were 85 per cent and overall resident satisfaction was 80 per cent.
17. Supported housing management can be helped or hindered by the quality of the strategic planning systems in place within the umbrella RSL. Organisations set strategic goals as one way of integrating various, sometimes very diverse, activities under a corporate umbrella, and to ensure that each part of the organisation pulls together to achieve the overarching objectives. Without high-level objectives, there is a risk of units or departments working in isolation, to conflicting or short-term priorities. A comprehensive and well-documented strategy gives potential partners a clear idea of the RSL’s philosophy and objectives, and also raises awareness among residents and staff about what it is striving to achieve. It provides new staff with a picture of the operating framework and helps all staff to see how their work contributes to the overall goals.

18. Strategies will not be uniform – a specialist provider of supported housing will have different objectives and delivery mechanisms from a generalist RSL with only a few supported units. Nonetheless, there are core strategic questions which need to be considered by every provider of supported housing:

- **Why** is the RSL involved in housing people with support needs?
- **What** are the target client groups and are these likely to change over time? Are there any specific needs that it will not meet – for example, nursing homes?
- **What** type of provision does the RSL aim to provide, and to what standards?
- **Where** will it operate – is there a restricted geographic base?
- **When**, if at all, does the RSL hope to achieve any growth target?
- **How** does the organisation want to deliver its supported housing service?

19. It is a requirement of the Housing Corporation that RSLs have strategies and plans in place that incorporate supported housing and reflect their objectives, capacities and responsibilities. But the term 'strategy' can mean many things. Fieldwork RSLs provided 'strategy' documents that were little more than mission statements, service delivery plans, or requests to their committee for additional staff. In one particular case, a lack of clarity among staff about key objectives had damaging consequences [BOX B]. Only five of the 17 fieldwork RSLs had written strategies that incorporated any of the core issues outlined above, and of these only three addressed more than one question. In general, specialist RSLs had clearer statements of their strategies and were more likely to have communicated their key themes throughout the organisation.
Conclusion

The existing national framework for supported housing has evolved over 20 years through a patchwork of legislation, and now has multiple sources of funding. This has made the creation of a comprehensive national framework for decision-making difficult. Further difficulties arise from a lack of core information in two critical areas – existing provision and estimates of future need. The absence of a comprehensive database of current RSL provision contrasts with a better informed situation in respect of general needs housing, and is difficult to justify. The issue of a planning tool for future needs is more complex, on three grounds: there is no commonly agreed framework across purchasers and providers; it could cut across local decision-making; and a lot of provision is not owned by RSLs. While the establishment of a database of existing RSL provision is relatively straightforward and would bring immediate benefits, the creation of a planning tool thus needs wider consideration. It may be useful to establish an accurate database first before considering how to determine future needs.
21. The Housing Corporation requires, as part of its Performance Standards approach, that RSLs providing supported housing have a strategy which sets out key objectives and relevant goals. Evidence suggests that specialist RSLs meet this criterion more fully than generalists with 'add on' supported provision. Where strategic planning is underdeveloped, RSLs are more likely to experience problems in planning and managing projects – the issues that are addressed in the following chapters.
The Framework for Supported Housing

**RSLs should:**

1. agree a supported housing strategy appropriate to their organisation, which is reviewed and updated at regular intervals; and

2. confirm the evidence of demand before proceeding to develop or expand projects, with the same rigour that is applied to financial and risk appraisal.

**The Housing Corporation should:**

3. establish a comprehensive database containing information on all current RSL-supported housing, regardless of funding source or the size of the owning RSL;

4. seek evidence of an appropriate supported housing strategy and require evidence of local demand with each application for capital funds or SHMG; and

5. consider how planning for future needs can be improved at both local and regional levels. Discuss with the DETR and Department of Health the feasibility of national planning mechanisms.
The Framework for Supported Housing

1. Is there a supported housing strategy that answers the who, what, where, when, why and how questions?

2. Are all staff clear about its existence and contents? How do you know – have you asked them?

3. Have you appointed someone to draft or review your strategy? Have they:
   - gathered information on existing policies and procedures, and views of staff, board members and tenants?
   - consulted internally and externally with stakeholders before and after drafting?

4. Is your strategy regularly reviewed and updated in a timescale appropriate to the organisation?

5. What arrangements has the local authority made for demand planning? Are they robust? If not, how are you dealing with this?

6. Is demand assessed for each new project? Is it examined and tested rigorously along with the project’s finances?

7. Is the level of demand for existing projects reviewed periodically?

8. Are you using primary data as evidence, or is there a joint commissioning team of social services, health and other purchasers? If not, how do you verify that demand exists?

9. Do you know what other providers are planning? How will this affect your project?
Effective Project Planning

If supported housing projects are not planned properly at the outset, achieving objectives and making the best use of public money is harder. Some factors critical to the planning process – such as funders' requirements and scheme development – are not wholly within an RSL's control. But this fact makes rigorous planning even more important. Other elements can be more tightly managed, such as the definition of a project's objectives and its staffing requirements.
22. Effective planning is a prerequisite to effective management. If provision is not planned properly at the outset, the prospects for achieving objectives and making the best use of public money are reduced. But rigorous planning is not universal – only 2 of the 17 fieldwork sites have a detailed planning framework, with decisions flowing logically for issues such as identifying costs and funding sources, and risk appraisal. The difficulty posed by inadequate planning is compounded when factors critical to the planning process are outside the control of the RSL [EXHIBIT 3]. Although this complicates matters for RSLs, it does not absolve RSLs of responsibility for this work. This chapter outlines the key stages involved in project planning, identifies where the process can break down, and offers good practice guidance to maximise effectiveness.

23. Local housing need will be established by the local authority as part of its responsibility for strategic housing planning. Establishing the need for a particular type of supported housing, such as a project for people with learning difficulties, is likely to involve the health and social services authorities. While the existence of unmet need validates a project proposal, the RSL needs to be wary of how this need is translated into provision, and by whom. It is much better to receive views on what is planned directly from potential residents, rather than rely on assumptions made by the purchaser or funder.

**EXHIBIT 3**

**Planning a project**

A number of factors that are critical to the project planning process are outside the control of the RSL.

Source: Audit Commission
**Setting the project aims and objectives**

24. The determination at an early stage of aims and objectives for a supported housing proposal is a required performance standard by the Housing Corporation. These should flow from the identified needs of potential residents, and in some cases this task of setting objectives is relatively straightforward. For example, a project for people withdrawing from drugs is likely to have the objective of assisting residents to remain free from drugs, and a project for recovering alcoholics will have similar goals. Furthermore, such goals are both clear and easily measurable. The objectives for a mental health project or one which supports young people leaving care are more complex and diffuse; the RSL needs to spell out why it is undertaking the project and how the residents will benefit. This should form the starting point for all other planning decisions, with objectives that are both achievable and measurable. How will the achievement of objectives be monitored? If one aim is to give a young person a safe and secure environment so that they can resolve problems and sustain their own tenancy, a record will need to be kept of future tenancies and whether they were sustained. If the objective for a person with severe learning difficulties is to lead a fulfilling life, the project should determine how this can be demonstrated and plan accordingly – for example, by learning a new skill. Once objectives have been set, issues such as available funding, numbers of staff or whether the project will be registered can be considered.

**Locating and developing the site**

25. Any feasibility study will need to include the costs of a building – however notional – and therefore the potential project location is likely to feature early in the planning process. Securing suitable accommodation may entail the purchase of existing self-contained property, a new purpose-built building, or an existing property suitable for adaptation. A common constraint is the need for planning permission, which can cause long delays. Social housing developments are finding it increasingly difficult to secure planning permission, particularly where the prospective tenants are from ‘unpopular’ groups such as ex-offenders or substance abusers. To avoid this potential conflict, some RSLs use only existing buildings for supported housing projects. However, if planning permission is needed then RSLs need to build the likelihood of delay into their timetables.

26. The project aims and objectives should influence the design of the accommodation and the service requirements. If decisions regarding the accommodation are made before the project has established its aims and objectives, the building may not help to deliver these objectives. The location of the property can be a critical factor here. One fieldwork project for people with substance abuse problems set a clear objective for residents – to break previous behaviour patterns and contact with dealers or other substance abusers. This meant locating the project well away from the urban centre where most of the residents had lived previously. Project staff expressed the view that this location contributed to its record of success – a 94 per cent occupancy rate, with
75 per cent of residents completing the programme. Had the location decision preceded agreeing the objectives and placed residents near centres of drug use, the project would almost certainly have been less successful.

Securing funding

27. Supported housing finance is complicated. The budgets of many projects are an amalgamation of various 'pots' of money from different sources, with some funds tied to a particular activity or service and some linked to an individual resident. One consequence of this complexity is that purchasers often lack an agreed framework of allowable costs. For example, the cost of providing help with bathing a resident can be met by health or social services authorities but not by the Housing Corporation or through housing benefit; funding for counselling depends upon the type of counselling provided; the provision of cooked food attracts funding, the provision of food for residents to cook themselves does not. Health and social services fund individuals with assessed needs while the Housing Corporation will provide only 'block' funding for projects offering intensive housing management.

28. This 'patchwork quilt' means that those responsible for the finances of supported housing projects have to juggle various priorities, and complete a considerable amount of paperwork to satisfy funders’ requirements. In addition to the complexities of 'who funds what', funders are likely to specify what level of service and performance they require for their money. Clarity in this area may be provided by the forthcoming inter-departmental review on the future of housing benefit and supported housing. In the meantime, RSLs need to strive for compatibility between their strategic objectives and funders’ requirements, and comply with the Housing Corporation’s Performance Standards.

Registration requirements

29. Projects providing a certain type of service will be required to register with their local authority under the Registered Homes Act 1984. Registration status is critical because it affects the type of revenue funding that a project can attract. Registration of a supported housing project is necessary for:

'any establishment which provides or is intended to provide, whether for reward or not, residential accommodation with hoard and personal care for persons in need of personal care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder.'

30. Approximately one-fifth of all RSL projects are registered by the local authority. In some cases, the project objectives mean that the decision by the local registration officer is straightforward. Thus, if a project accommodating particularly vulnerable clients provides full board and personal care, then the local authority will almost certainly require registration. The position is less predictable where full board and a high level of support are provided, but not personal care.
According to the 1996 *Review of the Regulation and Inspection of Social Services* (Ref. 4), these regulations are subject to different interpretation by registration officers. Differing interpretations may reflect differences in local circumstances, but the review recommended standardisation in applying the rules; this is currently being considered by the Government. Difficulties arise when RSLs make the same costing assumptions for the same type of provision in different authorities, but because the rules are interpreted differently the outcomes may vary.

31. If a project is registered, fees are usually paid privately by the resident, or in whole or part by the resident's local social services department, with no refund from central government. If the project is not registered, those residents who meet the eligibility criteria can apply for housing benefit to cover their rent (only 7 per cent of supported housing residents are wage earners, and hence the majority of them are entitled to benefit). Local authorities that have needy residents in unregistered accommodation are thus at an advantage. Fieldwork RSLs are concerned at what they perceive to be the rationing of funding for places in registered projects; in some cases, places were available for identified residents but they could not take up occupation because social services were unable to fund them. At one fieldwork site, some of the patients who were ready to be discharged from hospital had to remain there (at a cost to the NHS of £600 per week) because social services could not afford £200 a week to place them in an appropriate project – a classic case of 'cost shunting'. This represents not just poor value for money but an unsatisfactory outcome for the residents concerned. These issues of cost shunting are dealt with in some detail in *Home Alone* (Ref.1) which recommends reform of the funding framework and tightening of registration criteria.

32. When the Hostels Initiative was launched in the 1970s, many housing associations did not have the skills and experience both to provide accommodation and give support to single homeless people. Arrangements were developed with voluntary agencies and charities whereby the associations provided the accommodation and the voluntary agencies provided the support. As this concept has developed, a variety of arrangements have emerged, from the RSL providing the accommodation and the agent undertaking all other services, to the RSL providing most of the services and the agent undertaking only specialist support [EXHIBIT 4, overleaf]. Although managing agency arrangements can be beneficial in that each party contributes according to expertise, they are also a potential source of disharmony. The decision to use an agent, and if so which one, needs to be based on clear criteria.
**EXHIBIT 4**

**Management arrangements**

Just over half of all projects are managed directly by the owning RSL.

![Graph showing management arrangements](image)

Source: Supported Housing CORE

33. The relationship between RSLs and their managing agents is governed by a complex framework of Housing Corporation regulations, contract law, tax obligations and accountancy standards, with requirements that are not always complementary. In addition, the funding arrangements dictate that certain monies can only be paid to or by certain bodies, and that RSLs cannot dispose of an interest in a property (including granting a lease) for which it has received public funding without repaying that funding. This means that, where an RSL develops a project with the intention of using a managing agent, it cannot grant the agent a lease which would allow it to let tenancies. The residents are tenants of the RSL, even though day-to-day landlord functions are carried out by the agent.

34. The decision to manage a project directly or assign the role to an agent is a critical one for RSLs, as it affects the nature and quality of service to tenants and the overall costs of providing those services. Fieldwork interviews highlighted dissatisfaction with current arrangements in four specific areas:

- cost and value for money;
- delineation of roles and responsibilities for each party;
- the audit arrangements; and
- the effect on service delivery.
Value for money

35. The amount of money that RSLs charge for contracted services to agents varies considerably [EXHIBIT 5]. All agencies visited expressed concern at this variation, particularly where they saw no added value in the charge levied in respect of monitoring the agent’s performance. RSLs themselves argue that monitoring is essential to discharging their role. The Corporation could usefully provide some guidance on reasonable charges for monitoring and recovery of overheads. In addition, there are no benchmarks to guide the setting of costs charged to agents for specific services. One agent works with 14 RSLs and is charged significantly different amounts for the same service. Clearly, a relatively high charge can be justified if a wide range of services is provided – for example, where the RSL collects rents as well as providing maintenance. But analysis of the services received for the costs charged reveals that no such relationship exists; in projects where a similar package of services was provided, unit costs varied considerably from a few hundred pounds per bedspace to several thousand [EXHIBIT 6, overleaf]. There is no obvious explanation for this variation other than potentially different needs – the project with the lowest charge is an unregistered low care project for ex-offenders and the one with the highest charge is a high care registered project for mental health. However, both projects are the same size and the high charge is not caused by a one-off cost such as a major repair. Some guidance from the Corporation on charging parameters could be helpful.

EXHIBIT 5
Costs charged to managing agencies for services supplied by RSLs

There is considerable variation in the unit costs charged to agencies.

Source: Audit Commission survey
There is no relationship between the level of costs charged and package of services received.

Source: Audit Commission survey of 41 RSL/agency agreements

Analysis of the Corporation database (by management groups) to compare the costs of agency projects with directly managed projects reveals that, overall, agency projects are 10 per cent more expensive than directly managed ones. However, the management group cost figures are an average of the figures drawn from a number of projects, and so additional analysis of project-level costs was necessary. When these costs were examined, agency projects continue to be more expensive, this time being 17 per cent higher. A third level of analysis focused on cost variations within needs groups [EXHIBIT 7]. A consistent pattern across needs groups would suggest that there is a rationale for agency projects being more expensive. No such pattern emerges, but there are two striking anomalies in respect of learning difficulties and frail elderly. Further investigation of the data showed that these were caused by a few high-cost, small and intensive projects. This illustrates the difficulty of comparing project costs when individuals have very different levels of need for support.
The cost difference between agency and directly managed projects

There is no consistent pattern of agency projects being more expensive, but the cost per bedspace varies significantly in two needs categories.

Source: Audit Commission supported housing survey

37. In 8 per cent of projects – providing approximately 7,200 bedspaces – one RSL is acting as agent for another. This approach can be very useful in helping smaller, less viable RSLs to establish themselves. But where the arrangement has been in place for some years without a review of its continued appropriateness, a question mark arises over the 'added value'. Fieldwork interviews revealed one case where the owning RSL required substantial, detailed financial and performance information from the agent RSL, which was itself a large specialist provider. The additional monitoring added little real value but it did add cost. One solution in this case would have been to transfer stock to the managing RSL, but this had been rejected as the owning RSL did not want to dispose of assets and reduce its capacity to borrow private finance. The Corporation needs to review these arrangements and consider providing guidance to RSLs to ensure the best use of public money.

Inappropriate agency agreements can be worse than no agreement at all

38. Although attempts have been made to improve and clarify the relationship between RSLs and managing agents, many continue with longstanding, often unenforceable management agreements because of the difficulty and time involved in renegotiating them. But inappropriate agency agreements can be worse than no agreement at all. The NHF has recently published a guide to existing and model agreements setting out the types of relationships that can exist and the consequences for both parties (Ref. 5). The existence of an appropriate agency agreement could usefully be made a condition of SHMG funding.

Clear roles and responsibilities
39. In some cases, an agency arrangement may not be the RSL’s first choice. A health trust, for example, may contract with an RSL for the provision of accommodation and landlord services, and with a care provider for care and support. Here, each party has a clear, formal relationship with the purchasing health trust, but the RSL’s indirect relationship with the care provider may be problematic. In these situations it is important that the RSL protects its position as landlord by ensuring that it has the ability to terminate the arrangement with the care provider in specified circumstances (a power it has with a tenancy). It should not enter such an arrangement merely for short-term gain if it is unconvinced of the capabilities of the care provider.

**Effects on service delivery**

40. An agency arrangement can improve the service to tenants in that each party is delivering the aspect of the overall service that it knows best, but it can also place obstacles in the path of good service delivery – for example, where key processes become unduly protracted. In one case, the number of steps in the repairs process – whereby the tenant notified the agent of the problem, who then passed the problem on to the RSL, where it was handled by two departments before a contractor was contacted – meant an increased risk of delay or service failure. Problems were occurring with such frequency that the agent’s reputation for delivering a good service suffered, and it decided to provide the maintenance service in-house. This does not mean that day-to-day maintenance is necessarily best carried out by the agent – some agents are not capable of providing it, and others prefer the RSL to undertake it – but the RSL must ensure that the arrangements in place benefit the tenants.

**Defining the service and staffing requirements**

41. Successful project planning means that key service objectives and the staff needed to deliver them must be considered, including:

- How many staff – and with what qualifications and experience – will be required?
- Are staffing arrangements appropriate – for example, is there a need for 24-hour cover?
- What counselling support will be available to residents?
- Will this be provided by means of a key worker system?
- Will meals be provided?
- What arrangements need to be made for residents who will move on to other accommodation (offering a different level of support, or a mainstream tenancy)?

Getting these decisions right at the outset can avoid inappropriate staffing and service levels, or prevent financial difficulties arising further down the project track.
Staffing is the major cost in any supported housing project

42. RSLs need to determine at the planning stage how many staff are required for a particular project, given its size and the needs of the target resident group. An incorrect assessment will result either in an understaffed facility or, if staffing levels are excessive, a waste of public money. Staffing is the major cost in any supported housing project, and basing an assessment solely on previous experience is of limited use where an RSL is departing from current patterns of provision – perhaps catering for a higher or lower level of need, or for a different client group altogether. The typical approach is to start with the likely funding, deduct known expenses, establish what is left for staffing and then evaluate whether this will be adequate to deliver the service. Given the importance of matching staffing to the needs of the client group, this unscientific approach is less than ideal.

43. An alternative, more objective approach to gauging staffing levels is to apply a weighting model developed from the health sector [CASE STUDY 2, overleaf]. This is a more needs-based evaluation of the necessary resources, which does not prejudice affordability and relates staffing levels to residents' needs, not available finance.

Assessing costs and identifying funding

44. Identifying the revenue and capital funds needed for the project to achieve its objectives is only the first step in effectively managing the project's finances – detailed costings should be worked up and tested for risk and sensitivity. Appraisals are used regularly to assess the feasibility of projects in respect of capital funding requirements. Revenue funding appraisals, undertaken by supported housing staff with additional checks by finance officers, are less common. Establishing the cost of the provision is usually straightforward, but rents or charges to recover these costs tend to vary. Decisions on rent and charge levels must take account of restrictions on what funding bodies are willing and able to pay in respect of particular costs, and Corporation restrictions on rent increases [EXHIBIT 8, overleaf]. The question of 'who pays for what' has been the subject of much discussion and even litigation, and the Housing Corporation has recently published a report which concluded that funding partners need to work more holistically to resolve some of these issues (Ref. 6).

45. There are potentially four sources of income for a project. Unregistered projects will have rent and any service charges paid for by the resident, with the assistance of housing benefit, and may have both SHMG and a revenue grant from health or social services. Registered projects will levy a charge on residents, who will receive help from social services or the health authority in respect of the charge; they may also receive SHMG and revenue grant from other sources. The amount required from residents will therefore depend not just on the costs of the running project, but on the availability of these 'top up' funds.
An alternative approach to determining staffing levels

Sheltered Housing and Workshops (SHAW) is a registered charity that provides housing, training and employment opportunities to people with physical and learning disabilities. It manages a number of supported housing projects in the North East. In one project of 40 bedspaces, the housing is owned by Home Housing Association, and a management agreement is in place. The needs of individual tenants are wide-ranging and SHAW wanted an objective system to evaluate staffing requirements.

In order to determine the cost of caring for each resident, a basic cost (excluding staffing costs) was calculated which would be payable by each individual. A series of weightings were then developed, based on dependency categories such as incontinence, to calculate staff costs. The weightings were devised to model the relative care time per dependency category and reflect the amount of staff support required by each individual. Although a score of 65 (i.e., where both severe incontinence and challenging behaviour are present) will not equate to 65 hours of staff time, it will give a score relative to the staffing needs of someone without these dependencies. Effectively, people falling in the same band will require approximately the same level of staff support, although their precise needs may be different.

Extract from the weighting model

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimal</th>
<th>Present</th>
<th>Severe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incontinence</td>
<td>1</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Challenging</td>
<td>1</td>
<td>25</td>
<td>55</td>
</tr>
<tr>
<td>behaviour</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Although SHAW carried out this exercise primarily to determine differential care and support costs for residents in the same project, the model could be used as a resource planning tool. The amount of care staff time required for a new project could be estimated on the basis of the known or likely incidence of each dependency category among the intended occupants. For example, previous experience may show that a resident suffering from severe incontinence will require an additional number of staff hours per week. These hours inform the weighting model. This approach could give purchasers or referring agencies some assurance that the level of support reflects an objective assessment of need.
Elements of supported housing income and expenditure

Different sources of income are expected to pay for different areas of expenditure.

Source: NHF Manual for Supported Housing

Rents and service charges

46. RSLs cannot just set whatever rent they wish. They are required to meet the Housing Corporation's Performance Standards in respect of rents and service charges, such that:

- rents and charges are set with regard to those in low-paid employment (not a requirement for registered projects); and
- there is no discrimination between tenants on benefit and other residents.

In general needs housing, the Performance Standard is more exacting and RSLs have rent-setting policies that commonly take account of affordability as well as the quality of the accommodation and amenities. But only one in three of projects surveyed have a rent-setting policy for all supported housing [EXHIBIT 9]. Nor is there any requirement to set rent levels that reflect the quality of accommodation provided, as is common practice in general needs housing.

Source: Audit Commission survey of supported housing projects
47. It would be logical to assume that rent levels cover the cost of basic housing management, and that service charges reflect the actual cost of providing additional services. This basis is now the established practice for newer projects, especially following the case law on eligible costs for service charges. But the relationship between rents and service charges for older schemes has evolved historically, resulting in some arbitrary and non-comparable divisions of cost between individual rent and service charges, with wide variations in total cost [EXHIBIT 10]. Average rent levels vary from £47 in mental health projects to almost £100 per bedscape in projects for alcohol abusers. Service charges range from a few pounds per bedscape per week to a high of £116.

48. There are several reasons for these variations. The most obvious is that, although projects are compared by needs category, the level of need for intensive support – and hence the charge to residents – can vary substantially within that category. This is particularly true when charges levied in registered projects are compared with those applying to non-registered projects [EXHIBIT 11]. Research conducted by CV Services (Ref. 6) found that registered projects cost and charge substantially more than unregistered projects, because levels of care are more intensive. Total costs per resident can therefore vary considerably even when projects are within the same category of needs group.

EXHIBIT 10

Rent, service and other charges by needs group in unregistered projects

There is a wide variation in charges within and between needs groups.

Source: Audit Commission survey
Total charges by needs group in registered projects

Registered projects show less variation in total charges but the average level of charges is significantly higher.

**Source:** Audit Commission survey

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**SHMG and other revenue support**

49. SHMG is available to RSL projects to help pay for intensive housing management. Although the Corporation does not set maximum staff levels for different types of projects, there are benchmark costs against which projects are measured; the higher the staff/resident ratio, the higher the level of SHMG funding per bedspace available [TABLE 1]. While this approach acknowledges staffing as the main cost driver, funding is input-led rather than needs-based and there is no objective basis to guide staffing levels. Two similar projects in the same needs category could have staff/tenant ratios of 1:5 and 1:10 without having to justify the difference. It may be appropriate to review whether these benchmarks are set at the right level, and how other factors such as RSLs' performance – rather than simply staffing levels – can be taken into account when allocating SHMG.

<table>
<thead>
<tr>
<th>Staff/tenant ratio</th>
<th>Benchmark cost per bedspace (£ per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/5</td>
<td>3,510</td>
</tr>
<tr>
<td>1/10</td>
<td>2,588</td>
</tr>
<tr>
<td>1/15</td>
<td>1,940</td>
</tr>
<tr>
<td>1/20</td>
<td>1,292</td>
</tr>
<tr>
<td>1/25</td>
<td>1,005</td>
</tr>
<tr>
<td>1/30</td>
<td>717</td>
</tr>
</tbody>
</table>

**Source:** Housing Corporation
50. While a project may attract some funding from other sources, such as a charity, the other main source of revenue is from the local authority or health authority. In recent years the funding mechanism has changed from block funding for a guaranteed number of places, to spot funding for eligible individuals only. This makes long-term planning more difficult and places considerable weight upon the rigour of the risk appraisal process.

**Appraising risk**

51. The Corporation requires RSLs to undertake risk appraisal when planning projects. There are two different types of risk associated with supported housing – financial risk and client-based risk. To minimise the financial risk, it is important to secure commitment to the project from sources such as health and social services authorities before the project proceeds too far. If funding partnerships are not secured early, the project may be aborted at a late stage, wasting the public money already invested. It can, though, be difficult to secure financial commitments in advance from potential funding partners – often they want to commit funding only to named individuals, not bedspaces. For these and other reasons, RSL managers need to be skilled in assessing risk – is the project feasible given a range of scenarios around funding, clients and staffing [CASE STUDY 3]?

**Conclusion**

52. Fieldwork RSLs with a logical and detailed planning framework in place are in a minority. The majority may be deterred by the fact that key variables are outside their control, or by the complex juggling of funds, but these are the very reasons why planning is important. The lack of a clear planning process increases the risk of failure, and leads to the situation where the provision is driven by the availability of funding rather than by the needs of potential residents. The uncertainty surrounding the potential registration status of the project, together with the insecurity of revenue funding, make it even more vital that these two factors are subjected to risk assessment. Fieldwork indicates that this process is in place, particularly in specialist RSLs. Risk appraisal will inevitably mean that some projects do not make it beyond the drawing board, or that proposals are substantially modified. For those proposals that pass this key decision point, the requirements of project management pose the next test of effectiveness and value for money.

*The lack of a clear planning process increases the risk of failure*
Developing a risk appraisal process

Stonham Housing Association, now part of the HOME group, is one of the largest supported housing specialists in the country. As with other RSLs, the Newby inquiry prompted Stonham to review its approach to risk appraisal. With support from the Department of Health, Stonham has developed a comprehensive approach to the assessment of risk, covering both the appraisal of new service proposals and the assessment and management of client-based risks, such as a record of violence, unresolved drug abuse problems, etc.

All bids, tenders and re-tenders submitted by the RSL are subject to a two-stage appraisal. The initial stage assesses the proposal against a range of policy and operational criteria – for example, has the viability of any partners been proven? Is de-registration (in the case of a registered care home) possible if this proves necessary in the future? A fuller, second-stage appraisal is required at the point when Stonham will be committed to providing a service in return for grant or contract funding. This involves rigorous tests of:

- the proposal’s compatibility with corporate objectives;
- evidence of need and an assessment of the local market;
- service delivery proposals;
- move-on arrangements;
- funding and contractual arrangements;
- human resource plans; and
- property and tenancy management arrangements – for example, maintenance liability estimates – and proposed care policies and practices – for example, house rules.

A risk assessment panel of senior officers assesses the level of risk to Stonham based on this information and decides whether or not to proceed with the proposed scheme. The procedure also requires the re-submission of schemes at later stages if they are changed in a material way. Examples of material triggers include:

- 5 per cent or more change in costs not funded by grant; or
- any change in tenant/staff ratio.

The procedures are still being developed and have yet to be evaluated, but Stonham is confident that its approach to managing risk has improved.

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1 This concerned the murder by a project resident of Jonathan Newby, an unqualified volunteer worker in a registered supported housing project. Stonham subsequently took over the management of the project.
Effective Project Planning

**RSLs should:**

1. ensure that projects are planned in a systematic way, managing the external and internal influences, and avoiding knee-jerk responses to short-term problems;
2. have a written statement for each project setting out its aims, objectives and how the RSL will demonstrate success;
3. determine staffing levels objectively – for example, by using a weighted, needs-based model: staffing should not simply be a residual cost, nor should the level be established in the hope of attracting additional funding;
4. have a rent-setting policy that takes account of affordability, quality and choice for the resident;
5. review all management agreements to ensure that they comply with current regulations and renegotiate them as appropriate;
6. ensure that internal systems for communicating with agents are not hampering effective service delivery;
7. review charges to managing agencies and ensure they reflect the service given; and
8. ensure that risk appraisal procedures are robust and are applied appropriately.

**The Housing Corporation should:**

9. consider amending Performance Standards to include quality of accommodation – such as size, location and amenities – as a relevant factor in rent setting;
10. ensure that RSLs’ risk appraisal policies cover supported housing in detail and cover all supported housing risk, including finance and reputational risk;
11. establish a means of evaluating the reasonableness of costs charged to agents and consider giving advice in this area;
12. ensure that RSLs review existing management agreements, and renegotiate and replace them as required. SHMG should fund only projects with legal, relevant and up-to-date agreements in place; and
13. review long-standing arrangements where one RSL acts as agent to another to ensure that they are still cost-effective.
Effective Project Planning

1. Do you have a comprehensive planning framework in place?

2. Are the project aims and objectives agreed and documented before funding levels are established?

3. How do you measure the success of projects? Can achievement of objectives be evaluated?

4. How do you set rents and service charges? Does this comply with Performance Standards?

5. Have you recently reviewed your preferred management arrangements? Are you clear about why you are or are not using agents? Have you carried out a cost-benefit analysis of direct/agency management? Is there a case for rationalising the size and/or range of agents with whom you work?

6. What is your position on the ‘charges to agents’ graph? Are you charging more for the services you provide to projects than other RSLs? Are you seeking to pass on all your costs to the managing agent? When are you next going to review your costs?

7. Do your management agreements need updating – what is your plan of action for dealing with this?

8. Have you sought tenants’ views on the services provided by the managing agency? Have you acted on the results?

9. Do you have a comprehensive risk appraisal process in place?
Managing Project Resources

Good management is a complex blend of techniques that requires a diverse range of skills. Funding and staff are two vital resources for any project – if they are not managed well, the project is unlikely to succeed. Effective budgeting, good communication systems and staff supervision and appraisal all underpin the delivery of accessible, high quality accommodation and support. Tenants need to be involved in shaping services and consulted about their value and quality.
EXHIBIT 12

Project management
Five key areas make for effective management in supported housing.

Source: Audit Commission

53. The core purpose of this study is to highlight good practice in managing supported housing projects. The effects of poor management are easy to identify – budget overspend, high staff turnover, unfilled places – but often difficult to correct. Good management is a complex blend of techniques requiring a diverse range of skills [EXHIBIT 12]. The final two chapters consider these core elements, with a view to helping service managers to improve project effectiveness; this chapter focuses upon managing resources – money and people – and service delivery; while Chapter 5 considers the performance management framework, including advice on how to resolve crises.

Managing money

54. Financial managers have two principal tasks, both of which help to secure long-term funding:

- to ensure that the project meets the eligibility criteria and monitoring requirements of funders; and
- to manage day-to-day financial requirements.

Meeting the monitoring requirements of funders

55. As part of its review of SHMG, the Housing Corporation requires RSLs to provide information demonstrating that this money is being used only for the purposes originally intended, particularly in respect of intensive housing management support. Project staff must therefore record how their time is spent on different tasks, such as basic housing management, maintenance and tenant support. This monitoring informs the project review and assures the Corporation that it is not funding.
ineligible activities such as the provision of personal care. But examination of these apportionment records in fieldwork sites indicated that they are often completed not by front-line staff but by finance staff. Centrally based finance staff may have little knowledge of how much time staff actually spend on various activities – apportionments are often based on a brief monitoring exercise or even crude estimates. No fieldwork site had a robust method of recording and apportioning staff time and costs, and in two sites the information submitted to the Corporation was substantively inaccurate, showing no time apportioned to care when in fact nearly 50 per cent of staff time was spent in caring for residents. Some projects simply tell the Corporation or other funders what they want to hear [BOX C].

56. If a project is performing well and achieving what the purchaser or funder wants, then the value of cost and time apportionments is questionable, especially if they are often inaccurate. Is there an alternative to activity-based monitoring? The Housing Corporation would be better placed to assess whether resources are being used effectively if its funding mechanisms were based on outcomes and outputs rather than activities. The use of performance indicators within robust comparative frameworks could be a way forward; these are discussed further in Chapter 5.

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**BOX C**

**The complexity of multi-agency, tied funding discourages transparent budgeting**

One fieldwork scheme had previously experienced a low rate of occupancy but had improved its performance considerably. Staff volunteered the fact that the critical difference was a change to a higher care client group – the health authority then increased the project's funding. When asked about the difference between the budgets, and pressed on what the health authority actually funded, the staff indicated it actually paid for bus passes for residents. The project had experienced low occupancy because it was out of the town centre, and a cheap way of ensuring the project's future was to provide access to transport. The RSL knew that the health authority would not knowingly fund this expenditure, so it had presented it with a budget of actual scheme costs in which bus passes did not appear as a charge to the health authority.
Where budgets were managed locally staff had a far greater understanding of the financial implications of their decisions

**Effective day-to-day financial management**

57. RSLs employ different approaches to managing project budgets. In some, budgets are managed centrally by finance staff while project managers concentrate on operational matters. Other RSLs have devolved budgets to project level and expect project managers to account for their income and expenditure. While RSLs will apply the level of delegation most appropriate to their circumstances, staff in those projects where budgets were managed locally had a far greater understanding of the financial implications of their decisions.

58. Projects need to hold some cash on the premises to pay for small purchases where invoicing is uneconomic. The amount held daily varied from £100 to £250 in most projects, but was over £2,000 in one relatively small project. Holding any amount of cash necessitates basic probity measures such as regular petty cash reconciliation, control over the use of credit or cash cards and ensuring that residents’ money is kept secure and separate from project funds. Most fieldwork sites did have effective measures in place but poor practices – such as keeping residents’ funds in insecure filing cabinets – were also observed. Arrangements for paying for goods and services also vary. Some RSLs have a contract supplier, others have systems of quotations built into financial procedures, and in others project managers have delegated authority to buy goods as required. In managing supported housing, the cheapest or most economical method is not always appropriate. Where help with shopping is part of the support package for residents, it may be slightly cheaper to get groceries delivered by a central supplier, but it does not help residents to learn how to cope with shopping in a supermarket. A pragmatic attitude is needed, but if the local supermarket is used in this way there needs to be some control over food stocks.

59. In general needs housing, staff are normally centrally based, able to interact with colleagues from the same professional disciplines and seek advice on day-to-day issues. They are likely to have access to computerised rent accounting information, to identify whether a particular tenant is in arrears, and be able to speak directly to maintenance staff or contractors to check on the progress of a repair. Supported housing staff can be based in an office or at a project, either daily or residential, or be peripatetic. They may be operating on their own, without easy access to core information, and have few informal support networks or regular supervision. Given these difficulties, how can RSLs ensure that management systems are effective, that staff are well-motivated and residents properly cared for?
Countering isolation of peripatetic or project-based staff

60. Advances in IT systems allow easy access to networked, up-to-date information which can both improve services to residents and facilitate good staff communication, an important factor in maintaining morale. There is little evidence that RSLs have exploited fully the benefits of available technology, such as using remote terminals linked to main networks for supported housing. Although most fieldwork RSLs had some IT provision, and many had networked their main offices, only one had linked all of its projects together on a network with HQ. To help them work efficiently, staff also need to know what is happening in the rest of the organisation. For RSL staff based in different locations, a formalised briefing system can be beneficial, although it may not be cost effective or feasible to bring project-based staff to a central location on a regular basis to apprise them of corporate initiatives. There still needs to be efficient communication from HQ – for example, on new priorities or important financial information – otherwise, staff may rely on ‘the grapevine’ and pick up inaccurate information and rumours. If personal briefing is not possible, then a regular newsletter may be one way to disseminate information.

61. The Housing Corporation stipulates that staff should be adequately trained and supported. Appropriate supervision can help to ensure that staff do not feel isolated but only half the fieldwork sites held regular and formal supervision sessions or appraisals. All project managers should have targets that fit into the overall business plan, and there should be regular supervision sessions to discuss both progress and any issues of concern [CASE STUDY 4]. Regular sessions also ensure that head office staff are aware of what is going on in projects.

Protecting residents

62. In recruiting staff, RSLs must ensure that they do not employ people who could be a danger to vulnerable residents. Projects accommodating children and young people are subject to a legal requirement to seek police checks on potential staff members, mainly to ensure that they do not have a history of child abuse. However, this requirement covers only 8 per cent of projects. There is no requirement to make similar checks on potential applicants for other supported housing schemes, even though these residents may also be vulnerable.

63. The experience of those RSLs which carry out discretionary police checks on applicants (and not all do) is varied. In one area, the police force carries out these checks on behalf of projects but the process takes three months to complete. In one instance, the checks revealed that an employee had a serious relevant conviction, which led to immediate dismissal. But by this time the person concerned had been in sole charge of vulnerable people for some weeks. By contrast, other police forces can provide information within a couple of weeks. Some RSLs require
CASE STUDY 4

Improving staff assessment and development

Granta is a medium-sized generalist association with 38 supported housing projects located in the east of England. Of these, 30 are directly managed with Granta providing care and, in two cases, nursing support. As provision grew, Granta recognised the challenge posed to existing management controls of having a large number of staff based away from HQ and supporting vulnerable residents. Traditionally, Granta has recruited social and healthcare professionals as project managers, to enhance the quality of care in its projects. It wanted to complement these skills by developing a performance management framework.

Within an Investor in People framework, Granta has introduced a rigorous system of performance development monitoring which is linked to improved information systems and training. Corporate objectives, focusing on ‘better rather than bigger’, have been disseminated through roadshows to area and project staff by senior management and board members. A detailed staff manual, written in plain English, covers policy, procedure and required standards. It also gives examples of acceptable and unacceptable behaviour.

Each project manager is responsible for monitoring his or her own project budget and for achieving efficiency improvement targets. The Board receives reports on the comparative performance of all projects in respect of arrears, voids and budgets. Modern links between head office, area offices and individual projects enable the swift processing of requisitions, offer access to up-to-date financial information for project managers, and give timely performance data on arrears and occupancy levels to area managers. Monthly supervision sessions between area managers and project managers entail a proforma-based, systematic review of all aspects of the project’s operations, including the progress of residents’ care plans, rota management, cash management and registration issues. Regular supervision also enables the identification at an early stage of potential problems with performance or with resident care.

applicants to provide a certificate showing details of any police records held on them. However, data protection legislation is intended to allow individuals to check the accuracy of computerised personal details, not for employers to gain access to police records; so although RSLs are unlikely to be acting unlawfully, this practice is not within the spirit of the law and may be open to challenge in the future.
Pay and performance
64. Salary levels will vary according to factors such as qualifications held, the inherent difficulty of the work and local labour market conditions – for example, many employers in London pay a weighting allowance to compensate for higher living costs. The Corporation database shows that salary per hour ranges from just over £5 to over £16. Even allowing for the impact of differential factors such as geography, this threefold variation in salary levels is difficult to explain, and suggests that RSLs need to review their reward systems [EXHIBIT 13].

65. The public sector has undergone a culture change in the past ten years in defining and raising service standards and viewing the tenant or resident as a 'customer' with an involvement in decision-making. This client focus has been adopted to varying degrees in supported housing but, essentially, service quality requires fair access to appropriate housing, security of tenure and the availability of suitable support services. Are RSLs providing a quality service and, in particular, are they:
• providing fair access and security of tenure?
• ensuring that the level of support provided is neither inadequate for, nor in excess of, the needs of the residents?
• monitoring and acting on resident satisfaction and feedback?

Access to supported housing
66. The Housing Corporation monitors all supported housing lettings through CORE. Prospective tenants come from a variety of sources: they may be existing tenants of the RSL, or be referred from a specialist organisation, the local authority or health service. The largest category is that of direct applicants [EXHIBIT 14]. But the source of the referral or
nomination is not the only information needed to gauge equity and probity in respect of lettings. RSLs should also monitor their own performance and that of managing agencies to ensure that referral practices are fair and non-discriminatory. If this does not happen, the RSL may be in breach of the Corporation's Performance Standards in not letting to those most in need. In general needs housing, one way of ensuring fairness is to monitor lettings and set targets for specific groups. For example, if the census shows that 15 per cent of the population is from ethnic minorities, lettings should reflect this. However, there is little evidence that RSLs or agents are monitoring referrals or nominations to supported housing projects other than by source, and only 18 per cent of projects surveyed had any lettings targets in place.

67. A project with a large number of appropriate referrals for a small number of vacancies does not need to advertise its facility. However, it is a key requirement of Housing Corporation funding that those in most need should have first priority. To meet this requirement, RSLs should ensure that:

• a written statement of the project's aims and objectives is widely available [CASE STUDY 5];
• the services provided are clearly outlined;
• information is given on who is and is not eligible to apply; and
• details are provided of how allocations will be made and what appeal mechanisms exist.
CASE STUDY 5

**Making information available to prospective residents**

Adullam Homes produces an information leaflet for each of its projects, setting out the specific aims and objectives of the project and the eligibility criteria for prospective residents. The leaflets are widely distributed. For Adullam’s substance abuse recovery projects, the leaflet also describes what is expected of residents in order to complete the rehabilitation programme. Acceptance of these requirements is a criterion of resident selection. This approach ensures that both applicants and referral agencies are clear about the services offered and how residents will be selected.

Where the demand for tenancies exceeds the places available, it is even more important to review applications against objective criteria. Ideally, the decision about who is accepted should be made by at least two people. In many cases, other agencies may need to be involved but, according to the Housing Corporation, the final decision must lie with the provider.

68. Some RSLs keep a waiting list of approved applications to ensure that vacancies are let to high priority applicants, particularly in projects where vacancies arise frequently or unexpectedly. The use of a waiting list also requires a means of measuring competing need, rather than letting on a ‘first come, first served’ basis [CASE STUDY 6]. In general needs housing, priorities are managed by using a points system reflecting
Maintaining a waiting list

Byker Bridge, a specialist agency based in Newcastle, maintains an up-to-date waiting list for its shared houses for single homeless people. Potential tenants are referred from approved agencies (mainly social services and the probation service) on an ongoing basis and the applicants are interviewed by the care manager and a housing support worker. If, in the judgement of the two officers, the applicant meets the previously agreed selection criteria, he or she is accepted on to the waiting list until a suitable vacancy arises. Actual allocation decisions are then made by a panel of housing support staff. The waiting list is reviewed fortnightly by the housing services manager, partly to monitor current demand and also to ensure that the information is kept up-to-date. This helps Byker Bridge to keep abreast of supply and demand trends in its projects, as well as offering a fair and objective means of allocating accommodation.

current housing circumstances, medical requirements, etc, but facilities such as a direct access hostel would find this a cumbersome and perhaps unnecessary process. There needs also to be a balance between ensuring fairness and raising expectations. If vacancies are rare, a long waiting list is inappropriate. One fieldwork site is an agency project managing 70 permanent units and a variable number of temporary units; although it had little access to move-on accommodation and few vacancies, it had a waiting list of 700 families and single people.

Security of tenure

There are three main types of occupancy agreement in use in RSL supported housing [EXHIBIT 15, overleaf]:

- **assured tenancy** (a periodic tenancy): assured tenants have a number of statutory rights – for example, the right of appeal to the Rent Assessment Committee and the right for certain repairs to be carried out. Tenants can be evicted only on specified grounds;

- **assured shorthold tenancy** (a fixed-term tenancy); these are for a fixed term of at least six months. Once the term has expired, the landlord can obtain possession at any time, provided that the tenant is given two months’ notice; and

- **licence**: these represent permission to use the premises and the issuer can gain immediate possession. Those issued before January 1989 are *bare* licences and licensees retain the right to four weeks’ notice. Those issued after this date are ‘excluded’ from the statutory requirement to give four weeks’ notice to quit.
## Exhibit 15

**Occupancy agreements – what should be used and when**

RSLs should base decisions about occupancy agreements on objective criteria, with an emphasis on security of tenure.

<table>
<thead>
<tr>
<th></th>
<th>Assured tenancy agreement</th>
<th>Assured shorthold tenancy agreement</th>
<th>Licence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent/long-term accommodation</td>
<td>use in most circumstances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary accommodation</td>
<td>unlikely to be appropriate</td>
<td>use where the scheme aims to provide a temporary home – eg, women’s refuges, priority need homeless persons</td>
<td>should be used only if occupant does not have exclusive use of part of the accommodation.</td>
</tr>
<tr>
<td>Short-life/leased property</td>
<td>not appropriate</td>
<td>length of the agreement should reflect the term of the lease of the property</td>
<td>should be used only if occupant does not have exclusive use of part of the accommodation.</td>
</tr>
<tr>
<td>Floating support</td>
<td>use in all cases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential care homes</td>
<td>use if providing a ‘home for life’ and if resident has exclusive occupation of any part of the accommodation</td>
<td>use if accommodation fulfils a rehabilitative purpose and if resident has exclusive occupation of any part of the accommodation.</td>
<td>use if there is a need for carers to have unrestricted access to the accommodation to provide attendance or services.</td>
</tr>
<tr>
<td>Hostels</td>
<td>unlikely to be consistent with the aims of the project</td>
<td>use if the occupant has exclusive use of any part of the accommodation</td>
<td>use if there is a need to move residents from room to room or for flexibility to end the occupation when care packages cease.</td>
</tr>
<tr>
<td>16 and 17 year olds</td>
<td>do not use until resident reaches age of 18</td>
<td>use if occupant has exclusive use of any part of the accommodation</td>
<td>use if landlord requires unrestricted access to rooms or if there is a need to move residents from room to room.</td>
</tr>
<tr>
<td>Mentally incapacitated people</td>
<td>unlikely to be appropriate</td>
<td>unlikely to be appropriate</td>
<td>use if there is a need for carers to have unrestricted access to the accommodation to provide attendance or services.</td>
</tr>
</tbody>
</table>

**Source:** Audit Commission/Housing Corporation

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I As minors cannot hold a legal estate in land, the grant of tenancy operates as a contract to hold the property in trust for the minor. Because of the limitations on the legal responsibilities of minors, the Corporation expects RSLs to ensure that guardians ad litem, such as social workers, are appointed for the minor.

II If a prospective occupant is regarded as being incapable of holding a contract, it will be necessary for a guarantor and/or someone with the power of attorney to sign the occupancy agreement on his or her behalf. RSLs should seek legal advice on the appropriate form of contract to use in these circumstances.
Licences are valid only if certain conditions apply. RSLs and their agents are expected by the Corporation to comply with both the Performance Standard and Charter for Occupants which, generally, discourage the use of licences and expect an assured tenancy to be used in supported housing. There are few circumstances where licences should be used in permanent letting, although they are particularly suitable for short-stay projects. In fact, RSLs use licences frequently, and the Commission’s survey indicated that this was the most common tenure option – licences were used in 63 per cent of cases, with 19 per cent of projects offering an assured short hold and 18 per cent offering an assured tenancy [EXHIBIT 16]. Further analysis indicated that licences were prevalent regardless of length of stay. These findings contradict Housing Corporation guidance and cannot be ignored. The Corporation needs to consider appropriate action to protect the security of tenure of vulnerable residents.

**Appropriate support levels**

Matching provision with residents’ needs to avoid over- or under-provision is a key quality indicator, but one which is rarely monitored at present. One reason is the lack of a common assessment framework for measuring need. Mental health services use a care programme approach (CPA), in which an assessment generates a care plan specifying the type and level of support that a person requires. Three categories are identified; those with serious, long-term mental illness (CPA category A) are likely to require higher levels of support than those with lesser and often short-term needs (CPA category C).
Evidence from projects for people with mental health problems indicates that support levels are not being tailored to the needs of the residents: 24-hour, on-site cover is being provided in projects accommodating people with variable levels of need [EXHIBIT 17]. These projects may have started as high-need provision, but pressure from nomination sources or to fill voids has led to the acceptance of residents who do not match the project's original criteria. The lack of a common assessment framework cannot excuse RSLs' failure to review whether the project is providing an appropriate level of support for current residents.

**Resident satisfaction**

72. RSLs use a number of techniques to assess whether tenants are satisfied with the services received, such as representation on management committees, specially commissioned surveys and monitoring of complaints. The fieldwork RSLs all have a complaints procedure, but nine of them stated that they had received no complaints in the previous year. Rather than signalling complete satisfaction, this may reflect a particular definition of a 'complaint' – that is, it must be made in writing and follow an official procedure. Managers need to ensure that the complaints procedure is easy to understand and use. More importantly, they must act on the feedback that they receive from complaints. In one fieldwork site, complaints about the meals were seen as routine and not treated seriously. Although complaints are useful gauges of dissatisfaction, they should be used with care as measures of service quality. Independent, statistically valid satisfaction surveys will give more comprehensive information, although their cost may rule out surveys for small projects.

**EXHIBIT 17**

**Support levels in mental health projects**

Similar high levels of service are being provided for all residents regardless of need.

Source: Audit Commission survey of 91 RSL projects, 24 of which cater for higher needs levels
These findings reveal a gulf between residents' expectations and their satisfaction with the service.

73. A cheaper alternative is the focus group technique. This can help to identify residents' concerns and highlight areas of the operation which may require management attention. As part of the fieldwork, focus groups were convened in two directly managed RSLs to discuss residents' expectations and perceptions in six service areas, including repairs and maintenance, rent levels and charges, and neighbour disputes. Details of the findings are set out in Appendix 3, but in summary the tenants felt that:

- the repairs process was tortuous and slow;
- rent and charges did not always match what residents wanted or received;
- advice from staff was not always sought by residents and staff sometimes lacked the expertise needed to help resolve problems; and
- action against residents who caused a nuisance was not sufficiently prompt, and sometimes the victim had to move rather than the perpetrator.

74. Although these findings are from a small sample of tenants, they reveal a gulf between residents' expectations and their satisfaction with the nature and quality of the service being provided. Caution is needed to put these expectations into a wider context. Issues surrounding nuisance and removing disruptive residents, for example, can be at odds with ensuring fairness and security of tenure. It is much easier to remove a disruptive resident who has a licence to occupy rather than an assured tenancy, but RSLs must give assured tenancies in appropriate circumstances. And giving advice only when it is asked for may not fit in with an individual's care plan. The findings cannot therefore be assumed to apply across all RSL tenants, but they still represent a useful starting point for considering how to develop resident satisfaction surveys.
Managing Project Resources

**RSLs should:**

1. set targets for project staff that link to the corporate/business plan and ensure regular supervision and feedback;
2. review salary levels for project staff against, for example, local market conditions;
3. have a regular means of communicating with projects;
4. ensure that projects are integrated into any IT strategy;
5. review levels of support against the needs of the current residents;
6. ensure that all projects have a written set of aims and objectives that is available to potential and current tenants. This should also outline information about services provided, eligibility, and how to make applications;
7. review the allocations process to ensure that it is fair and equitable, and ensure that more than one person is involved in decision-making;
8. consider the rationale for occupancy agreements and review their appropriateness, especially if licences are prevalent; and
9. review regularly the satisfaction level of residents. Consideration should be given to using focus groups and independent surveys.

**The Housing Corporation should:**

10. reconsider the emphasis placed on cost and time apportionments for SHMG purposes, and examine the possibility of a review based on client need, performance and outcomes; and
11. consider the appropriateness of the extensive use of licences.
Managing Project Resources

1. Is there an internal briefing mechanism and/or a newsletter for project staff?
2. Do your projects have access to the same information as office-based staff? If not, why not?
3. Do your supported housing staff have targets that mesh with the business plan?
4. How do you ensure that those most in need of your services are aware of them?
5. Is more than one person involved in the tenancy allocation process?
6. How is competing need measured? Do you have a points system to rank need?
7. What security of tenure is offered to residents? Do you have a number of long-stay or permanent residents on licences? Does this comply with the Tenant's Guarantee?
8. How do you know that your residents are happy with the service you provide? When and how did you last seek their views?
Managing Performance and Resolving Crises

Evaluating RSLs’ performance in providing general needs housing is relatively straightforward, but comparisons are more difficult in respect of supported housing. A large, high-turnover hostel cannot easily be compared with a small house providing a ‘home for life’ for people with severe learning disabilities. And yet performance measurement is needed to demonstrate that RSLs are doing a good job. Even the best managed projects can encounter difficulties, and managers need to be able to analyse problems logically and to generate solutions.
75. In general needs housing, evaluating performance is relatively straightforward – self-contained accommodation is broadly comparable and, although residents will need differing amounts of staff time, over an average number of properties demands will be similar. Indeed, many RSLs recognise this by allocating general needs staff a ‘patch’ of roughly the same number of properties to manage. The Housing Corporation also compares one general needs RSL with another on matters such as the level of arrears, amount of empty property or staffing costs.\(^1\) Comparisons are more difficult in respect of supported housing providers. Although the performance of individual projects can be evaluated using some of the same landlord indicators as in mainstream housing, the resulting information needs to be put in context. It is not informative to compare the performance of a 60-bedroomed short-stay, high-turnover direct access hostel for the homeless with a six-bedroomed ‘home for life’ for people with learning disabilities. As some RSLs manage a portfolio of supported housing which includes both types of projects, the task of assessing overall performance of RSLs is complicated.

76. And yet, if the performance of supported housing projects is not subject to rigorous comparative analysis, how can RSLs demonstrate – to regulators and funders as well as their own managers or board members – that they are doing a good job? The best value regime will require RSLs to show that they are securing continuous improvement in performance – this makes the development of a more robust framework for comparing performance both over time and between organisations a necessity. Fieldwork research and discussions with practitioners highlighted a number of key questions which are addressed in this chapter:

• What aspects of performance should be monitored to meet the needs of different stakeholders?
• Which factors most affect performance?
• At what organisational level is performance best evaluated?
• What are the principal elements of an audit/quality assurance regime for supported housing?
• How can RSLs build on performance management frameworks to identify and resolve crises as they arise?

77. Supported housing is primarily about accommodating people with particular needs and vulnerabilities, and yet the only performance measures in universal use relate to typical landlord functions – the proportion of the accommodation which is occupied (occupancy level) and the cumulative rent loss from empty property (void loss). Other

\(^1\) Performance indicators for RSLs have been in place for some time and are published annually by the Housing Corporation. Comparisons are made on data covering the entire RSL, regardless of the proportion of supported housing provided; there is no comparison solely of supported housing information, other than for purposes of SHMG review.
How effective is a project in meeting the support needs of individual tenants?

landlord-based indicators used widely in general needs housing could also be applied to supported housing, for example:

- the level of arrears – showing how efficiently the organisation is collecting rents or charges;
- the amount of bad debts written off;
- rent, service charge income and other charges for the resident – the amount the organisation is charging for the whole service and its individual parts;
- maintenance costs and response times for repairs; and
- the time it takes to re-let a property, a measure of efficiency in asset management.

78. Although these indicators were used by some fieldwork sites, none used all of them for supported housing, and some sites monitored only occupancy and arrears. Because staffing accounts for a high proportion of RSL costs, skills in managing people are a further dimension of effectiveness that are equally appropriate for supported housing projects. Potential indicators include:

- rate of staff turnover – reflecting differences in remuneration or general organisational health;
- number of days lost to sickness – an indicator of staff morale and the ability of management to deal with attendance problems; and
- number of days invested in training – indicating the commitment to developing staff.

79. A more intractable issue is the development and application of performance measures that are specific to supported housing – how effective is a project in meeting the support needs of individual tenants, enhancing their quality of life and maximising their chances of independence? These are primarily outcome measures, as distinct from the input and process indicators set out above. Generally speaking, outcome measures are more difficult to identify and capture, but some progress has been made. One measure which is widely applicable is monitoring the reasons why a tenancy has ended, showing whether the RSL is helping vulnerable people to sustain their tenancies. Linked to this is information about ‘move-on’ – for example, is the resident able to move to accommodation where they have less intensive support and thus greater independence? Some measures are tailored to particular needs groups, one example being the length of time that alcohol or drug abusers remain free from their habits. And as the previous chapter highlighted, regular surveys of resident/tenant satisfaction are important in gauging whether projects are meeting key objectives. None of these are inherently complex measures, but they do require management systems and follow-up procedures that can be time-consuming to administer. (Suggested performance indicators are summarised in Box D on p62.)
Which factors most affect performance?

80. As the widespread use of performance indicators is a relatively recent trend, there is still much debate about interpretation – how to make sense of the information generated by PIs. One of the difficulties in setting performance indicators for supported housing has been establishing bases for comparison. For example, it is argued that arrears are likely to be higher in projects that cater for client groups such as substance abusers, because tenancies are more likely to fail, and that occupancy levels will be lower in non-permanent accommodation due to the faster turnaround. To test these arguments, the Commission analysed the relationship between seven key factors that affect performance in respect of occupancy rates, level of arrears, re-let times and total project cost [TABLE 2]. (The full analysis is set out in Appendix 2). Only two factors – the nature of the client group and the length of stay – had a material impact on more than one indicator. The staff/resident ratio had no significant effect upon performance. This does not meant that staff levels have no effect on performance, but rather that projects with, say, a 1:4 staff ratio did not perform any better or worse on these four areas of performance than those with a ratio of 1:10.

81. Using the same analytical approach, it is possible to quantify the effect of various factors on expected performance levels [TABLE 3, overleaf]. Given the complexities involved, these figures are an indicator of expected performance, not an absolute determination, but they highlight the effects of various factors on performance. The information comes from a survey of 195 projects, and a higher level of accuracy could be obtained if the analysis were applied to data on all supported housing projects. However, performance information is not currently collected by the Housing Corporation at project level.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Occupancy rate</th>
<th>Level of arrears</th>
<th>Re-let times</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff/resident ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Size of project</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Registration status</td>
<td></td>
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</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directly managed/agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Length of stay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Factors affecting supported housing performance

Source: Audit Commission
### TABLE 3

**Effect of various factors on supported housing performance**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Occupancy</th>
<th>Arrears</th>
<th>Re-let time</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>96%</td>
<td>7%</td>
<td>5 weeks</td>
<td>£7,800</td>
</tr>
<tr>
<td>Size (more than 15 beds)</td>
<td></td>
<td></td>
<td>-4 weeks</td>
<td></td>
</tr>
<tr>
<td>Registration status</td>
<td></td>
<td></td>
<td></td>
<td>+107%</td>
</tr>
<tr>
<td><strong>Region</strong></td>
<td></td>
<td>-6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North West</td>
<td></td>
<td>-7%</td>
<td>-6 weeks</td>
<td></td>
</tr>
<tr>
<td>Yorkshire</td>
<td></td>
<td>-4%</td>
<td>+ 5 weeks</td>
<td></td>
</tr>
<tr>
<td>West Midlands</td>
<td></td>
<td>-6%</td>
<td>-4%</td>
<td>+134%</td>
</tr>
<tr>
<td>East Midlands</td>
<td></td>
<td>-4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South East</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directly managed</td>
<td></td>
<td></td>
<td>+ 5 weeks</td>
<td></td>
</tr>
<tr>
<td>Target stay = Less than 6 weeks</td>
<td>-27%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target stay of 6 weeks to 6 months</td>
<td>+ 5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women at risk</td>
<td>-22%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical disability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Young people</td>
<td>-15%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Audit Commission

---

82. The analyses show which factors affect performance but do not explain why. A temporary project could be expected to have a lower occupancy rate, as there is a greater turnaround of tenants and each vacancy will take time to fill. However, there is no logical reason why a directly managed project should have a higher re-let time than one which is agency-managed. In addition, projects for women at risk appear to have a very low occupancy rate that cannot be easily explained.

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83. There are four possible levels at which performance in respect of overall value for money can be monitored:

- RSL level (approximately 900 organisations provide supported housing);
- management group level (approximately 1,800 groups);
- project level (approximately 7,500 projects are in receipt of SHMG); or
- unit level (approximately 62,000 units in receipt of SHMG).

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1 The expected occupancy performance level for a very short-stay, directly managed property for the homeless would be 96 per cent minus 27 per cent = 69 per cent. All factors except total cost are added. The level of arrears does not mean that Yorkshire projects should have no arrears, but that the analysis from the sample showed that they were very low. The figures given for total costs are multiplied, and indicate that registered projects cost much more than non-registered projects.
Performance monitoring could also be extended to those projects outside the SHMG framework. If the Corporation, as a regulator, is interested in benchmarking performance its database would include over 90,000 bedspaces. However, if performance monitoring is limited to funded projects (in receipt of SHMG), the relevant database covers around 62,000 bedspaces.

**Evaluation at RSL level**

84. An RSL providing supported housing is likely to run projects that cater for different client groups, and thus averages of performance are unhelpful. For example, all projects catering for women at risk of domestic violence tend to offer short-term accommodation, and thus expect to run with lower occupancy levels and a higher turnaround of residents. Projects for people with learning difficulties tend to offer long-term or permanent accommodation and thus have high occupancy levels. If the RSL measured its average performance on occupancy across both types of project, it could then be compared only to other RSLs with exactly the same mix of projects.

85. The absence of overarching measures that capture performance specifically in relation to supported housing objectives, and the problems incurred by ‘averaging’ performance on basic landlord measures, means that it is not sensible to compare performance at RSL level. It is, however, possible to show the performance of all projects within an RSL on the basis of quartile performance. The examples indicate that this RSL has an acceptable performance in terms of occupancy, but that problems with arrears merit further investigation. (The method by which RSLs can measure expected performance is outlined in more detail in Appendix 2.)

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1 CORE supported housing return.

**TABLE 4**

*Evaluating RSL performance for a number of projects in one RSL*

<table>
<thead>
<tr>
<th>Occupancy level</th>
<th>Performance in quartile 1 (top 25%)</th>
<th>Performance in quartile 2</th>
<th>Performance in quartile 3</th>
<th>Performance in quartile 4 (bottom 25%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects</td>
<td>3</td>
<td>8</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Arrears</td>
<td>Performance in quartile 1 (top 25%)</td>
<td>Performance in quartile 2</td>
<td>Performance in quartile 3</td>
<td>Performance in quartile 4 (bottom 25%)</td>
</tr>
<tr>
<td>Number of projects</td>
<td>0</td>
<td>4</td>
<td>7</td>
<td>2</td>
</tr>
</tbody>
</table>

*Source: Audit Commission*
Evaluation at management group level

86. Management groups, created to help the Corporation's evaluation of SHMG claims, comprise several projects that cater for the same needs group, have the same registration status and similar management arrangements, and same length of stay. They are formed by RSLs from project-based information, and are useful in evaluating the funding needs of similar types of projects. A major drawback is that it is possible to group similar projects with very different performance levels, and thus obscure those that are performing poorly [TABLE 5]. Thus, a management group can perform at an average level overall, but include one project that is performing well, two that are average and one that is performing very badly. Management groups can therefore produce misleading results when they are used as the basis for comparing performance, especially as the typical small size of groups can easily produce distortions.

Evaluation at project level

87. All fieldwork RSLs hold performance and budgetary information at project level but, with approximately 7,500 projects in receipt of SHMG (and a further 4,000 outside this regime), analysing performance at this level would entail significant effort to collect and compare data which is not currently held centrally. However, projects are the main channel of service delivery to residents and can provide the most meaningful comparisons of performance. Indeed, if residents are to be involved in developing locally based indicators, comparison will have to be undertaken at project level. A complication is that the term 'project' is defined and used in various ways. Some RSLs group a number of shared houses together as a project, with a project manager and a single budget. Those offering a 'floating support' service may group a hundred or more tenancies together as one project. Such differences do not preclude performance evaluation at project level, but basic guidelines on definition would enhance its usefulness.

"Floating support" is linked to the needs of the individual tenant rather than being tied to a project; when the individual's support needs decrease or end, the support worker moves on to help other tenants.

| TABLE 5 |
| Management groups can obscure poor performance in individual projects |

<table>
<thead>
<tr>
<th></th>
<th>Occupancy</th>
<th>Arrears</th>
<th>Bad debts</th>
<th>Re-let times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 1</td>
<td>98%</td>
<td>1.2%</td>
<td>0</td>
<td>4 weeks</td>
</tr>
<tr>
<td>Project 2</td>
<td>78%</td>
<td>5%</td>
<td>1.2%</td>
<td>6 weeks</td>
</tr>
<tr>
<td>Project 3</td>
<td>85%</td>
<td>0.5%</td>
<td>3%</td>
<td>8 weeks</td>
</tr>
<tr>
<td>Project 4</td>
<td>63%</td>
<td>12%</td>
<td>4%</td>
<td>12 weeks</td>
</tr>
<tr>
<td>Management group's overall performance</td>
<td>81%</td>
<td>4.7%</td>
<td>2%</td>
<td>7.5 weeks</td>
</tr>
</tbody>
</table>

Source: Audit Commission, illustrative example
Evaluation at unit level

88. In general needs housing, a housing service is normally provided to an individual tenant in a house or flat, and performance is aggregated to RSL level for monitoring purposes. The number of bedrooms is a significant influence on rent level, but providing this factor is held constant, the information is amenable to comparison. Thus, the rent charged for a one-bedroomed property can be compared with other similar-sized properties. Supported housing is more complex; not only does accommodation vary in size, it can have shared or self-contained facilities, and the shared facilities can be any combination of a kitchen, bathroom, bedroom or living room [EXHIBIT 18]. Comparison on a unit basis is therefore complex and less meaningful than project-level analysis.

89. A key output from this report is to suggest suitable performance indicators for supported housing, bearing in mind the analysis above on interpreting comparative performance and the appropriate level at which monitoring can take place [BOX D, overleaf]. These indicators, some of which are already widely used, could be monitored and collected at a project level for use by managers or other senior staff. Some are high level PIs that the Housing Corporation and other funders can use to ensure that public money is being used efficiently – for example, occupancy levels, arrears, total charges, the percentage of unplanned moves and charges to agents – and to address consistent underperformance.

Suggested performance indicators for supported housing

EXHIBIT 18
Types of supported housing unit

The largest category of supported housing is provision in a shared house or hostel

Source: NHF Supported Housing CORE
**Suggested performance indicators for supported housing projects**

1. Percentage of time the project is occupied  
   **Occupancy rate**
2. Percentage of rent not collected  
   **Arrears rate**
3. Percentage of rent written off  
   **Bad debts rate**
4. Time taken in weeks to rent a property  
   **Re-let rate**
5. Rent charged per bedspace (unregistered projects)  
   **Rent**
6. Service charge per bedspace (unregistered projects)  
   **Service charge**
7. Fee per bedspace (registered projects)  
   **Fee**
8. Total resident charge per bedspace  
   **Total charge**
9. Other income per bedspace  
   **Other income**
10. Maintenance cost per bedspace  
    - **Day-to-day**
    - **Cyclical**
11. Management charge per bedspace to agencies  
    **Agency charge**
12. Number of tenancies ending as % of total tenancies  
    **Turnover**
13. Reason for ending tenancy:  
    - **Planned move**  
      Higher support  
      Lower support  
      No support  
    - **Unplanned move**  
      Hospital  
      Abandonment  
      Eviction  
      Prison/remand  
      Higher support  
      Lower support  
      No support  
14. Staff turnover expressed as percentage of total project staff (FTE)  
    **Staff turnover**
15. Staff sickness absence as percentage of total available days  
    **Staff sickness**
16. Total training days per staff member (FTE)  
    **Staff training**
90. Managing performance goes far wider than meeting policy objectives and satisfying residents' needs, important though these goals are. The fact that RSLs receive public funds requires that they operate within appropriate frameworks of probity and accountability, determined principally but not exclusively by the Housing Corporation. There is also a degree of self-regulation and some criteria set by funders and auditors that need to be monitored. What are the systems that exist to ensure that RSLs make good use of public funds, meet minimum standards and ensure consistent quality? Specifically, are there safeguards in respect of:

- probity – for example, are residents' funds adequately protected?
- regulation – for example, of the performance of managing agents and adherence to agreed national standards?
- setting and monitoring care standards?

Ensuring probity

91. Most RSLs take seriously their responsibility to ensure probity, and have effective protection against misuse of funds. There is also clarity on what the Housing Corporation requires (although the fieldwork was carried out before the introduction of Performance Standards) and RSLs have, where appropriate, integrated reporting mechanisms for supported housing projects with those for general needs housing. A more difficult area (particularly when projects are distant from head office) is ensuring that standards are consistent throughout the organisation and that individual projects comply with probity and regulation requirements. One RSL sends headquarters staff on unannounced visits, while another employs its external auditor to undertake specific work relating to the financial systems in place in its projects. Some RSLs include examinations of supported housing in the internal audit plan, but many either do not have an internal audit plan or it excludes supported housing projects. The overall picture is therefore patchy, with most RSLs having systems in place but little audit being undertaken of those systems and few internal quality checks in place.

Monitoring managing agents

92. RSLs hold differing views of their responsibilities with regard to projects managed by agents. Tenants are normally those of the RSL, and the Housing Corporation relies on the RSL to monitor any agencies that it uses. One RSL conducts an annual management review of all agency projects, covering checks on standards as well as finance [CASE STUDY 7, overleaf]. Another uses an externally developed monitoring system applied by a number of London-based RSLs. However, other RSLs

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1 Care and support standards are outside the scope of this report, but A Framework for Supported Housing, prepared by the Office for Public Management for the National Housing Federation, sets out a framework for housing and support services and suggests an evidence-based approach on issues such as individual rights, care and support, and the physical environment.
argue that management and audit are the responsibility of the agency; as long as the Corporation’s performance standards and financial targets are being met, all that is needed to get ‘a good feel’ for the project is attendance at occasional committee meetings. They express concern about the amount of time that more robust monitoring would take. But there can be damaging consequences if an RSL takes a lax view of its responsibilities in this area – the attitude condemned by the Newby Inquiry [BOX E].

CASE STUDY 7

Auditing and monitoring managing agencies

The HOME Group is a national group of associations owning more than 20,000 homes and providing nearly 1,000 supported housing bedspaces spread throughout Britain, from Dumfries to Bristol. Most of the supported housing is managed by the association’s 53 partner agencies. The provision and maintenance of housing is administered by its seven regional offices but a team of supported housing specialists, based at the Group’s head office, is responsible for co-ordinating the collection of scheme data for performance monitoring and for providing professional advice to agencies on contract obligations and landlord services.

HOME carries out an annual evaluation of the accommodation and management provided at each scheme and produces a report (also for use by the agency) covering:

• the strategic importance of the project;
• an annual review of performance;
• policy issues;
• property issues; and
• a financial review.

As part of the annual evaluation, stakeholders are consulted and their views incorporated.

The performance data is collected in a format which can be used in the Corporation’s contractual SHMG review. The annual evaluation uses an audit checklist to test the agent’s documentation against key requirements of the Corporation, as set out in:

• Performance Standards;
• Special Needs Procedure Guide;
• Tenants’ Guarantee; and
• Code of Practice on tenure for shared and supported housing.

This process ensures that HOME keeps abreast of both financial and management performance in all its projects, and of the extent to which each partner agent is fulfilling the landlord functions delegated to it under the terms of the management agreement.
Problems resulting from inadequate monitoring of managing agencies

One medium-sized RSL which offers supported housing, mostly in partnership with health trusts, has a few projects that it has owned for some time. One of these is a 12-bedspace property managed by an agent where the residents are licencees of the RSL. The agent is a large national organisation specialising in this type of needs group. Because the project was being managed by a national agency and was registered, the RSL undertook little monitoring. It was part of a housing officer's patch that consisted mostly of general needs properties, and the housing officer normally attended the monthly management committee meetings (although this had not happened for some time due to staff sickness).

A number of problems were developing with the project. The systems in place for managing cash were exposing staff to risk, as they transported large sums between the project and the post office weekly. There was little control over the use of the project's cash card, which thus increased vulnerability to fraud. Care standards were slipping, as was evident from a serious incident where the wrong drugs were dispensed, resulting in a resident being hospitalised.

The RSL understood that the Housing Corporation's requirements in respect of SHMG funding review were not its responsibility but that of the agent, to whom it sent all the paperwork for completion. However, it did provide advice and some cost data. The agency was not used to dealing with the Corporation's procedures, and the cost apportionment information returned did not reflect what was actually happening on the ground. The level of SHMG funding was not altered, but the project was providing care services that were outside the Corporation's criteria and had declared a staff time apportionment to eligible services that did not agree with the project manager's own assessment.

The RSL was aware of these and other problems with the project but did not assume responsibility for initiating remedial action. The property belonged to the RSL, and the residents were the RSL's licencees, but nonetheless it considered that the agent should sort out its own problems. Regional management staff of the agency were also aware that the project was not running satisfactorily and that changes were required, but took no action. A reluctance to 'own the problems', compounded by the absence of effective checks and balances, have resulted in a poorer service to tenants.
National regulatory frameworks

93. Even where RSLs are inconsistent in the approach to internal audit and quality assurance, they operate within a national framework of regulation. A recent report for the Housing Corporation by the University of Bath (Ref. 8) examined the regulation of supported housing and concluded that:

‘...there appears to be a plethora of monitoring services each with its own agenda but a lack of anything which begins to resemble even remotely a comprehensive monitoring service... Much of the concern is about ensuring that the various funding streams are not diverted into other channels...Little of the concern is about ensuring the quality of care and support is adequate and appropriate...If regulation is about protecting vulnerable people as well as accounting for public funds then the existing patchwork of monitoring efforts provides no obvious reassurance.’

94. Different regimes are responsible for operating different parts of this national framework, depending on the registration and financial status of the project and the managing organisation. All RSLs are monitored by the Housing Corporation to ensure that they meet required standards and provide value for money; this includes a performance standard to monitor their agency projects. Projects registered under the Registered Homes Act 1984 (RHA) are inspected by the local authority to ensure that they meet minimum standards. Projects funded by other bodies – for example, the London Boroughs Grants Unit – will also be subject to its monitoring. In theory, the national framework has monitoring arrangements in place for all RSL projects; in practice, unregistered, non-RSL agency projects (30 per cent of all projects) are subject mainly to the patchy monitoring systems of RSLs. Some of these inadequacies are outside the Corporation’s scope, but it could exert influence to improve the monitoring of agency-managed projects, and at least fill this gap.

Managing crises

95. If RSLs are adopting the good practice outlined above and in previous chapters, they should already have in place:

- a clear strategy to meet objectives;
- systematic planning and risk assessment procedures;
- timely and accurate project information;
- regular, frequent monitoring of performance against key performance indicators;
- quality assurance mechanisms for service delivery; and
- a system of regular review by all stakeholders of overall effectiveness.

But even the best-managed projects can get into difficulty. The challenge then is to identify correctly not only the problem but the solution, and implement it effectively [EXHIBIT 19]. The most common difficulty that projects face is a fall in occupancy levels; other include an
EXHIBIT 19

**Five stages in crisis management**

Managers need to work logically through stages to analyse problems and implement solutions.

1. **Define problem**

2. **Generate alternatives**

3. **Select an alternative**

4. **Implement the solution**

5. **Monitor results**

*Source: Audit Commission*

increasing number of reportable incidents, poor financial performance, high staff turnover, or complaints from stakeholders. What steps should RSLs take to ensure that problem resolution is effective?

96. The first stage in solving a problem is recognising that it exists in the first place. Performance indicators can act as useful 'alarm bells' – are there projects where performance is significantly out of line? Is the performance trend declining? Other triggers could include a survey showing resident dissatisfaction, or a change in the external environment (such as the proposed changes in the rules surrounding housing benefit). Once a problem has been acknowledged the next step is to consider why it arose.

97. Analysing why a problem has occurred is the stage that projects are most likely to ignore or fail to undertake with sufficient rigour. Is a low occupancy rate really due to lack of demand and inefficient nomination arrangements, or is the poor quality of facilities the reason that people do not want to live there? It can be easier to blame external forces than accept management failings, so low occupancy may be dealt with by changing the needs group or expected level of provision, rather than by tackling the underlying issue. One RSL with an occupancy problem discovered that the root cause was a personality clash between its housing officer and social services staff, which resulted in a falling rate of nomination. In some circumstances, the problem may be so complex or intractable that external assistance is necessary.
Identifying options and selecting the right solution

98. Sometimes analysing a problem points to an obvious solution, while on other occasions managers need to generate various options. The maxim 'a problem shared is a problem halved' is relevant here – others may have had experience of the same issue and managed to resolve it. While many RSLs will not wish to advertise their shortcomings, seeking advice and suggestions from stakeholders, professional or trade bodies, or other RSLs may be appropriate. The use of a quality systems programme such as ISO 9000 may also point to solutions to seemingly intractable problems.

99. At this stage the RSL needs to apply risk appraisal techniques. What are the consequences of the various options proposed? How will each option affect the rest of the business plan? Is there a risk to the organisation’s reputation or finances? Senior managers also need to reassure themselves that extreme options – such as closing the project – are not 'screened out' by interested parties. If there is simply not enough information to reach a decision on a long-term strategy, it is expedient to adopt a short-term approach, provided that there is a timetable for frequent review of progress and full reappraisal of the issue.

100. Often, solving the problem requires a change programme; this can be difficult to introduce and may be resisted by operational staff. Larger associations may have the resources to set up a trouble-shooting team or second a senior manager to oversee any operational changes. For smaller associations or agencies, or where no large-scale change is proposed, management may shorten the review schedules and increase the amount and detail of performance data it receives until the project is 'back on track'. In one RSL, the chief executive sees weekly performance information, while in another a new manager was seconded to drive the change required. The agreed solution needs to contain clear targets. If these are not achieved, the whole cycle may need to start again until a solution is found that works.

Conclusion

101. The opening chapter outlined four key questions in respect of supported housing:

- Are there systems in place to manage the growth in supported housing and to ensure that public money is being well spent?
- How can funders establish that they are getting value for money?
- How robust is the regulation and review framework?
- Can supported housing respond to the best value agenda by enhancing the involvement of service users and secure continuous improvement?

102. Many RSLs do have effective systems for planning and managing projects, complementing local arrangements and delivering quality supported housing. However, there is an absence of robust national data and a framework for distributing resources based on existing provision and future need, which needs to be addressed. Performance
management can be further developed to offer funders more assurance of value for money. The focus on inputs and activity monitoring is insufficient; the introduction of further indicators as suggested in this report should help to improve this situation, but evaluation should not stop there. Outcome measures that assess whether the needs of resident are being met are a priority for development.

103. For some supported housing projects there is considerable and effective regulation of probity and standards. However, the current framework for almost 30 per cent of all projects (that is, unregistered projects managed by agents) entails a significant degree of self-regulation by RSLs with little guarantee of rigour or inconsistency. Given the amount of public money involved, these are inadequate safeguards overall in respect of regularity and service quality; this weakness needs to be addressed.
RSLs should:

1. collect the suggested performance information and consider developing local performance indicators; and

2. ensure that internal audit plans pay appropriate regard to supported housing projects.

The Housing Corporation should:

3. consult and introduce performance indicators for supported housing on a project basis;

4. ensure that all RSL agency projects have monitoring systems in place that provide checks on probity, regulation and standards; and

5. when reviewing RSLs’ internal controls, ensure that appropriate attention has been given to the particular risks presented by supported housing.
Summary of Recommendations for RSLs

1. Agree a supported housing strategy appropriate to the organisation which is reviewed and updated at regular intervals.

2. Confirm evidence of demand before proceeding to develop or expand projects, with the same rigour that is applied to financial and risk appraisal.

3. Plan projects in a systematic way, managing the external and internal influences and do not respond just to short-term problems.

4. Provide a written statement for each project setting out its aims, objectives and how the RSL will demonstrate success.

5. Determine staffing levels objectively – for example, by using a weighted, needs-based model; staffing should not be a residual cost, nor should the level be established in the hope of attracting additional funding.

6. Determine a rent-setting policy that takes account of affordability, quality and choice for the resident.

7. Review all management agreements to ensure that they comply with current regulations and renegotiate as appropriate; do not accept an inappropriate agreement for short term gain.

8. Ensure that internal systems with agents are not hampering effective service delivery for the tenant.

9. Review charges to managing agencies and ensure that they reflect the service given.

10. Set targets for project staff which link to the corporate/business plan and ensure regular supervision to give feedback.

11. Communicate with projects regularly.

12. Integrate projects into any IT strategy.

13. Review levels of support against the needs of the current residents.

14. Provide appropriate information about services provided, eligibility, and how to make applications for projects.

15. Review the allocations process to ensure that it is fair and equitable, and ensure that more than one person is involved in decision-making.

16. Review occupancy agreements and their appropriateness, especially if licences are prevalent.

17. Check regularly the satisfaction level of residents. Consideration should be given to using focus groups and independent surveys.

18. Collect the suggested performance information and consider developing locally based indicators.
SUMMARY OF RECOMMENDATIONS FOR THE HOUSING CORPORATION

Ensure that internal audit plans pay appropriate regard to supported housing projects.

Review salary levels for project staff against, for example, local market conditions.

Summary of Recommendations for the Housing Corporation

1. Establish one comprehensive and accurate database containing information on all current RSL supported housing, regardless of funding source or the size of the owning RSL.

2. Seek evidence of an appropriate supported housing strategy and require evidence of local demand with each application for capital funds or SHMG.

3. Consider how planning for future needs can be improved at both local and regional levels. Discuss with DETR and Department of Health the feasibility of national planning mechanisms.

4. Consider amending Performance Standards to include quality of accommodation – eg, size, location and amenities – as a relevant factor in rent setting.

5. Ensure that RSLs’ risk appraisal policies cover supported housing in detail and cover all type of supported housing risk, including finance and reputational risk.

6. Establish a means of evaluating the reasonableness of costs charged to agents and consider giving guidance in this area.

7. Ensure that RSLs review existing management agreements, and renegotiate and replace them as required. SHMG should fund only projects with legal, relevant and up-to-date agreements in place.

8. Review long-standing arrangements where one RSL acts as agent to another to ensure that they are still cost-effective.

9. Reconsider the emphasis placed on cost and time apportionments for SHMG purposes, and examine the possibility of a review based on client need, performance and outcomes.

10. Consider the appropriateness of the extensive use of licences.

11. Consult and introduce performance indicators for supported housing on a project-level basis.

12. Ensure that all RSL agency projects, have monitoring systems in place that provide checks on probity, regulation and standards.

14. When reviewing RSLs’ internal controls, ensure that appropriate attention has been given to the particular risks presented by supported housing.
References


3. Housing Act 1985, Section 8.


Appendix 1:
Advisory Group and fieldwork sites

Members of the Advisory Group

Caroline White
Chief Executive, English Churches Housing Group

Vicky Stark
Chief Executive, Look Ahead Housing Association (HA)

Kate Macallister
Operations Director, The Carr Gomm Society

Lyn Watson
Researcher, Pathway Research

Joan Hutchison
Director, Single Homeless Project

David Fotheringham
Principal Policy Officer, Chartered Institute of Housing

Liz Potter
Head of Management and Support, National Housing Federation

Fieldwork sites

RSLs

Adullam Homes	Brighton Housing Trust
Granta HA	Home HA
Hyde HA	Look Ahead HA
Manchester Jewish HA	Western Challenge HA
Circle 33 Housing Trust	Eastleigh HA
Nottingham Community HA	Selcare Trust
Shaftesbury HA	Riverside HA
Endeavour HA	United HA
West Yorkshire HA

Managing agents

The National Schizophrenic Fellowship	Tamil Refugee HA
Byker Bridge HA	Strutton HA
SHAWTrust
Stakeholders

City of Salford Social Services Department
Cambridgeshire Joint Commissioning Team
The Probation Service
South Downs Health Care Trust
Royal Borough of Windsor and Eton Housing Department
London Borough of Tower Hamlets Housing Department
### Appendix 2: Performance indicators – statistical analysis

#### TABLE A
Regression analysis of four indicators of performance

<table>
<thead>
<tr>
<th>Factor</th>
<th>Occupancy</th>
<th>Arrears</th>
<th>Re-let rate (No. of weeks)</th>
<th>Total cost (£s) (Permanent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>86%</td>
<td>7%</td>
<td>5</td>
<td>7,800</td>
</tr>
<tr>
<td>Bedspaces &gt;15</td>
<td></td>
<td>-4**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directly managed</td>
<td></td>
<td>+5**</td>
<td>-27%</td>
<td></td>
</tr>
<tr>
<td>Registered</td>
<td></td>
<td></td>
<td>+107%**</td>
<td></td>
</tr>
<tr>
<td><strong>Needs group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women at risk</td>
<td>-22%**</td>
<td>+8%*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Young people</td>
<td>-15%*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vulnerable women</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offenders</td>
<td>-7%</td>
<td></td>
<td></td>
<td>+96%</td>
</tr>
<tr>
<td>Frail elderly</td>
<td>-11%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alcohol/drugs</td>
<td></td>
<td>+5%</td>
<td>-3</td>
<td></td>
</tr>
<tr>
<td>Mental health</td>
<td></td>
<td>+5%</td>
<td>+4</td>
<td></td>
</tr>
<tr>
<td>Physical disabilities</td>
<td></td>
<td>+3</td>
<td>+134%*</td>
<td></td>
</tr>
<tr>
<td>Learning difficulties</td>
<td></td>
<td></td>
<td></td>
<td>+63%</td>
</tr>
<tr>
<td><strong>Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merseyside</td>
<td>-16%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North West</td>
<td>+10%</td>
<td>-6%**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>+10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South East</td>
<td>+8%</td>
<td>-4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yorks &amp; Humberside</td>
<td></td>
<td>-7%**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Midlands</td>
<td></td>
<td>-4%*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Midlands</td>
<td></td>
<td>-6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South West</td>
<td></td>
<td>-8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Length of stay</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>-7%</td>
<td>+4%</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Short</td>
<td>-9%</td>
<td>+5%**</td>
<td>-3</td>
<td>N/A</td>
</tr>
<tr>
<td>Very short</td>
<td>-27%***</td>
<td>+6%</td>
<td>-3</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Source: Audit Commission analysis of 195 projects*
Notes

(a) The modelling uses generalised linear regression. Given the variety of factors investigated, and the complex way in which they will affect the dependent variables in practice, it is not possible – particularly given the sample size available – to represent reality adequately with a simple linear model. The results should therefore be considered indicative, rather than exact.

(b) The significance of each factor is denoted by **(significant at 1 per cent, *(significant at 5 per cent) or unmarked (not significant, but might have been if the sample had been larger).

(c) The baseline case is: bedspaces <15, agency-managed, unregistered, need group: homeless, London region, and providing permanent accommodation.

The effect of the factors shown is normally additive (for occupancy, bedspaces >15 implies a 2 per cent reduction from the baseline of 96 per cent giving 94 per cent, etc). However, for the Total Cost model, the percentages are applied multiplicatively.

Making comparisons

To ensure a meaningful comparative evaluation between different projects, account has to be taken of the expected performance levels shown in Table 3 (p58). For example, an RSL with a different mix of projects will have different performance levels [TABLE A2]. How can these figures reasonably be compared? The easiest way is by comparing the ratios of actual performance against expected. This involves dividing the expected performance figure by the actual. If the result is greater than 1, then performance is exceeding expectations; if it is less than 1, performance is worse than expected. The ratios for the performance levels of the different projects shown in Table A2 are also tabulated [TABLE A3]. It is then possible to take the ratios for each performance area (or actual data for rents fees or other information) and lay it out in ascending or descending order [EXHIBIT A1]. This methodology allows the RSL to investigate the poorer performers and learn from the good performers, and can also provide the quartile performance information for inter-RSL comparison outlined in Table 4 (p59).
## TABLE A2
### Example of performance

<table>
<thead>
<tr>
<th></th>
<th>Actual occupancy</th>
<th>Expected occupancy</th>
<th>Actual arrears</th>
<th>Expected arrears</th>
<th>Actual re-lets</th>
<th>Expected re-lets</th>
<th>Rent levels</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project A</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-stay hostel</td>
<td>94%</td>
<td>96%</td>
<td>8%</td>
<td>12%</td>
<td>7 weeks</td>
<td>5 weeks</td>
<td>£95</td>
</tr>
<tr>
<td><strong>Project B</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-stay learning difficulties</td>
<td>90%</td>
<td>96%</td>
<td>4%</td>
<td>7%</td>
<td>12 weeks</td>
<td>5 weeks</td>
<td>£195</td>
</tr>
<tr>
<td><strong>Project C</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium-stay ex-offenders</td>
<td>85%</td>
<td>96%</td>
<td>7%</td>
<td>7%</td>
<td>3 weeks</td>
<td>5 weeks</td>
<td>£60</td>
</tr>
<tr>
<td><strong>Project D</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent home for mental health</td>
<td>98%</td>
<td>96%</td>
<td>1%</td>
<td>7%</td>
<td>8 weeks</td>
<td>5 weeks</td>
<td>£210</td>
</tr>
<tr>
<td><strong>Project E</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeless long-stay in North West</td>
<td>97%</td>
<td>96%</td>
<td>1%</td>
<td>1%</td>
<td>6 weeks</td>
<td>5 weeks</td>
<td>£75</td>
</tr>
<tr>
<td><strong>Project F</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16-bed long-stay for young people</td>
<td>85%</td>
<td>81%</td>
<td>10%</td>
<td>7%</td>
<td>2 weeks</td>
<td>1 week</td>
<td>£185</td>
</tr>
</tbody>
</table>

## TABLE A3
### Actual vs. expected performance on four key measures

<table>
<thead>
<tr>
<th></th>
<th>Occupancy ratio</th>
<th>Arrears ratio</th>
<th>Re-let ratio</th>
<th>Rent levels</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project A</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-stay hostel</td>
<td>1.02</td>
<td>1.5</td>
<td>0.71</td>
<td>£95</td>
</tr>
<tr>
<td><strong>Project B</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-stay learning difficulties</td>
<td>1.06</td>
<td>1.75</td>
<td>0.41</td>
<td>£195</td>
</tr>
<tr>
<td><strong>Project C</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium-stay ex-offenders</td>
<td>1.13</td>
<td>1</td>
<td>1.66</td>
<td>£60</td>
</tr>
<tr>
<td><strong>Project D</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent home for people with mental health problems</td>
<td>0.98</td>
<td>7</td>
<td>0.625</td>
<td>£210</td>
</tr>
<tr>
<td><strong>Project E</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeless long-stay in North West</td>
<td>0.99</td>
<td>1</td>
<td>0.83</td>
<td>£75</td>
</tr>
<tr>
<td><strong>Project F</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16-bed long-stay for young people</td>
<td>0.95</td>
<td>0.7</td>
<td>0.5</td>
<td>£185</td>
</tr>
</tbody>
</table>
Comparative performance can be illustrated graphically.

Data/survey methodology
Initially an analysis using the above model was carried out on the 1,145 management groups, covering all needs groups and regions. Given the problems with management groups discussed in the main report, and concerns about data accuracy, the model was re-run using more detailed performance data collected by survey from 195 project returns. The sampling frame was constructed to provide a representative sample of projects given the different factors present, but in some of the exhibits the total may not add up to 195 because not all of the RSLs answered that particular question.
Appendix 3
Focus group responses

Tenant satisfaction with supported housing provision
Two focus groups were organised with tenants of directly managed projects in two RSLs, to find out whether residents from different groups were satisfied with the services that they received. Discussion centred around expectations and perceptions in six service areas:

- repairs and maintenance;
- neighbour disputes and nuisance;
- dealing with complaints;
- moving to a new home;
- advice and support services; and
- rents and charges.

Repairs and maintenance
The focus groups expected a repairs service to offer:

- a same-day emergency service, with access to emergency out-of-hours cover;
- flexibility – for example, allowing an operative to fix other problems when called out rather than having to make two visits; and
- a simple system for reporting and dealing with a repair.

Residents expressed dissatisfaction with four aspects:

- reporting a repair can be a tortuous process, involving several people; this can lead to delay and confusion about access arrangements or the nature of the problem, sometimes resulting in urgent repairs not being carried out promptly. One elderly resident was left without hot water for three months;
- major works such as new boilers and carpets were not being carried out because of funding constraints;
- residents were not consulted on decoration proposals; and
- there were considerable delays in adapting properties – for example, widening doors.

Neighbour disputes and nuisance
The focus groups expected that:

- residents who caused a nuisance would be moved out quickly – that is, within two to three weeks;
- procedures for nuisance and disputes should be set out clearly in the tenants’ handbook; and
- the RSL should ensure that new tenants ‘fit in’ with existing tenants.
Residents were concerned that:

• action against disruptive people was too slow – sometimes the victim had to move rather than the perpetrator; and
• residents’ age and needs profiles should not be too mixed.

**Dealing with complaints**

The focus groups thought that:

• staff should invite regular feedback on services to help resolve problems at an early stage; and
• there should be agreed procedures for formal complaints (for example, from front-line worker to senior manager).

Current complaints systems would work better if:

• there were greater clarity about whom to complain to on a particular issue;
• residents understood the roles of staff and what could reasonably be expected in respect of problems or complaints; and
• formal complaints procedures about non-performance were less frustrating – that is, with shorter and fewer stages.

**Moving on to a new home**

The focus groups expected that:

• staff would wait for a request for a move rather than encourage people to move before they wanted to;
• residents were kept informed about vacancies in other schemes or areas;
• after requesting a move, an appointment with the relevant staff should be made within two or three weeks;
• once a move had been agreed in principle, it should take place within three to six months if the applicant was being flexible about the area they wanted to move to.

**Advice and support services**

The key expectations of residents were that:

• advice was available as and when required, and should not be intrusive;
• expert advice to help residents to find work should be available; and
• food should be hot, cooked properly and offer residents some choice.

Current services fall short of expectations in that:

• the quality of staff was very variable: some tenants reported that staff display racist attitudes and favouritism;
• support staff did not always have the knowledge to give advice on specific areas and would therefore refer to specialists;
• frequency and subject of advice was variable – some staff gave advice only when asked but others offered it unsought on issues such as alcohol or gambling; and
• food was often badly cooked and there was little choice.

Rents and charges
The focus groups highlighted two concerns in respect of charging:
• payments for support services should reflect what the individual received; and
• residents should not have to pay for meals that they do not want on specific days.
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References are to paragraph numbers, appendices, boxes and case studies.

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Supported housing is a specialist area of provision, meeting the needs of vulnerable groups of people who require not just accommodation but services such as welfare advice and help with practical household tasks. Homeless people form the largest single group that benefits from supported housing, and there is a significant overlap with community care provision for tenants such as those with mental health problems or physical disability. The multiple sources of funding, together with the variety of needs met by supported housing, make performance evaluation both necessary and difficult. Best value, however, will require RSLs and the Housing Corporation to strengthen current monitoring arrangements.

*A Measure of Support* provides analysis and good practice advice on managing and monitoring supported housing projects, from the initial planning stage through to reviewing long-established schemes. The handbook focuses on the elements that contribute to effective management – of people, resources and service delivery – but there is a particular emphasis on performance. How can projects be compared with one another, irrespective of the client group served? Techniques of problem analysis and resolution are also covered in some detail, since even well-managed projects can encounter difficulties.

The emphasis of best value on comparative performance makes this management handbook timely and relevant to all involved in supported housing.

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