

Owen Evans

Dirprwy Ysgrifennydd Parhaol / Deputy Permanent Secretary

Y Grŵp Addysg a Gwasanaethau Cyhoeddus
Education and Public Services Group



Llywodraeth Cymru
Welsh Government

Your Ref: PA230/MM/hcj

Mr Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office

20 September 2017

Dear Huw,

WALES AUDIT OFFICE REPORT: THE WELSH GOVERNMENT'S SUPPORTING PEOPLE PROGRAMME

Following my earlier letter regarding the Supporting People Programme audit report, I am now pleased to enclose an update, which formally confirms our acceptance / acceptance in principle of the recommendations; provides an anticipated completion date for the recommendations; and reports on the progress made to date.

This information is contained within Annex A of this letter.

Yours sincerely

Owen Evans

cc Cabinet and Plenary Mailbox
The PAC Chair
WG CGU Mailbox
Matthew Mortlock, Director Performance Audit



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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Annex A

Recommendation One

In recent years, the Welsh Government has provided local authorities with annual budget allocations for the financial year ahead, without providing any indicative budgets for future years. Reflecting the recommendations that we have made in some of our previous reports, and while recognising the uncertainties facing the Welsh Government's own revenues, **we recommend that:**

- **the Welsh Government re-introduce indicative three-year Supporting People funding allocations at the earliest opportunity to assist local authorities in their planning; and**
- **at the same time, consider the merits of moving to three-year annual rolling local authority spend plans, to assist local authorities in planning services and to allow greater scrutiny by Regional Collaborative Committees.**

Response: Accept in Principle

Completion Date: Ongoing

In considering and setting Welsh Government budgets our aim is to provide a longer indication of budgets wherever possible to help our partner organisations have greater certainty in planning. However, this needs to be balanced with our ability to provide realistic and sensible planning assumptions due to the uncertainty of the funding implications of UK Government decisions. We will, where possible though seek to provide as much certainty as possible, an example recently being that whilst in 2017-18 we were only able to lay a one-year revenue budget we were able to provide greater clarity on capital budgets supported the publication of a four year capital budget.

As we consider future Welsh Government budgets, we will continue to work with local government to provide the available indicative information to inform their forward financial planning. Such plans inevitably need to reflect a range of scenarios for income and expenditure and fluctuations in service demand and provision.

Recommendation Two

The Welsh Government is proposing greater regional planning and delivery of services as part of its reforming local government policy. However, the Supporting People Regional Collaborative Committees have struggled to deliver at the scale and pace the Welsh Government would have liked. **We recommend that the Welsh Government:**

- **identify and apply lessons learned from the experience of the Regional Collaborative Committees to inform its proposals for local government reform; and**
- **review whether the Regional Collaborative Committee arrangements remain fit for purpose in the context of other collaborative governance arrangements, such as the new statutory public service boards and its wider plans for regional working in local government.**

Response: Accept

Completion Date: September 2018

Welsh Government consulted on proposals for Local Government Reform earlier this year. Work is now focusing on developing detailed proposals for legislation in consultation with Local Government. It was always our intention, as I'm sure you will appreciate, to ensure we learn the lessons from the Regional Collaborative Committees to inform the development of the proposals and their practical implementation so we are fully supportive of your recommendation.

Welsh Government reviewed the Regional Collaborative Committee arrangements as part of the consultation on revised guidance which ended on 4th August 2017. Once the final guidance document is published it will place the Regional Collaborative Committees within the governance structure of Public Service Boards.

We will continue to reflect on the lessons learned from the Regional Collaborative Committees particularly as part of the Supported Accommodation Review and we anticipate that progress will be progressive. By September 2018 we will have developed a clearer position in relation to the Supported Accommodation Review and a regional way forward will be informed by lessons learned from the Regional Collaborative Committees.

Recommendation Three

The Supporting People National Advisory Board has recognised the need for a new formula to help redistribute Programme funds to geographical areas of greatest need. The Welsh Government is also consulting on the strategic objectives for the Programme. **We recommend that, once it has finalised the new strategic objectives for the Programme, the Welsh Government prioritise developing a new funding formula to redistribute funding in a way that most effectively delivers those objectives. In doing so, we recommend the Welsh Government give consideration to any transitional arrangements and wider policy developments that may impact on the Programme.**

Response: Accept
Completion Date: April 2020

The Welsh Government accepts the reports finding that now is the time to update the formula and clearly strategic objectives must be set before this is considered. Any redistribution as you suggest needs to consider transitional arrangements and the impact on individual local authorities to ensure that the end service provision is managed as efficiently and sympathetically as we move to the new model.. Development will involve the full range of Programme stakeholders.

It is also important that distribution issues within the Supporting People Programme allocation are considered in the context of ongoing work around the alignment of budgets and the Wellbeing of Future Generations focus on preventative services as well as the increasing budgetary flexibility we are seeking to offer Local Authorities.

Recommendation Four

The Welsh Government's current and draft revised guidance on the procurement of Supporting People services is potentially misleading as it implies that retendering need only take place where a service review has found the service to be deficient. **We recommend that:**

- a. **the Welsh Government's on-going reviews of local authorities' management of the Programme should examine whether contracts are being extended in accordance with Public Contract Regulations.**

- b. in revising its Programme guidance, the Welsh Government redraft its advice on contract procurement to avoid the scope for any misinterpretation about when to retender for services, and to clearly articulate the rules around contract extensions.**

Response: Accept

Completion Date: December 2017

In relation to the specific recommendations:

- a. Welsh Government Local Authority Review templates have been updated to reflect questions on contract extension in accordance with Public Contract Regulations. These will be used for all future local authority reviews.
- b. The Supporting People Programme draft guidance will be updated to reflect this recommendation prior to publication.

Recommendation Five

There have been a number of notable policy changes in recent years that affect the Programme. However, we have identified concerns about the scale of change and the way it has been communicated. In addition, other developments will have an impact on the Programme, for example, the Welsh Government's plans for local government reform and UK government reform of housing benefit. **We recommend that the Welsh Government should identify and clearly communicate the implications of such reforms for the Programme.**

Response: Accept

Completion Date: Ongoing

We have initiated a large scale exercise to co-produce policy development in order to address the challenges posed by the Department of Work and Pensions Supported Accommodation Review. We will build on this, working with the sector via the Supporting People National Advisory Board to consider what additional improvements can be made to the current mechanisms for communication to ensure the Welsh Government's programme is widely understood.

Recommendation Six

While the Welsh Government has identified that there are widespread variations in overall service costs, further analysis is required to understand the reasons for that variation. **We recommend that the Welsh Government work with local authorities to examine in more detail whether there are significant variations in the costs of delivering Supporting People services of a similar type and duration.**

Response: Accept

Completion Date: April 2019

Using Spend Plan information from 2018/19 and 2019/20 Welsh Government will work with the Regional Collaborative Committees to develop an understanding of service costs and how these vary across Local Authorities. Each Regional Collaborative Committee will be provided with a cost breakdown for each client category within their region and a

comparison to a Wales average cost for the same client category. The intention will clearly be to introduce better benchmarking across the services provided to ensure that value for money can be assured.

Recommendation Seven

There remain concerns about data quality in the current Outcomes Framework, but with revised data collection arrangements being proposed. **We recommend that the Welsh Government work with its partners to ensure that, once introduced, any new arrangements are clearly understood by providers and embedded as part of contractual arrangements.**

Response: Accept

Completion Date: April 2020

Any new outcomes framework will be developed with the sector via consultation with stakeholders. Welsh Government will engage with the Supporting People Information Network (SPIN) and Cymorth Cymru to introduce and prepare commissioners and providers for future changes to data collection. In addition we will update Welsh Government grant terms and conditions to reflect these changes to Local Authorities. We will work with Local Authorities so changes to data collection are reflected in their own commissioning arrangements with service providers. Welsh Government will test this has been embedded via the Local Authority Review process.

Recommendation Eight

Welsh Government reviews, and more detailed work at a regional level by two of the Regional Collaborative Committees, have highlighted some issues with the eligibility of support for people with learning disabilities and differences in the level of support provided. **We recommend that the Welsh Government encourage all Regional Collaborative Committees to review arrangements for support for people with learning disabilities through the Programme and work with the committees to manage any potential negative consequences for service provision.**

Response: Accept

Completion Date: March 2019

Welsh Government will work with Regional Collaborative Committees to commit to reviewing Learning Development services by the end of 2018/19, with the view to implementing any changes by March 2022. Regional Collaborative Committees (RCCs) will be asked to update the Supporting People National Advisory Board (SPNAB) and Welsh Government as part of the Annual Review process.