

This Rough Guide seeks to address the sorts of issues that providers may face in costing and pricing services as part of the Service Review process.

Please note that it should be read in conjunction with the Service Review Guidance rather than in isolation. The Service Review Guidance can be found on the Scottish Executive's website at: www.scotland.gov.uk/library5/housing/spogf2-08.asp

One of the functions of the Service Review is to examine the cost of the service with a view to agreeing future price and service capacity.

What are 'efficiency savings'?

'Efficiency savings' is the term used by the Scottish Executive to describe the cash or time savings that the Supporting People Programme is expected to achieve. Local authorities must review the strategic relevance, the quality and the value for money of every service that the Supporting People Programme currently funds.

The Scottish Executive has stated that it does not expect local authorities to make blanket cuts to funding across all services, though most local authorities have already been unable to offer external providers funding to cover the cost of inflation over the last 2 years. Local authorities have generally acknowledged the pressure that this is putting on providers and consider the Service Review process an opportunity to work with providers to take an honest look at costs, value and capacity.

Identifying service costs

Identifying the costs of the service is an essential step before starting to negotiate a contract price. It is wise at this stage to look at costs honestly and comprehensively rather than feeling limited by the fact that local authorities have said they

are looking to make savings. By taking an honest look at costs you can identify whether the service is recovering full costs under current funding and, if not, by how much there is a shortfall or indeed whether the service is making a surplus.

Current service costs and funding levels under THB will not necessarily match up

At a national level the criteria for Supporting People funding is not limited to those costs recovered through THB. It is worth remembering that THB funding did not include costs such as Care Commission continuation fees nor costs associated with Disclosure Checks.

For a useful checklist of things to include in costing a service see the CCPS Service Costs 2004/05 guide at www.ccpscotland.org/spunit/info/guidance.php

Local restrictions

Local authorities are at liberty to put their own restrictions on what they are prepared to fund through Supporting People. They may decide, for instance, that Supporting People funding will be limited to a maximum number of hours support per week per individual.

Rough Guide To Service Review

Main points:

1. Pressure to show savings
2. Take a look at real costs
3. Find out what SP will and will not fund in your area
4. Dealing with cost comparison exercises

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The Supporting People Enabling Unit is a partnership initiative between Community Care Providers Scotland (CCPS) and the Scottish Federation of Housing Associations (SFHA), funded by the Scottish Executive.

What can you do?

You can find out what your local authority's policy or strategy is regarding Supporting People funding by having a discussion with them. Your local Supporting People Team may already have sent you the council's reports or strategy documents on the Supporting People Programme. If not, you could ask them to do so.

Local authorities will generally negotiate a 'unit cost' for the service - that is a weekly or hourly rate. When it comes to establishing a unit cost some providers have expressed concern that the method used by some local authorities does not match up to the actual cost of provision. This is something you should consider carefully before deciding whether to agree to it or not. It could have an impact on the extent to which Supporting People funding will cover the costs of service provision and will also create a false comparison with other services. It could also affect any future negotiations on funding that you have with the local authority should you consider providing a new or expanded housing support service.

How will a local authority make a judgement about the cost of a service?

Local authorities are likely to conduct a cost comparison or benchmarking exercise in order to determine what a reasonable price for a service is.

Typically services will be grouped together as part of this exercise. Services may be grouped according to outcomes (eg resettlement for 6 months after long stay hospital) rather than by inputs (eg staffing ratios or types of tasks undertaken).

Either way it is helpful to know the method being used and to know which other services are in the group yours is assigned to.

You may want to ask the local authority to share with you its conclusions about the range of costs so you can see how your service compares with others. It may be that you have already conducted your own benchmarking exercise - in which case it will be important to compare conclusions.

What about a specialist service where there are no others in the region to compare it with?

It may be that a local authority finds it difficult to come to a conclusion about reasonable cost because there is no similar service in the region. It is particularly important, therefore, that you present your case clearly in terms of the unique role the service plays in meeting housing support needs and its outcomes. Even where a local authority has placed restrictions on what it will fund eg. % of management costs, it will be worth explaining in detail why current costs may be higher than this because economies of scale are not open to you.

Local authorities are guided by the Scottish Executive to recognise the value of diversity in provision and to provide assistance to small, specialist and/or new services. One way they can do this is to acknowledge that these organisations face particular difficulties if restrictions on funding are applied.

Local authorities face varying degrees of pressure on the Supporting People grant

Providers working across various local authorities are under no pressure to agree a standard unit charge for their services across the country. It is the case, however, that local authorities will want to avoid a situation where one is paying more for a service than it costs to deliver as a way of helping make up a shortfall in funding in another area.

Individual needs assessment

Some providers have expressed concern that reviews of individual need are being carried out as a prelude to going into the Service Review and possibly reducing capacity of the service. If this is a concern for you then ask for clarification about the needs assessment process and discuss how the results might or might not impact on discussions about capacity of the service as part of the Service Review process. This may reveal the need to involve other commissioners of joint packages where any decrease in the Supporting People contribution will have the knock on effect of increasing the contribution needed from other funding sources.

This guide has been compiled by the Supporting People Enabling Unit with the assistance of Home InScotland, Quarriers, Key Housing Association and Scottish Womens' Aid.

The Supporting People Enabling Unit assists and supports independent service providers in the implementation of the Supporting People Programme. The Unit is hosted by Community Care Providers Scotland and by the Scottish Federation of Housing Associations and is funded mainly by the Scottish Executive.

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