

Supporting People Financial Returns: Guidance on the Apportionment of Expenditure

June 2016

Housing
Executive

Guidance on the Apportionment of Expenditure

This note provides supplemental guidance for provider organisations on the apportionment of costs when completing the annual Supporting People (SP) financial returns.

Providers are requested to complete two financial returns as part of the financial information required annually:

1. Supporting People financial return – actual for the preceding financial year
2. Supporting People financial return – budget for the current financial year

The returns require an analysis of both the actual and budgeted expenditure against the following headings:

1. Frontline Staff Costs
2. Firstline Management Costs
3. Non-Staff Scheme Costs / Direct Costs
4. Indirect Overheads

The guidance attached to the financial return includes the following comments:

Category	Comment
Frontline Staff Costs	<p>Enter the total cost of providing the hours of the frontline staff for the period. Frontline staff are identified as “members of staff who spend some or all of their time on support services and work directly with service users”.</p> <p>Costs should include:</p> <ul style="list-style-type: none"> • Salary Costs • National Insurance [employers contribution] • Pensions [employers contribution] • Addition payments for sleepovers on calls extra • Medical insurance or other additional cost as appropriate • Locum cover [including overtime, agency or bank staff costs] <p>Where frontline staff also provide services to service users across more than one service only the portion of the cost equivalent to the time spent at this service should be entered under each function.</p>
Firstline Management Staff Costs	<p>Enter the total cost of providing the hours of the firstline management staff for the period. Firstline management staff should be identified as managers of frontline staff charged in total or part to support activities at this service.</p> <p>Costs should include:</p> <ul style="list-style-type: none"> • Salary Costs • National Insurance [employers contribution] • Pensions [employers contribution] • Addition payments for sleepovers on calls extra • Medical insurance or other additional cost as appropriate • Locum cover [including overtime, agency or bank staff costs]

	<p>Where a firstline manager also manages other services, only the proportion of the cost equivalent to the time spent at this service should be entered under each function.</p>
Non-Staff Scheme Costs / Direct Costs	<p>Enter the cost of providing the non-staff scheme costs related to the provision of the service.</p> <p>These costs are related directly to the provision of the service, examples include:</p> <ul style="list-style-type: none"> • Office Costs • Equipment Depreciation • Training • Mobile Phones • Travel • Training etc. <p>Where these costs are incurred in providing a number of different functions [i.e. Care, Supporting People, Housing Benefit etc.] the portion of total direct costs that can reasonably be said to be incurred in providing respective activities should be allocated accordingly.</p>
Indirect Overheads	<p>This amount should represent the cost of meeting the organisational overheads for the service being delivered. There is no standard practice for applying these costs to a service but they include such costs as:</p> <ul style="list-style-type: none"> • Senior Managers • Finance • HR • Audit • IT services • Insurance etc. <p>Where these costs are incurred in providing a number of different functions [i.e. Care, Supporting People, Housing Benefit etc.], the portion of total indirect overheads that can reasonably be said to be incurred in providing respective activities should be allocated accordingly.</p>

Following our review of the 2014/15 returns the following comments are made to provide further guidance on the apportionment process when preparing financial returns.

Support staff costs (Frontline staff and Firstline management)

The allocation of staff costs against SP grant should reflect the agreed service specification for the number of support hours to be provided. Care should be taken to ensure that where staff are funded from different funding sources (to provide an additional, different type of service) that records are kept of the allocations made.

Where SP grant has been provided to cover support posts that have not been filled for part of the year any surplus arising will be recoverable.

Non Staff Scheme Costs / Direct Costs

These are the direct costs of providing the service and the makeup of the items must be considered when allocating between funding streams.

Cost categories related to staff such as training, travel and office costs could be allocated on the same basis as support staff noted above.

Premises costs such as rent, light and heat should be apportioned to reflect a fair allocation to the service.

Other items such as food and personal services for service users, which are not eligible SP expenditure, must be excluded from the amount apportioned against SP grant.

Sufficient records must be kept to demonstrate the basis on which the individual cost elements have been apportioned for audit purposes.

Indirect Overheads

SP is prepared to allow a reasonable allocation against SP grant for organisational overheads which can be attributed to the housing support element of the service.

This often involves a double allocation of central overheads to different schemes and the apportionment of this allocation between funding streams in the service.

Good practice has been noted where the apportionment between services is based on an estimate of central management time and the allocation to different funding streams is proportionate to the funding income.

Overview

While Supporting People does not wish to be too prescriptive on all the costs which arise from providing services, a key principle is that funding should be mainly applied to the cost of the support staff and the salary cost for this function should be around 70% of the SP grant. Where less than 70% of the SP grant is spent on support staff costs, this would require explanation and a consideration of the service's value for money.

The apportionment of costs against SP grant can have financial consequences since reported surpluses are subject to recoupment. Allocating excessive costs against SP grant in order to avoid recoupments would be considered bad practice. It is therefore important to document and keep available records of the basis on which costs have been allocated.

Services which have several sources of public funding should ensure that the cost allocations are in line with the current funding agreements and the offset of surplus and deficits will be investigated to determine reasons for the reported cross-subsidies. Services which are not financially viable should present their contingency plans for either service reduction or closure.

Further Considerations

SP financial returns are required to implement the DSD Supporting People review recommendations and this additional guidance should be considered when allocating costs for the 2016/17 budgets. If the financial returns for 2016/17 budgets have already been submitted and do not comply with this guidance, please re-submit as necessary.