

Review of Funding

Aspect One
for the Homeless Agency

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Foreword

I am very pleased to welcome this report on *The Review of Funding*, which has been completed by Aspect One on behalf of the Homeless Agency.

The Homeless Agency is a partnership body that was established as part of the Government strategy on homelessness in May 2001. It is responsible for the planning and co-ordination of the delivery of quality services to people who are experiencing homelessness in Dublin. The Homeless Agency co-ordinates homeless services in Dublin, provides training and other supports, monitors and evaluates the effectiveness of services, carries out research and administers statutory funding to homeless services.

The Homeless Agency is comprised of voluntary and statutory agencies, who are working in partnership to implement agreed plans for the delivery of services people who are homeless, assisting them to move rapidly to appropriate long term housing and independence. A Consultative Forum advises the Board of Management.

In 2005 the Homeless Agency distributed approximately €37.1m of State funds to voluntary and statutory service providers for people who are homeless in Dublin. This funding comes from the Health Service Executive and the Department of Environment, Heritage and Local Government.

The Homeless Agency has fulfilled this role since the approval of its first action plan in 2002. Since then the amount of State funding has increased significantly. Now over 70 different services are funded through the Homeless Agency and these are provided by 31 voluntary and statutory service provider organisations.

This report undertook a comprehensive review of the operation of 'A Clearer Future', the Homeless Agency's funding guidelines, which record and present the funding arrangements for homeless services in Dublin.

2005 was the first year that the Homeless Agency implemented service level agreements with voluntary and statutory service providers and this programme will be fully rolled out in 2006.

Dr Derval Howley

Director · Homeless Agency

The logo for the Homeless Agency, featuring the words "HOME", "LESS", and "agency" stacked vertically in a bold, sans-serif font. "HOME" and "LESS" are in a larger font size than "agency". The text is white and set against a dark blue square background.

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The Homeless Agency has commissioned and funded this report. Responsibility for it (including any errors or omissions) remains with the Consultants. The views and opinions contained in any reports arising from this contract are those of the authors and do not necessarily reflect the views or opinions of the Homeless Agency

i Introduction

In December 2004 The Homeless Agency decided to undertake a review of its current funding process. The terms of reference for this review are as follows:

- To examine the funding arrangements in terms of their continued appropriateness and effectiveness
- To make recommendations on the future operation of funding and monitoring of homeless services in Dublin.

This document is a report of the review undertaken by Aspect One on behalf of The Homeless Agency and an outline of the recommendations made for change. The structure of the report is as follows: Section 1 is an executive summary of the report, Section 2 is an introductory section providing some background to the funding process, Section 3 outlines the methodology used in the review, Section 4 reviews legislation and the Government environment, Section 5 reviews the current funding process, Section 6 reviews the benchmarking information gathered from other organisations and Section 7 provides recommendations for developments to the funding process.

ii Background

In 2005 the Homeless Agency distributed approximately €37.1m of State funds to service providers for people who are homeless in Dublin. This funding comes from the Health Services Executive and the Department of Environment, Heritage and Local Government. (Up to the establishment of the HSE, this funding came directly from the Department of Health and Children (DOHC)).

The Homeless Agency has fulfilled this role since the approval of its first action plan in 2002. Since then the amount of State funding to homeless services has increased significantly and in 2004, the amount distributed through the Homeless Agency process was €34.97m. Currently, over 70 different services are funded through the Homeless Agency and these are provided by 31 voluntary and statutory service provider organisations.

With regard to the management and administration of the funding process the Homeless Agency works with a small number of resources. There is a Head of Finance and Funding who has overall responsibility for the management of the process. This office is supported by a Funding Administrator. Between them they handle the bulk of the funding process though at times of critical involvement, such as where new applications are made or roll-over funding is being given, the Director and the Deputy Director will become actively involved in the process.

iii “A Clearer Future”

The funding arrangements currently in place have been operating since 2002 though some modifications, mainly to documentation, have been made since then. The arrangements are presented in a document called “A Clearer Future” issued first in August 2001 and updated in September 2003. It is now timely to review the funding arrangements.

“A Clearer Future” is the document that records and presents the funding arrangements for homeless services in Dublin. In itself it is a comprehensive document that includes information on the:

- principles of the funding arrangements
- eligibility of services
- eligibility of costs
- application process and timetable
- assessment of applications
- monitoring and evaluation of services
- service agreements
- appeals.

Every applicant for funding is given a copy of “A Clearer Future” and should use it as an input to its funding application. However as stated above, the current criteria were developed in 2001 and with one small revision in 2003, have not been substantially changed since they were developed. Any changes to the funding process or other parts of the funding arrangements will necessitate a change to “A Clearer Future”.

Typically the vast majority of the funding provided through The Homeless Agency process is roll-over funding where a service that was funded in the preceding year is given further funding. However, each year a relatively small amount of additional funding for new services (or developments to existing services) is available and awarded through The Homeless Agency.

iv Review of the Funding Process

In 2004, the Homeless Agency decided to undertake a review of the funding process and commissioned an external consultancy in December 2004 to undertake the review. The primary purpose of the review was to assess the effectiveness of the process to distribute state funds fairly and responsibly to enable the effective delivery of services to people who are homeless.

The review involved a large body of consultations with representatives of stakeholders in the process – The Homeless Agency, Government Departments, the HSE and Service Providers as well as benchmarking with other organisations that manage funding processes similar to that of the Homeless Agency. In all, almost 50 people were consulted during this review process. In addition, a review of current and upcoming legislation, at both the Irish and EU level was conducted and any implications for the funding of homeless services were identified.

The review identified a number of issues that need attention in the process and in total, there are 34 recommendations made for changes or adaptations to the current process. The recommendations are detailed in full in the main copy of the report. These recommendations cross a number of areas including, the need to differentiate between new and roll-over applications for funding, timelines, communication, documentation, criteria for assessing applications, decision-making, appeals, payment, performance measurement and monitoring, emerging needs and resourcing of the Homeless Agency.

v Detailed recommendations

This section outlines the recommendations arising from the review of current process and practices, the review of legislation and the information gathered from how other funding organisations manage their funding process. The recommendations are presented under a number of headings, each of which relate to the overall funding process. As stated above, there are 34 recommendations in total.

Recommendation 1: Overall Process

- 1.1 Develop two distinct processes, one for new funding applications and one for rollover funding applications. The new-funding process should commence with a formal validation of the need; costs should be submitted for three years but Year 1 should be costed in detail

The roll-over funding process should be much shorter than the new-application process and should formally review the preceding year against delivery and financial objectives. Summary finances should be submitted with exceptions from the previous year's application explained in detail

Appendix B of the main report shows the recommended processes for both the new-funding and roll-over applications

- 1.2 Every funded service or project should go through a full application process every three years, as if it were a new service. Services currently funded through The Homeless Agency should now go through the full application process as soon as possible.

Recommendation 2: Process Initiation

- 2.1 The current informal discussions with funders held before new applications are made to The Homeless Agency should be formalised. They should become formal needs-validation discussions and should form a clear beginning to the funding application process followed. This formal beginning to the process should be supported by documentation, outlined in Recommendation 5, and discussions between applicants and funders should be coordinated through The Homeless Agency to ensure that a transparency is maintained and that issues and outcomes are made known to all members of the assessment panel. This part of the process should, in effect, be the point where the “business case” for the proposed service is reviewed
- 2.2 The open-call for funding applications has not worked effectively in the past and should be changed. A more specific, targeted call, based on the service needs identified in the Action Plan should be made and a public procurement process should be considered.

Recommendation 3: Timelines

- 3.1 Define the specific timeline for the funding process. Do not change this timeline without consultation with the service providers and funders. The following timeline is recommended.

June 1	Targeted call for applications for new funding based on defined needs Communication to existing services to make submissions for roll-over funding
July 15	Closing date for receipt of applications/submissions
July 16–Aug 29	Meetings with service providers as required
August 30	Recommendations made by the assessment panel on new and roll-over funding applications, and submitted to the funding departments
October	Review meetings with existing service providers
December 15 (post-budget)	Homeless Agency made aware of overall funding amount awarded
February 28	Each Applicant informed of the success of its application and of the amount being awarded

In recommending this timeline, it is acknowledged that many decisions are outside the control of The Homeless Agency and within the control of the funding Department. Also, the funders sometimes prefer to announce themselves who will be in receipt of funding and that this is done to the Department’s timeline, not a Homeless Agency timeline. Some negotiation with the funding Departments will be required to affect the recommended timeline (see recommendation 4.6 below).

Recommendation 4: Communication

4.1 Realistic timelines, whether as recommended above or those that apply currently, should be communicated to all applicants. Communication should also specify who is responsible for each stage of the process. Updates on how applications are progressing on this timeline should also be given, for instance:

- When recommendations have been submitted to Departments
- When the overall budget is known
- When the applicant is advised on whether their application was successful or unsuccessful

This ongoing information will give confidence to the applicants that their application is being worked through a process.

4.2 All applications should be acknowledged in writing within a defined period, not greater than one week, of being received by The Homeless Agency. Service Providers should be asked to nominate a single point of contact for the acknowledgement and all subsequent communications. Contact details should then be checked annually by The Homeless Agency as part of the funding process

4.3 Where an application is not successful, communication to this effect should be made to the applicant. The communication should include the specific reasons why the application was unsuccessful so as the applicant will know whether or not it is worthwhile to apply again at a future date

4.4 For successful applications formal feedback should be given, which should include the rationale for the amount awarded and a breakdown of the costs (pay, non-pay, indirect) to which funding applies (or does not apply as appropriate)

4.5 Specific service standards should be set for the interactions between The Homeless Agency and applicants/service providers. This should include the time for acknowledging receipt of applications, responding to queries or complaints and managing written correspondence, amongst others

4.6 At a senior management level, The Homeless Agency should negotiate with the funding Departments on how notification of the funding awards will be communicated. This could be along the lines of an agreement the Sports Council has made with the Department of Arts, Sport and Tourism whereby funding applicants are notified by the Sports Council a number of hours before a press release is issued by the Minister. This negotiation should endeavour to agree on both the timing and the format of communications, with due regard to the business imperative that service providers need to know as early as possible after the funding decision is made, and the formality of closing the funding application process through The Homeless Agency

Recommendation 5: Documentation

Develop a new suite of documentation for funding applications, different for new and roll-over applications:

For New Applications

- 5.1 New applications should start by completing an “outline application form” or “business case” that seeks to validate the need. The form should be short, no more than a few pages. It should be submitted to The Homeless Agency for logging, and forms the basis of the discussions with the funders during the “Process Initiation” outlined above. If the application passes through this phase, then a full application form with financials should be submitted
- 5.2 Review and revise as appropriate the current Full Application forms to reduce duplication, address technical issues in the financial sheets and improve the applicability of some costs and formulae. These changes should also apply to the quarterly return format.

For Roll-over Applications

- 5.3 Develop a new application form for roll-over funding. This form should specifically seek to record how the service has performed in the previous year against the specific objectives set for it. A specific, short, financial form should also be developed, identifying exceptions to costs outlined in the original application for this year.

Recommendation 6: Criteria

- 6.1 Restate the criteria in communications regarding proposals for new services, either as part of a letter or on the application forms themselves. This may help to reduce submission of applications that are unlikely to be successful; it will also remind all parties of what the criteria are and set the tone for the application itself
- 6.2 Ensure that the criteria for both new and roll-over applications are clear. The criteria for both will be fundamentally the same except that roll-over applications should provide evidence of their performance in the previous year, and new applications should have greater emphasis on demonstrating the need, and their capacity to deliver. Appendix C in the main copy of this report shows how these differ from the current criteria in *A Clearer Future*

New Service Applications

- The proposed service should have explicit objectives on throughput and outcomes
- The extent to which the application meets current Action Plan priorities and/or strategic directions
- The extent to which a needs assessment was undertaken and an evidence-based justification for the service has been demonstrated
- The extent to which the application represents value for money when related to agreed unit costing benchmark standards

- The capacity of the organisation to implement the programme more effectively than alternative services
- The extent of demonstrated commitment to relevant service and organisational quality standards, including person-centred planning
- The outcomes of previous monitoring and evaluation of services provided by the organisation
- The extent to which the application form is accurately, appropriately and fully completed and returned on time
- The funding resources available.

Roll-over (existing service) Applications

- The extent to which objectives for the previous year were achieved
- The extent to which the application is still in line with current Action Plan priorities and/or strategic directions
- The extent to which an evidence-based justification of the continued need for the service has been demonstrated
- The extent to which the application represents value for money when related to agreed unit costing benchmark standards
- The capacity of the organisation to continue implementing the programme more effectively than alternative services
- The extent of demonstrated commitment to relevant service and organisational quality standards in the previous year
- The outcomes of evaluation of services provided by the organisation
- The extent to which the application form is accurately, appropriately and fully completed and returned on time
- The financial performance of the service provider against the funding provided for the previous year
- The extent to which proposed expenditure has changed by comparison with the previous year
- The funding resources available

6.3 Ensure that the business case for new funding clearly and explicitly relates to each of the funding criteria

6.4 Revise *A Clearer Future* to incorporate changes to criteria and update it generally in line with current practice and/or recommendations being taken on board.

Recommendation 7: Decision-making

- 7.1 Ensure that criteria are actively used to assess applications, including relating the basis for decisions to particular criteria. This must apply while the current criteria are still in use. It must also apply to the recommended changed criteria for new applications and the performance-based assessment for existing services
- 7.2 Complete the unit costing exercise and use the outcomes to help with assessment of applications. Ensure that assessment also includes a review of costs that have increased at rates above and below inflation
- 7.3 Within a revised *A Clearer Future* define the structure of the assessment panel and criteria for appointment to it
- 7.4 Appoint a minimum of one person to the assessment panel whose background and experience are external to the homeless sector but suited to providing an independent, objective contribution to decisions. Where only one external is appointed to the assessment panel, he/she should be the Chair
- 7.5 Ensure that all meetings between the assessment panel and service providers have a clear agenda that is communicated to service providers in advance
- 7.6 Formally delegate Homeless Agency Board authority for the awarding of funds to the assessment panel to address potential conflicts of interest at Board level.

Recommendation 8: Appeals

- 8.1 Reiterate the existence of an appeals process in communications related to the funding process as knowledge of the process is low
- 8.2 Consider changing the basis for appeals from being process-related to being related to unit costs, revised criteria and performance indicators. This is dependent on each of these items being put in place and cannot be implemented prior to this.

Recommendation 9: Payment

- 9.1 Negotiate with funding Departments to introduce a system of identifying what payments are for, either on the payment itself or in the remittance advice supplied
- 9.2 Negotiate with funding Departments to standardise the payment format and timing, with payment in advance preferred if possible
- 9.3 Agree with funders the triggers for the release of funding payments. These should be included in the Service Agreement. These triggers, assuming they include the submission of a document to The Homeless Agency, e.g. the quarterly returns, should be acknowledged in writing in a timely way similar to that outlined at 4.2 above
- 9.4 Negotiate with funders to eliminate payments to service providers on the basis of bed numbers available (Section 10), ensuring that all applications and funding are channelled via the Homeless Agency funding process.

Recommendation 10: Performance Measurement, Monitoring and Review

10.1 Introduce the Service Level Agreements already prepared and agreed. Ensure that they include:

- the scope¹ and level of service for each provider
- responsibilities of service providers, HSEs, local authorities and the Homeless Agency
- performance indicators
- defined payment triggers
- defined enforcement processes

10.2 Introduce a formal reviewing process, beginning with a meeting with each service provider to agree objectives and performance measures or indicators. The ongoing process should then involve a minimum of two meetings per year with each service provider, the first in February/March to provide feedback on funding decisions and review progress, and the second in October/November to assess progress against objectives and performance measures. The meetings, which will have an agenda and minutes, will be led by the Head of Finance and Funding at The Homeless Agency, supported by other staff or managers as appropriate. The Director and/or Deputy Director should attend at least one of these meetings with each Service Provider. Funder representatives will be invited. If possible the funder representative should attend at least one.

Recommendation 11: Emerging Needs Fund

11.1 Establish a small contingency or response fund, held by the Homeless Agency, to enable provision of funds for unexpected or emerging needs during a particular year. Define a streamlined process for accessing this fund in *A Clearer Future*

Recommendation 12: Resourcing of The Homeless Agency

12.1 Once The Homeless Agency has decided on what recommendations to implement, it should examine its own resourcing for the management of the funding process to ensure that it can meet its service agreements and any new activities being undertaken.

The broader recommendations of this report will be available in the report on the recommendations for all reports commissioned by the Homeless Agency under the Action Plan Making it Home 2004–2006.

¹ Clarification of scope needs to include definition of who a service provider will provide services for, to assist with decisions on admissions to the service and avoid actions that could be perceived as discriminatory under the Equal Status Act, 2000.

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The logo for the Homeless Agency is contained within a light blue square. The word "HOME" is written in a bold, black, sans-serif font. Below it, the word "LESS" is written in a larger, bold, black, sans-serif font. At the bottom of the square, the word "agency" is written in a smaller, white, lowercase, sans-serif font.

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