Funding of Common Ground Tasmania

REPORT OF THE AUDITOR-GENERAL
No. 9 of 2015–16
Why this review?

• Request from Treasurer
  – Concerned that CGT may be significantly more expensive than other supported accommodation facilities (SAFs)
  – Agreed to three-year funding with years 2 and 3 conditional on the Auditor-General review
• The Common Ground model involves mixing supported housing for the homeless with affordable housing tenancies

• CGT operates within the broader housing and homelessness service system

• CGT manages two government-owned properties at Goulburn Street and Campbell Street, constructed in 2008

• Similar supported housing SAFs operated by Anglicare in the North of the state
• The Common Ground model involves:
  – Provision of housing (first) in conjunction with on-site support
  – High quality, affordable self-contained units in congregate setting
  – Communal facilities
  – Permanent tenancy
  – Safe, secure environment
  – STs pay only 25 – 30 per cent of their income in rent
  – Diverse social mix to facilitate social inclusion (ST:AHT = 50:50)
Review objective

• ... to form an opinion whether government funding and other support provided to CGT ...

• ... represented value for money ...

• ... compared to alternative means of achieving equivalent outcomes
Audit scope

• We focused on 2014-15 and ignored prior ‘teething’ problems
Audit approach

• Based on data provided by HT and CGT
• Discussions with CGT and HT staff, academics and consultants
• No data or interviews requested of Anglicare
  – Focus on funding, not costs
  – Expectation HT would have comparative data
  – Difficulty obtaining and verifying data from a non-auditee
Criterion 1

Was CGT effective?
Meeting HT requirements? [Section 1.2]

• HT1: assess and support STs: Yes
  – Reports showed that needs assessed and met
  – Tenants satisfied
  – Internal status reports showed in-depth knowledge

• HT2: accommodate homeless and most vulnerable: Yes
  – Close to full, with 44 STs
  – 68% of STs homeless prior to CGT
  – Debate as to whether CGT taking most vulnerable, but Yes
Meeting HT requirements? [Section 1.2]

- **HT4: encourage STs into education and employment: Yes**
  - Joint CGT and TasTAFE skills initiative, other CGT programs
  - 16 of 44 STs (36%) in education or employment
  - Employment a challenging area with employers often unforgiving
  - 86% of STs on disability pensions

- **HT6: provide stability of tenure: Yes**
  - Average tenure for the 44 STs was 13 months
  - Only two STs left in the last 6 months, both to private rental
Meeting HT requirements? [Section 1.2]

Also, positive findings for:

- HT3: support STs moving into independent accommodation
- HT5: case management plans
- HT7: Tenants to include at least 40 per cent STs
- HT8: High occupancy rate of CGT facilities
- HT9: CGT to minimise arrears in rental

Conclusion 1.2: HT requirements met
Research evidence? [Section 1.3]

- Evidence for supportive housing with scattered sites
  - Secure housing and pro-active support were effective
  - Supportive housing leads to reduced overall cost to the system
  - NPAH programs resulted in 80% to 92% sustaining tenancies
  - Clients more likely to sustain tenancies with support

- Evidence for supportive housing in congregate sites
  - Not much research
  - Qld research shows supportive housing leads to reduced overall cost to the system
Research evidence? [Section 1.3]

• Discussion:
  – Reasonable to assume support for scattered site model also provides some support for congregate site model
  – Reasonable to assume some people more suited to congregate sites and some more suited to scattered site

• Conclusion 1.3: there was evidence for the Common Ground model of supportive housing
Better outcomes than other SAFs? [Section 1.4]

- Not possible to evaluate because:
  - Every client so different
  - Evaluations of the task and progress for each client are very subjective
  - Small number of tenants and short period of operation
  - KPI reports largely based on tenant perceptions
  - All reports for CGT and SAF similarly ‘glowing’

- HT analysis also found similar positive findings for both

- Conclusion 1.4: no conclusion possible
Delivering a unique service [Section 1.5]

• Unique model?
  – Similar features to Northern SAFs (see slide 3)
  – Scattered site model available in Hobart through Housing Connect
  – Youth SAF just coming on line at Trinity Hill site in Hobart
  – Supported residential facilities in Hobart provide communal, long term accommodation, with full board at 85% of income
  – But no similar SAF in Hobart
Delivering a unique service

• Taking most vulnerable?
  – CG model designed for chronically homeless
  – 68% of STs in 2014–15 had been homeless prior to CGT
  – Half STs homeless for five years or longer
  – 23% had never had stable housing
  – Almost all STs had issues with mental health or substance abuse
  – Some early concerns CGT turning away most desperate – we were satisfied CGT policy appropriate
Conclusion 1.5: CGT was delivering a service not otherwise provided:

- Adult SAF in Hobart
- Targeting most vulnerable
Criterion 1 conclusion

CGT was effective
Criterion 2

Was CGT funding excessive?
Funding comparable with other SAFs? [Section 2.2]

• We were interested in **funding per supported tenant**

• Funding:
  – Funding of CGT in 2014-15 included cash and car park profits totalling $672K
  – We excluded Thyne House from North SAFs (youth site, short-medium accommodation)
  – Funding of remaining North SAFs estimated at $175K
Funding comparable with other SAFs? [Section 2.2]

• Supported tenants:
  – HT had previously performed analysis of funding per ST which showed CGT as much more expensive (using AIHW data)
  – But CGT and Anglicare groups recognised by AIHW were too dissimilar
    • AHTs excluded from CGT clients but Anglicare ‘independents’ included
    • CGT tenants much more likely to have previously been homeless
  – Instead we allocated points on basis of need: high (3 pts), medium (2 pts), low (1 pt), independent (0 pts)
Funding comparable with other SAFs? [Section 2.2]

<table>
<thead>
<tr>
<th>TAO analysis</th>
<th>North sites</th>
<th>CGT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total support points</td>
<td>41</td>
<td>113</td>
</tr>
<tr>
<td>Equivalent medium need tenants</td>
<td>20.5</td>
<td>56.5</td>
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<tr>
<td>Funding</td>
<td>$175,241</td>
<td>$671,641</td>
</tr>
<tr>
<td>Funding per medium need tenant</td>
<td>$8548</td>
<td>$11,887</td>
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</tbody>
</table>
Funding comparable with other SAFs? [Section 2.2]

- On that basis CGT 39% more expensive than North SAFs
- CGT funding reduced by $100K down to $440K for 2015-16
- On that basis the difference would be only 19%

Conclusion 2.2: Reasonable, taking into account likely cost differences related to location and building design
Sustainable at current funding levels? [Section 2.3]

- On 2014–15 funding CGT made a loss of $121,770
- Funding reduced by $100K from 2015-16
- Building costs ($722K):
  - Contract renegotiations will save net $30K
  - Repairs and maintenance
- Salaries ($991K):
  - 10.4 FTEs
  - CGT looking to reduce by at least one, save $100K
Sustainable at current funding levels? [Section 2.3]

• Other ($260K):
  – Includes rent, printing, insurance, consumables, electricity, accounting and payroll
  – CGT looking to move accounting and payroll in-house, save estimated $30K
  – Other small savings possible

Conclusion 2.3: just sustainable
Would another operator need less funding? [Section 2.4]

- As per Section 1.2, CGT more costly than other SAFs but not unreasonably so
- As discussed in Section 2.4, CGT expenses appeared reasonable

- Conclusion 2.4: not persuaded another operator could provide equivalent services at substantially lower funding
Conclusions

Criterion 1: CGT was effective
Criterion 2: Funding not excessive

Overall conclusion: government funding and other support provided to CGT represented value for money
Recommendations

3 recommendations:
1. HT works with funded housing providers to design outcomes based performance targets for funding agreements
2. HT develop measures for its own calculation of funding per tenant
3. HT perform a three-yearly review of all costs and engage with CGT in doing so. If not satisfied, HT should test the market
Responses

• CGT
  – Welcomed the findings

• DHHS
  – Report represents an important input
  – DHHS seeking to provide better performance indicators and measures
  – All recommendations supported
  – Audit would have benefitted from more comprehensive comparative analysis of CGT and the northern SAFs [A-G rebuttal]
Current projects

• Tasmanian Forests Intergovernmental Agreement
• Compliance with legislation
• Management of national parks
• Government support for sporting and other events
• Ambulance emergency services
Any questions?