

No Easy Answers: the Warwickshire Resource Allocation Study

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Abstract

In the absence of official guidance on how social services department should target scarce resources on those with the greatest needs, this paper presents the findings of a study into the use of deprivation measures to allocate resources between different geographical areas of a local authority. Commissioned by the Warwickshire Social Services Adult Planning Team, the study sought to consider the scope for replacing Warwickshire's current resource allocation procedures with a new deprivation measure: the Department of the Environment, Transport and the Regions (DETR) Indices of Deprivation 2000. In addition to carrying out a review of the literature, the study incorporated a survey of all English local authorities to learn from their methods of resource allocation and their experiences of the DETR Indices of Deprivation 2000. The paper concludes that there are no easy answers to the issue of resource allocation and sets out a series of dilemmas that will need to be resolved by any social services department seeking to base its funding processes on a more rational and explicit methodology.

Introduction

Under the National Health Service and Community Care Act 1990, social services departments (SSDs) have a duty to assess the needs both of individual service users and of their local communities. In seeking to fulfil this duty, official guidance clearly states that local authorities should seek to target scarce resources at those with the greatest needs (Department of Health, 1990: p.24). Although the concept of 'need' is a complex one, practice guidance uses this term as a shorthand for 'the requirements of individuals to enable them to achieve, maintain or restore an acceptable level of social independence or quality of life, as defined by the particular care agency or authority' (Department of Health/Social Services Inspectorate/Scottish Office Social Work Services Group, 1991: p.12).

Despite the imperative to *meet* assessed needs, however, there has been very little consideration of how social services resources should be *targeted* towards areas with the greatest needs. In official policy guidance, the government is explicit that 'it is not the Department of Health's role to advise local authorities on how to organise their financial management' (Department of Health, 1990: p. 8). Despite detailed guidance on population needs assessment (Department of Health/Price Waterhouse, 1993), there is no consideration of how SSDs should use their assessments to target their resources at those deemed to be most in need. More recently, this issue has been underlined by the Social Exclusion Unit and by the Policy Action Team 18, both of which have been critical of the way in which key public services spend little more in deprived areas than elsewhere and fail to target

resources so that they reach the most deprived neighbourhoods (Social Exclusion Unit, 2000a, 2000b). As a result:

'Core public services, like schools, the police, health and social services, struggle under a higher and more difficult workload. This often means that the poorest neighbourhoods get the poorest services. The failure to address this has been a key reason why so little progress has been made in solving the problems of deprived neighbourhoods.' (Social Exclusion Unit, 2000a: p.24)

Faced with this lack of central guidance and the widespread failure to target effectively, it is hardly surprising that few local authority SSDs have yet engaged with the issue of local resource allocation. This was a key finding from previous work in the English local authority of Warwickshire, which suggested that most departments simply rely on historical allocations or local discretion to distribute funding within their SSDs rather than face the political difficulties which an explicit and clearly articulated system can raise:

'We have attempted to find out about the various methods used by other social services departments... Surprisingly, there has been little work carried out in other local authority social services departments of the sort we have instigated. Where it has been picked up, almost invariably it has been put down again as too difficult or as not viable with the present lack of availability of quality data.' (Mason, 1997: p.4)

'There has always been a requirement on social services departments to allocate resources in relation to an assessment of the needs of the community. In practice, however, budgeting has been on an historical basis. This involves spending being adjusted incrementally year by year, with occasional shifts resulting from responses to a local political problem, a short-term problem or a spending constraint.' (Mason, 1997: appendix 4)

'...We found that there are no easy answers waiting to be discovered, that there is no nationally-recognised basis and, as far as we could ascertain, that no social services department has a viable set of formulae [for allocating resources].' (Weeks, 1997: p. 3)

'... Budgeting has often had an historic basis whereby spending is adjusted incrementally year upon year with occasional shifts brought about by political pressures or as a result of over or underspends in a particular year.' (Reading, 1998)

Even where issues of resource allocation had been considered, changes are often made only on the basis of the 'feel' factor (that is, based on the impressions of senior managers) rather than on any explicit methodology.

In Warwickshire itself, there has been a series of attempts to explore and improve methods of assessing needs and allocating resources (see, for example, Mason, 1997; Reading, 1998; Weeks, 1997). This work seems to have been inspired by a sense that resources should be allocated on a logical and transparent basis, and has been undertaken on the basis of a clearly articulated aim:

'To produce formulae-based resource allocation methods which are robust, are simple and practicable to use, can be communicated to the major stakeholders and which fit with the collective views of senior managers.' (Weeks, 1997: p. 2)

In particular, local research has focused on the use of an index derived from the Breadline Britain(1)

approach to poverty in order to allocate resources for various adult services between different area teams. Following the departure of a previous Director of Social Services, however, much of this work has not been pursued and the SSD has focused on achieving greater consistency in service criteria and priorities and on the County Council's role in community and economic development (Weeks, 1997). Despite this, some new grants within the SSD are still allocated on the basis of the Breadline Britain approach, although the complex methodology which the SSD has developed has been allowed to lapse and there is little clarity as to how the current system works in practice.

Following the launch of the new Department of the Environment, Transport and the Regions(2) (DETR) Indices of Deprivation (DETR, 2000a, 2000b), Warwickshire SSD is considering whether to update its method of resource allocation, replacing its previous Breadline Britain approach with the new index (see figure 1).

Figure 1 The DETR Indices of Deprivation 2000

The Indices of Deprivation 2000 (ID 2000) is based on the premise that deprivation is made up of multiple dimensions or 'domains'. As a result, the index includes six main domains, each of which is made up of a number of indicators (33 in total). According to the DETR (2000a: p.6): 'The criteria for selecting the indicators are that they should be statistically robust, up to date, available at a small area level for the whole of England and that they should directly measure a major aspect of the dimension of deprivation under consideration.' The domains are:

- Income
- Employment
- Health Deprivation and Disability
- Education, Skills and Training
- Housing
- Geographical Access to Services

Against this background, this study was commissioned by the Warwickshire Social Services Adult Planning Team with a view to investigating the use of deprivation measures to allocate resources within the local authority. In addition to carrying out a literature review, the

study sought to examine the allocation mechanisms of other local authorities in England and their attitudes to the new Indices of Deprivation 2000. Having obtained approval from the Association of Directors of Social Services Research Group, the study collected data via a semi-structured questionnaire sent to the Director of Social Services for each local authority in England.

Results I: Literature Review

The link between poverty and social care needs has long been apparent and it is now recognised that the majority of service users (somewhere between two thirds and 90 per cent) are in receipt of social security benefits (Becker, 1990; Stewart, 2000). Poverty has also been shown to be closely linked to ill health, disability, mental health, child abuse, 'delinquency' and a range of other social issues (Becker and MacPherson, 1988; Townsend et al., 1992), impacting on the work of social care practitioners on a daily basis. This is nothing new, and a recent study has suggested that poverty is one of the oldest defining features of social service provision:

'The reality has been that since the pioneering days of the Charity Organisation Society which witnessed the origins of modern social work in the UK at the latter end of the nineteenth century, one of the commonest characteristics of the social work service user has been poverty and deprivation.' (Green, 2000: p.288)

To date, attempts to define and measure deprivation have often been associated with the pioneering work of Peter Townsend (1979). Having surveyed over 2,000 households using 60 key indicators of standards of living, Townsend constructed a deprivation index based on 12 such indicators (see figure 2). This was widely acknowledged as a ground-breaking step forward, although Townsend's work was criticised in some quarters since it was based on Townsend's own interpretation of what constituted an acceptable lifestyle (see, for example, Piachaud, 1981). As a result, Townsend's methodology was later modified in a series of studies which sought to measure deprivation not according to expert definition, but according to public opinion or to the

experiences of those living in poverty themselves (see, for example, Middleton et al., 1994; Veit-Wilson, 1987; Walker, 1987).

Figure 2 Townsend's Deprivation Index

1. Has not had a week's holiday away from home in last 12 months.
2. *Adults only.* Has not had a relative or friend to the home for a meal or snack in the last four weeks.
3. *Adults only.* Has not been out in the last four weeks to a relative or friend for a meal or snack.
4. *Children only* (under 15). Has not had a friend to play or to tea in the last four weeks.
5. *Children only.* Did not have party on last birthday.
6. Has not had afternoon or evening out for entertainment in the last two weeks.
7. Does not have fresh meat (including meals out) as many as four days a week.
8. Has gone through one or more days in the past fortnight without a cooked meal.
9. Has not had a cooked breakfast most days of the week.
10. Household does not have a refrigerator.
11. Household does not usually have a Sunday joint (3 in 4 times).
12. Household does not have sole use of four amenities indoors (flush WC; sink or washbasin and cold-water tap; fixed bath or shower; and gas or electric cooker).

(Townsend, 1979: p.250)

Perhaps the most notable example of this consensual approach to measuring deprivation is a study initially conducted as part of a television series, *Breadline Britain* (Mack and Lansley, 1985). Commissioned by London Weekend Television in 1983, this study was repeated in 1990 (Frayman, 1992) and has since been re-analysed and expanded (Gordon and Pantazis, 1997; Gordon et al., 2000). It is this *Breadline Britain* approach which is currently used in Warwickshire to allocate new resources between different areas of the SSD.

During the 1990s, the formation of local authority anti-poverty strategies and the compilation of poverty profiles became increasingly common, not only in urban areas but also in rural shire counties (Alcock and Craig, 1998). Many of these profiles

have since been analysed and examined as part of ongoing monitoring programmes by bodies such as the Local Government Management Board Anti-Poverty Unit and the Association of Metropolitan Authorities (see, for example, Alcock et al., 1995; Balloch and Jones, 1990; Pearson et al., 1997). In one of the more recent overviews, Alcock and Craig (1998) studied a sample of 58 local poverty profiles. Drawing on previous work, they found that the profiles tended to make use of four broad areas of data:

- Nationally available data which is either easily available or can be re-analysed to provide information regarding local needs (e.g. the Census). This provided the bulk of data used in local poverty profiling.
- Data already compiled by the local authority, often for administrative purposes (e.g. council tax benefit records). This was very much an under-utilised resource.
- Data collected by other agencies (e.g. local branches of the Benefits Agency).
- Data compiled from *ad hoc* local exercises.

Although a wide range of indicators had been used, most profiles focused on material resources rather than on issues such as housing and the environment, health or social problems. Over time, there was evidence that local authorities were becoming more sophisticated in their approach to poverty profiling, expanding the range of indicators considered, critiquing census data and other official sources of information, considering various methods of producing overall composite indicators and using appropriate statistical weighting methods. Despite the rapid growth of poverty profiling and anti-poverty strategies, however, there were few attempts to correlate needs revealed through poverty mapping with the resources to meet those needs (Alcock and Craig, 1998). A similar finding was also uncovered during a previous Association of Metropolitan Authorities study, which found that few authorities approached the task of targeting resources on those most in need in an organised way, relying instead on 'commonsense' and general knowledge of local conditions (Balloch and Jones, 1990).

In seeking to allocate resources to different areas within their local authority, SSDs have two

different types of model available to them:

1. Deprivation Measures

Building on the work of Townsend (1979), a large number of deprivation indices have been developed using a range of statistical methods and a range of indicators. In 1995, a review of area measures of deprivation funded by the Joseph Rowntree Foundation sought to compare and

Figure 3 Area Measures of Deprivation

In 1995, a Joseph Rowntree Foundation-funded study sought to review ten deprivation indices:

- *Doe81*: The Department of the Environment's 1981 Z score (Department of the Environment, 1981).
- *Jarman*: Professor Brian Jarman's Underprivilege Area Score (Jarman, 1983; Jarman, 1994).
- *Townsend*: Professor Peter Townsend's deprivation index used extensively in social policy and health research (Townsend, 1987; Townsend *et al.*, 1988; Phillimore and Beattie, 1994).
- *Scotdep*: A deprivation index developed by Vera Carstairs and Russell Morris at Edinburgh University and used in the identification of health inequalities in Scotland (Carstairs and Morris, 1991).
- *Matdep*: A material deprivation index (Forrest and Gordon, 1993).
- *Socdep*: A social deprivation index (Forrest and Gordon, 1993).
- *Bradford*: A measure of social stress developed by Bradford Metropolitan Council (1993).
- *Oxford*: An index developed by a team of researchers at Oxford University using a predictive model of low income (Noble *et al.*, 1994).
- *Doe91*: The 1991 Department of the Environment Index of Local Conditions (Department of the Environment, 1995).
- *Breadline*: An index developed from the Breadline Britain poverty survey (Gordon and Pantazis, 1997) by Dr. David Gordon at the University of Bristol (Gordon and Forrest, 1995; Mack and Lansley, 1985).

For further information and for a comprehensive discussion of the various methodological issues at stake, see Lee *et al* (1995).

evaluate ten such indices, all based on the 1991 census (Lee et al., 1995). Despite emphasising that the search for a perfect deprivation measure is something of a 'holy grail', Lee et al. conclude that the Breadline Britain methodology is the 'best' index for identifying the most deprived wards at a national level. In making this decision, the researchers evaluated all ten indices against a number of key criteria concerning the conceptual framework, the choice and validity of indicators and methods of standardising, transforming and weighting indicators (Lee et al., 1995: pp.13-21, 73). Despite this, the Breadline Britain approach is not faultless, and may not be as appropriate as other indices for targeting the most deprived urban areas or targeting larger numbers of people.

Following the publication of the Rowntree study in 1995, the work of Lee et al. has been updated by the Social Exclusion Unit (2000c) and has in many ways been superseded by the recent launch of a new deprivation index. The Indices of Deprivation 2000 (ID 2000) is a new measure of multiple deprivation based on research commissioned by the former DETR and conducted by the Department of Social Policy and Social Work at the University of Oxford (DETR, 2000a, 2000b). Launched in August 2000, the ID 2000 replaces and updates previous official deprivation measures such as the Index of Local Conditions (renamed the Index of Local Deprivation in 1998). The ID 2000 comprises:

- Six ward level domain indices (income, employment, health deprivation and disability, education, skills and training, housing, geographical access to services)
- An overall ward level Index of Multiple Deprivation (IMD 2000)
- A supplementary Child Poverty ward level Index
- Six summaries at the local authority district level of the overall IMD 2000.

Although it is currently too early to examine the performance of the ID 2000 in action, a summary report does spell out a number of practical and methodological advantages of the Index (DETR, 2000a):

- The ID 2000 is based on a wide range of

indicators, drawing on 'the broadest range of data possible in the country to date' (DETR, 2000a: p.4).

- The ID 2000 is based on up-to-date information and most of its 33 indicators can be regularly updated.
- The ID 2000 draws on previously untapped data sources (such as Department of Social Security data and University and Colleges Admissions Service (UCAS) data).
- Unlike previous indices, the ID 2000 is capable of providing detailed information at a ward level.
- The ID 2000 is able to represent both overall deprivation in an area and small pockets of deprivation.
- The ID 2000 is based on a statistically robust methodology (DETR, 2000a: pp.11-12) that removes the methodological limitations of previous indices (see, for example, Connolly and Chisholm, 1999).

One of the ways in which the ID 2000 is being used is to help target regeneration money towards deprived areas. In recent years, this use of small area-based targeting has been a key feature of New Labour policies such as the New Deal for Communities, Health Action Zones and that Neighbourhood Renewal Strategy. Although there are a number of areas in the UK which suffer from multiple forms of deprivation, research suggests a number of advantages and disadvantages to area-based targeting (see figure 4).

Figure 4 Area-based Targeting

Advantages:

- There are identifiable geographical areas that suffer disproportionately from problems and require additional support.
- Problems overlap and are often made worse when they co-exist together.
- There is an increased polarisation between deprived and more affluent areas.
- Targeting resources captures a greater number of people as problems are often concentrated in particular areas.
- Focusing resources on small areas within tight boundaries can make more of an impact than if money is dissipated.

- Area-based approaches can often be more 'bottom up' than national mainstream programmes.
- Local programmes may lead to increased confidence and capacity to participate in the community.
- Successful area-based programmes can act as pilots and influence mainstream policies.

Disadvantages:

- Most deprived people do not live in deprived areas and will be missed by most targeted programmes.
- Area-based initiatives are unfair on other areas with similar needs not covered by the initiative in question.
- There are political difficulties associated with targeting.
- Area-based approaches can simply displace problems elsewhere.
- Action is required at a national level.
- Area interventions interfere with the market.
- Traditionally, it has been argued that small area data on deprivation has not been good enough to back up targeting decisions.

(Smith, 1999: pp.4-5; see also Glennerster et al., 1999; Lupton, 2001)

2. Assessment of Need

In spite of the large number of deprivation indices available, social service provision is also influenced by factors other than deprivation: demographic changes, demand, local priorities, and so on. As a result, a number of potential models for resource allocation focus not on deprivation, but on wider definitions of 'need'.

In the mid-1990s, the Department of Health commissioned the University of Kent's Personal Social Services Research Unit (PSSRU) to examine the issue of needs-based planning in SSDs (Bebbington and Rickard, 1999). In addition to reviewing a number of methods of population needs analysis being explored by local authorities, the authors undertook a demonstration project in Surrey SSD to develop a population needs assessment model and highlight its application to local policy issues. The model developed was complex, combining an assessment of individual

needs, estimates of target groups within local populations, estimates of demand for social care allowing for take-up, a consideration of service options and unit costs. Constructing the model took around a year, and the authors conclude that input from external consultants will be required for other local authorities seeking to undertake a similar process of needs-based planning. As a result, the authors maintain that:

'The case for needs-based planning within social services departments remains open. Though the approach is persuasive, there are a number of challenges to meet before it can be established as a useful routine tool for planning at a local level. These include: recognising the types of question for which the approach is most effective; developing systems that can be applied within the normal time-scale and resources of a local authority; ensuring the reliability and credibility of evidence; and striking a balance between ease of use and comprehensiveness... Population needs assessment is still not at a stage of having become a routine planning tool for social services departments, and the need for further experimentation continues.' (Bebbington and Rickard, 1999: pp. 3 and 46)

Following the PSSRU pilot study in Surrey, the same methodology was considered for use in Warwickshire (Reading, 1998), but rejected on the grounds of its complexity. Other limitations included the lack of availability of unit costs at district level and a lack of time and resources to conduct the large-scale survey required to predict service volumes. As a result, Warwickshire simply applied findings from the PSSRU's work in Surrey with few modifications to take account of the local context (Reading, 1998).

In seeking to consider the practical uses of needs-based planning, Bebbington and Rickard conclude that 'the most significant application of population needs assessment in the UK is for the allocation of funds from central to local government' (Bebbington and Rickard, 1999: p.8). For social services, the main example is the Standard Spending Assessment (SSA), although other models exist for health services (Carr-Hill et al., 1994). In some cases, the SSA methodology has been adopted

locally for internal resource allocation, although the model has been widely criticised for hindering attempts to plan ahead, taking no account of efforts to modernise services, relying too heavily on the mechanical application of statistical analysis and obscuring accountability (DETR, 2000c; Glasby and Glasby, 1999). A further model for internal distribution at a local level is the Social Services Research and Development Unit (SSRADU) Resource Allocation Decision Support model (Wright and Gould, 1995), although the model has not been widely adopted due to political difficulties following the reorganisation of the local authority that commissioned and piloted the initial SSRADU research (personal communication, SSRADU). As a result, the model has not been widely publicised and details of the methodology employed are only available via a small article in the academic press (Wright and Gould, 1995).

In seeking to compare different models of resource allocation, there are a series of practical considerations. These are seldom set out in an explicit manner in the wider literature and may sometimes only be apparent when a particular approach has been adopted and tested in practice:

1. *Simplicity*: A major limitation with many/all of the above models is the statistical expertise required to apply and understand them. This can lead to a situation where workers and members of the public alike feel overwhelmed and disillusioned, failing to comply with data collection requirements, failing to participate in local elections and failing to recognise the importance of local government finance for providing high quality services and maintaining local democracy (Bebbington and Rickard, 1999: p. 9; Glasby, 2000a, 2000b; Glasby and Glasby, 1999).

A classic example is the SSA, which is renowned for its complexity:

'I have never attempted to understand the Standard Spending Assessment. I am assured that those who do invariably become quite mad.' (extract from Hansard, April 1998, quoted in Ford, 1999: p.1)

Despite attempts to reduce such complexity, there is a natural tendency for any given model to expand as it is subjected to analysis and criticism until it becomes too unwieldy to be of practical value. This process is described with reference to the SSA in a recent handbook on local government finance:

'Although at first glance it seems unbelievable that anyone would choose a process like this [i.e. the SSA], the fact remains that successive governments have failed to find anything better. On closer inspection, it is not difficult to see how such a system could have developed. Clearly central government needs to support local spending. To do so, the government could introduce a system of rough justice, distributing so much per head of population in each area. However, many commentators would suggest that this is unfair since some authorities have more children and some more older people. Some are more densely populated, while others are more deprived. The more issues raised, the more complex the formula becomes. And so it goes on, until, in the search for equity, we have created a monster.' (Glasby and Glasby, 1999: p.34)

As Bebbington and Rickard observe:

'For most local authorities, the primary concern is to have a model which is practically robust and requires a manageable amount of data input. While it is desirable to consider the comprehensive range of features that a population needs assessment may need to cover,... the inclusion of increasingly sophisticated features soon starts to give minimum return. At the same time, over-simplified methods have produced results which are too easily dismissed as being misleading. The balance is a difficult one to achieve.' (Bebbington and Rickard, 1999: p.46)

In previous work in Warwickshire, the need for simplicity has been a primary consideration (Mason, 1997; Weeks, 1997) and the difficulty of finding a statistically robust yet easily comprehensible method of resource allocation

appears to have been a key factor in hindering previous attempts to examine this issue (Weeks, 1997).

2. *Political Issues*: Equally significant are the political tensions inherent in seeking to change resource allocation mechanisms. With any re-organisation there tends to be both losers and winners, and alterations in funding for those that will lose out under the new system tend to be extremely unpopular. This is clearly illustrated in a recent review of local authority anti-poverty strategies, where the authors highlight the political controversies which can be caused by attempts to target resources on particular geographical areas:

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'... for many authorities experiencing increasing demands on decreasing levels of real resources, the targeting of what can be characterised as an unequal proportion of those resources to certain small areas can cause difficulties regarding wider political support ... 'Postcode politics' has been identified as a problem in a number of authorities where certain politicians have distinct geographical powerbases.' (Alcock et al., 1995: p.78)

To reduce the political tensions generated by changes in resource allocation mechanisms, one local authority sought to base its methodology on objective socio-demographic data and adopted a borough-wide participative approach, consulting front-line workers, trade unions, area management teams and seconding a full-time Principal Officer to oversee the project (McGloin and Wilson, 1990).

3. *Demand*: In seeking to allocate resources, it is tempting for SSDs to distribute funding on the basis of demand rather than need, selecting criteria such as the number of unallocated cases and referral rates. As practitioners in Greenwich Social Services suggest, however, such an approach should be rejected:

'We rejected as 'needs indicators' rates for referrals, children in care, child protection registrations, mental health 'sections' and the like, because they were subject to local variations in policy and practice. Using such data could be seen as penalising good practice

which sought to prevent crisis admissions or which carefully targeted resources. Debates of a frustrating and destructive nature could then ensure. Instead we attempted to select more 'objective' socio-demographic data which were, nonetheless, thought to be both relevant and sufficiently accurate and up-to-date to inspire confidence in the results.' (McGloin and Wilson, 1990: p.37)

Thus, any local authority seeking to make changes to its resource allocation mechanisms will have to consider the relevance and transparency of its approach, the political implications of its actions and the balance to be struck between need and demand.

Results II: Survey of English Local Authorities

One of the major limitations of any literature review is that much of current practice is unpublished in the academic or professional press and remains the subject of so-called 'grey literature' (unpublished and often internal documents and research studies). As a result, the present study has sought to collect information directly from local authority SSDs themselves in order to establish the resource allocation models currently in use. Of the 150 SSDs in England, 33 (22 per cent) took part in this study. Thus, this section of the study can only present a snap-shot of experiences in the 33 authorities that responded to the survey and may not necessarily be representative of the situations in those authorities that did not respond. Although questionnaires were initially sent to the Director of each department, many were passed to finance officers or to planning units. Although the questionnaire asked for details of resource allocation for all user groups, individual respondents sometimes geared their responses to the service user group with which they were most familiar.

Of the 33 participating authorities, the vast majority allocated resources between different geographical areas on a historical basis, basing next year's budget on previous spending and allocation patterns. At the same time, a number of departments considered issues such as population and/or deprivation, often coupled with more subjective notions of 'demand' (see figure 5 and below). A significant number of respondents were

unitary authorities and felt that they were too small and compact to allocate resources between different geographical areas.

Figure 5 Resource Allocation

Method of resource allocation	Number of authorities	% of participating authorities
Historical basis	21	64
Per capita	8	24
Deprivation	7	21
Do not allocate between geographical areas	9	27

In addition to the factors set out in figure 5, a number of individual authorities took additional factors into account such as:

- Demographic factors (e.g. the number of older people, people from ethnic minorities, children with a disability etc.)
- Additional pressures on/changes in service demand
- Political/party requirements
- Sparsity
- Local managers' judgement
- User consultation

When seeking to make decisions about their resource allocation, a number of authorities drew on formal models (see figure 6) such as the Standard Spending Assessment (see above), the Index of Local Deprivation (DETR, 1999) or the Jarman Index (Jarman, 1983). Of the remaining models, all appear to be based on formulae or indicators developed in-house rather than on formally validated or nationally available allocation mechanisms. Typically, these in-house approaches relied on socio-demographic data (see figure 7).

In addition, one authority reported that local health services were developing a computer-based model of resource allocation. Two other authorities are also in the process of developing new resource allocation mechanisms (one based on needs, services and demand, and the other based on age-weighted population, income support, people

living alone, people with limiting long-term illness, people lacking facilities/central heating and sparsity).

Figure 6 Formal Models

Model	Number of authorities	% of participating authorities
SSA	7	21
Jarman Index	1	3
The Index of Local Deprivation	1	3
In-house model	4	12

Figure 7 Examples of Formal Models

Authority 2 uses a weighted formulae based on the age of older people and on deprivation/age for children.

Authority 5 uses an internally developed resource allocation index for each of its main user groups: children, mental health, learning difficulties, physical/sensory disability and older people. As an example, the mental health index considers factors such as the number of people with mental health problems, unemployment figures and housing benefit statistics, while the older person's index includes demographic data, housing benefit and the number of pensioners living alone.

Authority 19 considers issues such as demography, the Index of Local Deprivation, previous spending, the number of residential placements and the cost of local domiciliary care.

Authority 34 uses a medium term allocation formula for its adult services, incorporating demographic data, mortality and the Jarman Index.

In the vast majority of cases, the only distinguishing feature of the 33 responses was the complexity of the resource allocation system that was being described, and many respondents found it difficult to explain their authority's approach in writing in a way that was easily comprehensible to a non-expert.

Of the 33 participating authorities, 8 (24 per cent) had experience of using the Indices of Deprivation 2000 and a further 5 (15 per cent) indicated that they were considering using the index in the future. However, those authorities already using the index ranged from those merely seeking background information for planning purposes to those who appear to have analysed the index in some detail and compared its results with existing patterns of demand. In the same way, those authorities considering the Indices of Deprivation for the future ranged from those who had simply heard of the index and thought it might be useful to those who were seriously considering using the index for resource allocation purposes. In commenting on the usefulness of the Indices of Deprivation, three (9 per cent) participating authorities identified a number of limitations which they felt significantly restricted the index's potential relevance for SSDs:

- Some of the indicators may not be particularly relevant for individual user groups. Although the Indices of Deprivation give a high weighting to income and employment, domains relating to housing and geographical access may be more significant for groups such as older people. In the same way, the education and employment domains may not be very relevant for SSDs. Even though some domains do affect social services provision, individual indicators relating to children would not be of use to an older person's team.
- The inclusion of data based on social security benefits may not be accurate due to differences in the take-up of benefits. The authority that identified this issue believes that its own take-up rates are low, possibly due to its large and fairly new ethnic minority population.
- One authority found that the Indices of Deprivation were not very useful for identifying pockets of deprivation among older people in a relatively wealthy community.
- The Indices of Deprivation do not take account of factors such as public health, crime, the physical environment and the number of people living alone.

When asked to comment on the appropriateness of deprivation measures for allocating social services resources between different geographical areas of a local authority, respondents overwhelmingly

suggested that deprivation measures would be a useful component of any resource allocation mechanism, but should not be used in isolation (see figure 8).

Figure 8 Deprivation Measures

Attitude to deprivation measures	Number of authorities	%
Deprivation measures are useful for allocating resources	23	70
Deprivation measures should be accompanied by other measures of need/demand	13	39
Deprivation measures are relatively irrelevant for small unitary authorities, but may be useful in larger authorities	2	6
Deprivation measures can be useful, but political considerations also influence the allocation process	1	3
Deprivation measures may provide contextual information, but recent spending patterns may be more up-to-date than some census data	1	3
Measuring deprivation can be very complex in two-tier authorities or where other agencies (e.g. NHS) do not share common boundaries	1	3
Allocating on the basis of deprivation needs to take into account the fact that deprived areas will yield less income in user charges	1	3
Deprivation measures are useful, but need to be sufficiently simple to encourage ownership of resource allocation methods	1	3

Overall, advantages of using deprivation measures were felt to include:

- Providing data for benchmarking purposes
- Informing resource allocation
- Identifying priority areas for action
- Providing information for planning purposes

Despite this, over one third of participating authorities emphasised that deprivation is not the only factor that should be taken into consideration when allocating resources:

'Any indicator of this nature [deprivation] is only a surrogate indicator.'

'[Deprivation measures] are considered to be a significant element in determining resource allocation across different areas... Information from care management systems, local need audits, consultation exercises, analysis of unmet need should all be considered as part of this process. Deprivation alone is insufficient to determine resource allocation.'

'My personal concern is that we need to avoid associating deprivation factors directly with demand/need for services as although there is a link, there's not necessarily direct correlation. There is often high social/health care need in the not so deprived areas.'

Alongside the use of deprivation measures, respondents emphasised the need to consider factors such as demographic data, disability levels, management information about service demand and take-up, unmet need, consultation exercises, local needs audits and sparsity. In one authority, deprivation was considered when allocating resources, but the authority had taken a conscious decision to keep its formula simple in order to 'encourage ownership'.

Discussion

Although there is a large body of literature examining the relative merits of a range of deprivation measures, SSDs need to consider what factors they wish to take into account when allocating resources. Although social services provision is closely linked with poverty, a key message from respondents during this study was that deprivation measures should not be used in

isolation and must incorporate other measures of need. Unfortunately, measuring 'need' is difficult, and there is no satisfactory model for doing so. Although various authorities seem to have sought to resolve this issue by basing allocation decisions on demand and on a range of socio-demographic factors, this runs the risk of producing extremely complex results and of penalising good practice. In seeking to explore the issue of resource allocation, moreover, authorities such as Warwickshire are not aided by the relative neglect of this issue in other local authorities. Although a small number of SSDs have sought to draw on existing models of resource allocation or develop in-house alternatives, the vast majority do not appear to have explored or questioned their resource allocation and rely on historical spending patterns. Even those authorities that seek to take a range of additional factors into account seem to be relying heavily on potentially subjective judgements about service demand and political priorities. In many ways, this is hardly surprising in light of the political tensions and the technical issues that developing new methods of resource allocation can raise.

Although the Indices of Deprivation 2000 is a relatively new measure, this study suggests that the index has been used/considered for use in a number of SSDs and appears to have a number of practical advantages over previous instruments. Above all, the index is based on a wide range of up-to-date indicators, draws on previously untapped data sources, provides detailed information at a ward level, represents both overall and small pockets of deprivation and is statistically robust. Despite this, a small number of respondents have identified what they feel are shortcomings in the Indices of Deprivation and there is considerable concern that deprivation measures should not be used in isolation. For many respondents, deprivation measures have their role to play in resource allocation, planning and targeting action, but are not the only indicator of need for social services provision.

Above all, however, this study suggests that those authorities seeking to develop a rational and equitable method of resource allocation will need to consider the political tensions that such changes can create and guard against the danger of creating

too complex a system. For workers and members of the public to have ownership of their local services, such services need to be based on transparent and easily comprehensible methods of resource allocation. This is a crucial principle that has been identified by Warwickshire since its initial attempts to consider resource allocation methods, and one that this study suggests should be retained.

Conclusion

By beginning to explore the issue of resource allocation, Warwickshire is engaging with an issue that few participating authorities have addressed in anything like a systematic fashion and one that raises a number of dilemmas. While different deprivation measures may be more appropriate for use in allocating resources than others, there are no magic formulae and no easy answers. Changing the way an authority allocates resources is complex and controversial, and further analysis will be required to ensure that any changes are based on a comprehensive and appropriate methodology, yet one that is sufficiently transparent for ordinary people to understand. Against this background, authorities like Warwickshire interested in updating resource allocation mechanisms will have to find answers to a series of unresolved issues:

- Are authorities sufficiently convinced of the link between poverty and social work to allocate resources on this basis?
- If so, which aspects of their budget might departments want to allocate in this way?
- If not, what other mechanisms might be appropriate for allocating resources and which factors should be taken into account?
- How can authorities allocate resources in a fair and robust manner, yet one which is sufficiently transparent and simple for non-experts to understand?

In the absence of answers to questions such as these, the natural temptation is for many local authorities to continue to allocate resources on a historical basis, preferring this to engaging with the complexities which changing resource allocation mechanisms can raise.

Acknowledgements

The study on which this article was based was commissioned by the Adult Planning Team at Warwickshire Social Services.

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Notes

(1) In 1983, London Weekend Television commissioned MORI to conduct the Breadline Britain survey with a nationally representative sample of 1174 people. The study had a dual purpose:

- To establish what constitutes a minimum living standard according to public opinion.
- To use this data to examine people's actual living standards.

Unlike many previous studies, this was a *consensual* approach, seeking to "identify a minimum acceptable way of life not by reference to the views of 'experts', nor by reference to observed patterns of expenditure or observed living standards, but by reference to *the views of society as a whole*" (Mack and Lansley, 1985: p.42, emphasis in the original).

Using data from the Breadline Britain study, researchers have developed a series of deprivation indicators that best explain the poverty found in the study (Gordon and Forrest, 1995: p.6; Lee et al., 1995: pp.28-29):

- Number of households with no access to a car
- Number of households not in owner-occupied accommodation
- Number of lone parents
- Number of workers in social classes IV and V
- Number of households containing a person with a limiting long-term illness
- Unemployed workers

(2) Since the ID 2000 was developed, responsibility for local government has passed from the DETR to the Department of Local Government, Transport and the Regions and, more recently, to the Office of the Deputy Prime Minister.

