

PUBLIC ACCOUNTS SELECT COMMITTEE			
Report Title	Funding and Financial Management of Adult Social Care.: Update		
Key Decision	No	Item No.	6
Ward	All		
Contributors	Executive Director for Community Services		
Class	Part 1	Date: 10 th December 2014	

Reason for Urgency

The report has not been available for 5 clear working days before the meeting and the Chair is asked to accept it as an urgent item. The report was not available for despatch on Tuesday 2 December due the need for additional data and information to be gathered prior to publication. The report cannot wait until the next meeting due to the committee's work programme timetable.

1. Purpose

1.1. This report sets out an update on progress on implementation of the recommendations of the Public Accounts Select Committee's (PAC) review into the Funding and Financial Management of Adult Social Care.

2. Recommendations

Public Accounts Select Committee is requested to :

2.1. Note the progress on the ten recommendations made at its November 2013 meeting

3. Policy Context

3.1. Personalisation and the integration of Health and Social Care are two of the key drivers in the delivery of Adult Social Care services in Lewisham.

3.2. Following the Dilnot report in 2012, the Care Act will into force in 2015. This will consolidate a range of existing legislation into one unified statute.

3.3. The overall vision for Lewisham is established in the Sustainable Community Strategy. The recommendations arising from the PAC review relate to the strategic priority - 'Healthy, Active and Enjoyable' where people can actively participate in maintaining and improving their health and well-being.

3.4. Additionally it links to the Council priority 'caring for adults and older people – working with health services to support older people and adults in need of care'.

4. Background

4.1. At its meeting of 17 April 2013, PAC decided as part of its work programme to undertake an in-depth review into the funding and financial management of Adult Social Care. The Committee agreed that, set against the context of potential increasing spend due to a demand led service and changing demographics as well as increased pressures to save money on local authorities, adult social care services face significant challenges. Added to this are potential changes emerging from central government which could have a serious impact on the finances of adult social care services. Therefore the Committee decided to pursue the following key lines of inquiry

- How are demographics changing in Lewisham and what increased financial pressures could this represent?
- How is the adult social care budget being managed now?
- What has been the financial impact of the rollout of personalisation?
- How are contracts and procurement managed within adult social care?
- Have there been or are there planned any ways to improve the cost effectiveness of these?
- How has the application of charging within adult social care been structured and how has this impacted on the overall budget position?
- What is the likely impact on adult social care of the provisions set out in the Care Bill and the Dilnot proposals?
- What is the potential for the use of alternative delivery models, such as trading companies or the increased use of public health responsibilities to support adult social care?

4.2. The Committee held evidence taking sessions in July and September 2013, receiving their final report and making their draft recommendations at their meeting on 11 November 2013.

4.3. Following the Select Committee a referral was made to the Mayor and Cabinet on the 18 December 2013. Ten recommendations were made. Officers responded to these recommendations in a report to Mayor and Cabinet on 5th March 2014 and to Public Accounts Select Committee on 25th March 2014.

5. Update on recommendations

5.1. Recommendation 1

5.1.1. The personalisation agenda within Adult Social Care should be further pursued and promoted by the Council as a way of offering services that are more flexible and suited to individual needs, as well as creating savings.

5.1.2. Original officer response : Adult Social Care has maintained a steady focus on transforming the service delivery model to embed

personalisation and improve outcomes for people. It is anticipated that this move from a traditional allocation of services and hourly rates to personal budgets will improve choice and control to people who meet the Council's eligibility criteria as well as secure savings/efficiencies. The reorganisation of the assessment and care management team will ensure that specifically trained staff will manage the administrative aspects of personalised care and support planning which will free up qualified frontline practitioners to work with those people in most need.

5.1.3. Update : There is a continued focus on embedding practice that focuses on pro-active prevention and short term support such as Enablement to help people to reach their maximum level of independence before any on going care and support is agreed. The approach to assessment puts the person at the heart of the discussion with the practitioner and looks at the opportunities there are in the community and from the persons own support network and resources as well as what may be purchased from the personal budget allocation. In some cases the person will receive an assessment and support plan that does not require any expenditure from the Council as needs can be met by opportunities available within the community or purchased by the individual. When a personal budget is allocated the practitioner will work with the individual and the care provider to make sure that needs are met in the way that best suits the person. Work is ongoing to achieve what is a cultural change within the workforce so that care and support has a focus on the person and their needs rather than a service solution.

5.2. Recommendation 2

5.2.1. The increased use of direct payments for services should be promoted, ensuring that there is effective oversight and monitoring of the direct payment process in place.

5.2.2. Original officer response : Direct payments are a form of personal budgets. Adult Social Care has recently changed the administrative processes to reduce bureaucracy and improve its ability to monitor the use of payments by establishing an in-house team who have a specific focus on this task. The overall process is more user friendly and is complemented by the support planning process and allocation of resources to ensure choice, control and efficient use of a range of resources.

5.2.3. Update : The Direct payment process is well embedded as part of the assessment and support planning process .A budget is allocated based on the assessment of need. The process in place ensures transparency of the use of the budget as pre payment cards are used and expenditure is monitored as to ensure it is used appropriately. We are able to identify any anomalies that would suggest improper use and deal with these at an early stage.

5.3. Recommendation 3

- 5.3.1. Local markets supplying Adult Social Care services to those in receipt of direct payments should be further developed, with particular attention paid to supporting local voluntary and community groups that promote social cohesion.
- 5.3.2. Original officer response : Work is underway to build capacity and develop options that will support individuals within their communities. It is anticipated that greater involvement with the range of services that are being developed within the voluntary sector, and access to community networks across the borough will have a preventative effect by reducing isolation, and support the development of community based enterprise.
- 5.3.3. Update : Significant work has taken place with the voluntary sector to build a range of service which offer service users access to a wide range of options designed to offer an alternative to traditional care services. In November 2013 Lewisham Council funded a consortium led by Age UK Lewisham and Southwark for 18 months to deliver the Community Connections Programme. this is a preventative community development programme aimed at supporting very vulnerable people to improve their social integration and wellbeing. Individuals have a person centred support plan which identifies their skills, interests and needs and connects people to relevant organisations and groups in their local area. The Community Connections programme works closely with the integrated health and social care teams and is a key part of the neighbourhood model of care and support The programme aims to support 1200 people over 18 months.
- 5.3.4. Community Connections also works with local organisations and groups to build capacity and ensure sustainability. The programme aims to undertake planned development work with 40 community groups and make connections with 160 organisations, groups and forums during the 18 month period. Key findings from the recent interim evaluation report indicate that the project has started successfully and is well known across the borough, Community Connections has brought together information on a wide range of community resources which were previously unknown to health and social care. 515 people were referred to the programme between November 13 and September 2014 with 86% of those referred reporting an improvement in their wellbeing following support from community connections.
- 5.3.5. Development visits have taken place with 160 community groups and organisations in Lewisham and detailed development plans are in place with 27 community groups.
- 5.3.6. In addition to the worked carried out by Community Connections the Council have funded Entelechy Arts to offer an alternative to traditional day care for older people "Meet me at the Albany" aims

to recognise the creative potential of older people and has been extremely successful at engaging vulnerable people in a wide range of activities such as circus skills, book binding and poetry.

5.3.7. Following an assessment of an individual's needs, support planners will work within the neighbourhood teams to help people use personal budgets or direct payments to access all of the services described.

5.3.8. For those who choose to have their need for personal care met by the council this care is currently provided by a range of providers commissioned by the council via a framework agreement. This care is currently delivered in a traditional time and task model. Officers are currently working on proposals for the recommissioning of personal care services. The aim is to move away from a tradition time and task model to one which is much more outcome focused offering greater flexibility and choice for the service user and their family. Officers are currently working with a wide of providers to explore different models of service delivery. a recent market event to explore the development of an outcomes based framework for domiciliary care services attracted xxx providers many of whom had not previously worked within the borough

5.4. Recommendation 4

5.4.1. The Committee supports the work carried out so far to integrate Adult Social Care with health services. This work should be maintained and further advanced with the new Lewisham and Greenwich NHS Trust, GP Practices and Public Health. Opportunities for further savings should be explored through integrating budgets and creating efficiencies.

5.4.2. Original officer response : The Government announced their aspiration for health and social care to be integrated by 2018. The Integrated Care Programme has been established in partnership with the CCG, LGHT, GP's and Housing. This work is overseen by the Health and Wellbeing Board.

5.4.3. Update : The work of the Adult Integrated Care Programme is progressing steadily and activity is monitored by the Adult Integrated Care Programme Board and overseen by the Health and Wellbeing Board.

5.4.4. Members of the Health and Wellbeing Board receive regular reports on the integration programme and any related matters. At the Board's last meeting on 25 November 2014, members received an update on the Neighbourhood Community Teams; on the amalgamation of the Social Care Advice and Information Team and District Nursing Call Centre; and on plans for an enhanced online health and care information offer.

5.4.5. The Board also received an update on the Better Care Fund Plan, which sets out how funding to support integration will be used and on the joint Commissioning Intentions Integrated Care.

5.5. Recommendation 5

5.5.1. Knowledge of Adult Social Care and the services it offers should be improved among all areas of the health sector. Promoting and improving signposting to Adult Social Care Services could provide improved longer term health outcomes and increased value for money.

5.5.2. Original officer response : Improved access to information and advice on the services, activities and opportunities available across the borough to support health and wellbeing at all levels of need, promote independence and reduce the need for ongoing support, is a key workstream within the Adult Integrated Care Programme. This will look at removing duplication, streamlining processes and securing efficiencies across the sector.

5.5.3. Update: The Adult Integrated Care Programme Board recently agreed plans for a comprehensive and user friendly web resource which will be hosted on the Council's website. The web resource will equip local residents with information and advice about keeping well and how to access health and social care services alongside other services such as housing support. It will provide a single, reliable source of information and advice about care and support services for both professionals and residents and ensure that the information and advice requirements of the Care Act are met. Future developments include tools to enable residents to make referrals and access services online.

5.5.4. More widely, the programme includes the establishment of the joint neighbourhood teams which bring together health and social care professionals, increased support within the community to reduce hospital admissions and to improve the timeliness of discharges from hospital. The programme also focuses on workforce development to strengthen relationships between professionals and embed joint values and ways of working. This work aims to improve customer experience and the levels of knowledge between sectors.

5.6. Recommendation 6

5.6.1. An assessment should be carried out of the short-term impact that deferred payments for care introduced under the Care Bill will have upon Council finances and ensure there is adequate provision made for any impact.

5.6.2. Original officer response : The government have estimated the national impact of proposed changes to deferred payments and have indicated that matching funding will be available. However,

given the lack of detail of the proposals and the difficulty in projecting take-up it isn't yet clear whether the funding will be sufficient locally. In Lewisham, despite our having a fully developed scheme, take up has been low – usually fewer than 10 cases at any one time. For each of these there is a delay in collecting full contributions with “debts” building up at approx £20k to £30k p.a. On this basis, if all the known local self-funders applied (successfully) for a deferred payment, debt would build up at up to £1m more p.a. than at present. This would have a noticeable impact on the Council's cash flow in the medium term but the lost interest would, in theory, be recovered in the longer term once the loan was repaid.

5.6.3. Current proposals are that deferred payments would only be available in cases where the service user had less than £23,250 in cash, investments etc as well as their property asset. This is likely to significantly reduce the number of new applicants.

5.6.4. There are some financial risks to an expansion of the scheme:

- Recovery of debts: there will potentially be increased recovery activity, disputes and legal challenges when attempting to recover the monies local authorities are owed and increased exposure to financial losses. There are also financial risks if the package of care exceeds the value of the asset. To date, however, all deferred payments have been recovered without the need for legal action.
- Loss of council tax income: houses that are empty through a deferred payment when the individual is in residential care are exempt from council tax. This would result in an additional loss of income.
- Upfront costs & administration: A universal or right to a means-tested scheme could result in an increase in administration and upfront costs. The Care Bill gives local authorities the ability to charge a set-up fee and a rate of interest. However, as with other parts of the proposals, it remains unclear whether this will ensure that the scheme runs on a cost-neutral basis for local government.
- On-going property maintenance: The proposals are not clear about who is responsible for the costs associated with property maintenance and up-keep whilst the owner is in care. It is imperative that the property does not depreciate in value. Dramatic depreciation in value would considerably reduce the value of assets the person receiving care is seeking to protect through the cap and deferred payment. It would also affect the ability of the local authority to recover the full costs of care. Local authorities will also be required to provide information and support to homeowners on maintaining their property. For county councils in two tier areas they will need to work closely with partners, including district councils. The unique situation in two-tier local authorities with

regards to this issue must be specifically recognised in forthcoming guidance.

- Local housing supply: There is arguably an inherent policy tension between the government wanting to build more houses on the one hand yet encouraging homes to remain vacant (through deferred payments) on the other. Moreover, the means-test on non-housing assets could provide a disincentive to downsize and therefore restrict the recycling and supply of larger family homes.
- Extension of deferred payments to other care settings: The possibility that the scope could be extended to care provided at home would significantly increase numbers, risks and costs to the Council.
- Given the uncertainties, some councils have argued that operation of deferred payments should be transferred to a national agency.

5.6.5. Update : Guidance on implementation of this, and other key aspects of the Care Act was received in October 2014. The main aspects are as follows .

5.6.6. Deferred payment agreements are designed to prevent people from being forced to sell their home in their lifetime to meet the cost of their care. Local authorities must offer them to people who meet the criteria below and who are able to provide adequate security. They must offer them to people who have local authority-arranged care and support, and also people who arrange and pay for their own care, subject to these criteria. The regulations specify that someone is eligible for and so must be offered a deferred payment agreement if they meet all three of the following criteria at the point of applying for a deferred payment agreement:

(a) anyone whose needs are to be met by the provision of care in a care home. This is determined when someone is assessed as having eligible needs¹³⁵ which the local authority decides should be met through a care home placement. This should comply with choice of accommodation regulations and care and support planning guidance and so take reasonable account of a person's preferences;

(b) anyone who has less than (or equal to) £23,250 in assets excluding the value of their home (i.e. in savings and other non-housing assets); and

(c) anyone whose home is not disregarded¹³⁶, for example it is not occupied by a spouse or dependent relative as defined in regulations on charging for care and support (i.e. someone whose home is taken into account in the local authority financial assessment and so might need to be sold).

5.6.7. As well as providing protection for people facing the prospect of having to sell their home to pay for care, deferred payment

agreements can offer valuable flexibility, giving people greater choice over how they pay their care costs. Local authorities are, at their discretion, permitted to be more generous than these criteria and offer deferred payment agreements to people who do not meet the above criteria. In deciding whether someone who does not meet all of the criteria above should still be offered a deferred payment, some considerations a local authority may wish to take into account include (but are not limited to):

(a) whether meeting care costs would leave someone with very few accessible assets (this might include assets which cannot quickly/easily be liquidated or converted to cash);

(b) if someone would like to use wealth tied up in their home to fund more than just their core care costs and purchase affordable top-ups (see further guidance on 'How much can be deferred' below);

(c) whether someone has any other accessible means to help them meet the cost of their care and support; and/or

(d) if a person is narrowly not entitled to a deferred payment agreement given the criteria above, for example because they have slightly more than the £23,250 asset threshold. This should include people who are likely to meet the criteria in the near future

Local authorities may also at their discretion enter into deferred payment agreements with people whose care and support is provided in supported living accommodation.

5.6.8. A local authority may refuse a deferred payment agreement despite someone meeting the eligibility criteria:

(a) where a local authority is unable to secure a first charge on the person's property;

(b) where someone is seeking a top up; and/or

(c) where a person does not agree to the terms and conditions of the agreement, for example a requirement to insure and maintain the property.

In any of the above circumstances, a local authority should consider whether to exercise its discretion to offer a deferred payment anyway (for example, if a person's property is uninsurable but has a high land value, the local authority may choose to accept charges against this land as security instead).

5.6.9. The deferred payment agreement scheme is intended to be run on a cost-neutral basis, with local authorities able to recoup the costs associated with deferring fees by charging interest. Local authorities can also recoup the administrative costs associated with DPAs, including legal and ongoing running costs, via

administration charges which can be passed on to the individual. Administration charges and interest can be added on to the total amount deferred as they are accrued, although a person may request to pay these separately if they choose.

5.6.10. Officers are developing a policy to include : any flexibility over circumstances where a DPA will be offered (see paragraph 5.6.7 above), circumstances when a DPA will not be offered (para 5.6.8 above), administrative fees and interest rate.(para 5.6.9.above). The work on fees is being undertaken in conjunction with other London councils.

5.7. Recommendation 7

5.7.1. The feasibility of forming a Local Authority Trading Company to trade in Adult Social Care services should be explored.

5.7.2. Original officer response : ASC are exploring a range of service delivery models that may include a Trading Company.

5.7.3. Update : The Chief Executive is coordinating work across Council on the scope for formation of LATCs.

5.8. Recommendation 8

5.8.1. Contracts held by Public Health should be re-examined when due to be renewed, with funding directed towards areas that will not only lead to longer term health improvement but could also contribute to reduced future spending.

5.8.2. Original officer response : A comprehensive contract review is to be undertaken. This will include consideration of alternative service providers, especially for the larger value contracts. In 2014/15 ASC are retendering both the block nursing home contracts and the Domiciliary Care contracts.

5.8.3. Update ; Savings of £3.077m against the existing public health programme have been proposed for 2015/16. The savings proposals have had pre-scrutiny consideration by the following council select committees: Children and Young Peoples Select Committee; Healthier Communities Select Committee;

5.8.4. The savings proposals have also been discussed at partnership meetings with the CCG and Lewisham and Greenwich Trust, and several voluntary organisations. In addition, Lewisham and Greenwich Trust were broadly informed of the proposed changes in the Commissioning Intentions letter, dated 30 th September 2014, sent to the Trust by Lewisham Clinical Commissioning Group, regarding Sexual Health Services, Stop Smoking Services and the Community Health Improvement Service.

5.8.5. On Nov 12th the Mayor & Cabinet agreed that a period of consultation should be undertaken. The consultation will be considered by the Healthier Communities Select Committee and the Health and Wellbeing Board as well as a cross select committee Task & Finish Group. The final budget decisions will be recommended by Mayor & Cabinet in Feb 2015 and agreed subsequently as part of the budget for 15/16 by full council.

5.9. Recommendation 9

5.9.1. That the London Living Wage should be paid for all those providing residential and domiciliary care in London for Lewisham service users, including those employed via direct payments.

5.9.2. Original officer response : The existing Domiciliary Care framework is based on the providers paying the London Living Wage. Direct payments are set at an hourly rate that makes the LLW affordable. Officers are exploring the inclusion of the LLW in Nursing Home and Residential Home contracts.

5.9.3. Update :The scope of payment of LLW is under discussion across London. The local cost of an extension to existing LLW commitments will be included with risks and other budget pressures in the 2015/16 budget.

5.10. Recommendation 10

5.10.1. That further scrutiny and monitoring is carried out by the appropriate select committees on the following:

- The development of the local market for Adult Social Care services.
- The in-house direct payments process.

5.10.2. Original officer response : As recommended by the Committee, the suggested topics will be put forward to the appropriate select committees for consideration as part of their work programme setting in the next municipal year.

5.10.3. Update Both items have been referred to Healthier Communities Select Committee. Development of the local market for adult social care services will be considered at the January 2015 meeting. The in-house direct payments process has not yet been scheduled.

5.11. Adult social care is facing an unprecedented combination of reducing resources, increasing demand, legislative change and structural reform. The recommendations made following the original PAC review provided a helpful guide to the future direction of the service and the preceding paragraphs explain the progress made in

implementing these. Despite this progress, and despite a range of other action to manage demand and control spend, the adult social care budget is under severe pressure. Increasingly radical solutions will be needed to achieve the level of budget reductions demanded.

6. Financial Implications

6.1. There are no direct financial implications arising from this response.

7. Legal Implications

7.1. There are no specific legal implications arising from this response.

8. Crime and Disorder Implications

8.1. There are no specific crime and disorder implications arising from this report.

9. Equalities Implications

9.1. Although there are no specific equality implications arising from this report, it details the work that has already taken place across adult social care to ensure that individuals are given choice and control over how their needs are met, and that where services are being provided or are being developed they are built around the user.

10. Environmental Implications

10.1. There are no environmental implications arising from this response.

Background Papers

[Mayor and Cabinet - PAC referral report - 18 December 2013](#)

[PAC - Funding and Financial Management of Adult Social Care Review – 25 March 2014](#)

For further information please contact Robert Mellors, Group Finance Manager, Community Services on 020 8314 6628 or Joan Hutton, Head of Adult Assessment and Care Management on 020 8314 6304.