

2018-2020 Financial Planning and Budget Setting Process Business Case for Change

1. Summary

Title	Cared For – Value for Money Tested Social Care
Business Case Number	Cared For - VFM
Member	Cllr Gary Bell
Project Sponsor	Jacqui Old
Project Lead	Ellie Anderson / Scott Woodhouse / Eleanor Binks/ Alison Tombs
Council Plan Theme	Our People
Creating a Brighter Future Theme	Cared for Safeguarded and Healthy
Saving or Income	Savings & Income
Total 18/19 Savings/Income	(915,000)
Total 18-20 Savings/Income	(1,045,000)

2. Business Case

Summary

Value for Money Tested Social Care; long-term national policy direction in social care has created a situation, which is sometimes at odds with realistic outcomes and the financial position. This project will make changes to day-to-day commissioning and assessment processes to re-set the outcome of funded social care. In partnership with the Clinical Commissioning Group and using a single trusted assessor outcomes will be shaped by working with individuals to find the most suitable arrangements for Care. The approach to this work continues in the 5 areas listed below

1 Ensuring customers with healthcare needs are appropriately funded

The Care Act 2014 is clear that Local Authorities must assess people to identify their

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eligible social care needs and arrange for those needs to be met. It is very clear that local authorities cannot and must not arrange to meet health care needs as this is a level of need that is outside of the social care remit.

The only exception to this is if the health need is ancillary or incidental to any social care needs. For example:

A person needs assistance to get washed and dressed and make their breakfast and also has medication that they need assistance to take at breakfast time. Help to get washed and dressed and to access breakfast are eligible social care needs, a member of staff providing that service could legitimately prompt the person to take medication at the same time and this would be ancillary and incidental to the social care needs being met.

If an individual needed support only because they had needs for medication, this would not be ancillary and incidental, it would be a primary health need and outside the remit of social care.

This proposal surrounds ensuring that all social work staff assess clients only for social care needs and ensure that support plans only encompass the care/support/services required to meet those needs. Anything outside of this would be escalated to the CCG for NHS funding for that part of the support service. It has been estimated that this could generate savings of circa £400k.

2. Review Direct Payment rate

To review the current Direct Payment (DP) rate payable to Personal Assistant's (PA's) because this has not changed since April 2014; to identify any potential savings and to understand rates applied by other local authorities in the region. The rates paid for DP Support Services are outside the scope of this review.

Summary

1. Our data indicates that we pay approx 2,433 PA hours per week at two different rates (children's - £11.90 and adults - £10.54).
2. The North Tyneside hourly gross DP rate incorporates an element designed to cover PA sickness, holidays, bank holidays, expenses, personal protective equipment (PPE), employer national insurance (NI) contributions and payroll costs.
3. Other regional Local Authorities who have the highest rates of DP recipients are not offering a high hourly rate to cover costs and contingencies; they offer a low hourly rate and have other mechanisms for dealing with additional costs.
4. Employment Law is complex and is often changing in relation to pensions entitlements, NI contributions, the national minimum wage, statutory sick pay etc.
5. Average rates of net PA pay in North Tyneside are between £8.50 and £9 per hour.
6. Payroll providers recommend a buffer of 11% is held in DP accounts to cover

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the costs as detailed in point 2 above.

7. The average number of PA hours per DP recipient per week is not known.
8. Recommendations have been identified which could result in bankable efficiencies whilst maintaining a healthy PA rate of pay.
9. A range of DP rates and scenarios have been considered to identify potential efficiencies (in the absence of concrete data) whilst also seeking to ensure that opting to meet eligible outcomes via a DP remains a viable and attractive option for customers.
10. The introduction of a consistent and equitable agency Direct Payment rate:
 - Clearly outlining the Council's responsibility to ensure individual employers are able to cover (Statutory Sick Pay, Statutory Maternity Pay, Redundancy, Employer Pension contributions, Employer National Insurance contributions, Payroll and Employer Liability Insurance).
 - To remove Personal Assistant (PA) expenses and Personal Protection equipment (PPE) costs, currently factored into the hourly DP rate and to add these to the Support Plan.

Recommendations

1. Remove the different adults and children's DP rates and agree a rate which is reflective of current employment and legislative requirements.
2. Differentiate between the rates paid to employed and self-employed PA's.
3. Reduce the DP rate to £8.50 per hour for an employed PA.
4. Reduce the DP rate to £10 per hour for a self-employed PA.
5. Add the annual cost of payroll and employer liability insurance to the customers DP bank account.
6. Additional costs to cover PA expenses/PPE and PA holiday arrangements to be added to the Support Plan.
7. A contingency to be held by the Council to cover redundancy pay, statutory maternity pay, statutory sick pay, employer pension contributions, employer NI contributions and recruitment costs.
8. When engaging an agency the DP rate should be paid at the rate set by commissioners.
9. For existing clients who employ a PA, the new rate should be enacted at annual review where lawful to do so in line with contractual arrangements.
10. Briefing will be required for social care staff re changes to DP rates and the impact on business processes (i.e. reviews, support plans), new and existing clients.
11. Communication with DP recipients, payroll agencies and DP support agencies.
12. Re-write relevant Fact Sheets.

Carrying out the above actions is expected to lead to a reduction in cost

3 Residential care costs and Quality bands

The Local Authority commissions residential and nursing care placements for individuals who have been assessed as requiring that level of care and support. As

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part of this, the Local Authority is required to set its rate for these services and to communicate this to the provider market. There are different fee levels for residential care and for nursing care with a further differential for general care and elderly mentally ill (EMI) care.

The Local Authority also operates a banding system whereby the quality of provision is assessed on an annual basis and each home is banded into band 1 through to band 4. Therefore each placement is paid for at a specific rate taking account of the nature of care and support being delivered and also the latest banding level. The banding level takes account of the completion of an annual quality assessment tool (70%) and also an environmental assessment (30%).

At present the payments and bandings are as follows:

NTC Banding	General Care	EMI	Number of homes	Number of beds
Band 1	£520.05	£538.64	18	844
Band 2	£488.15	£508.70	11	591
Band 3	£457.36	£475.69	1	46
Band 4	£431.70	£445.66	0	0

In addition to this, the Care Quality Commission have a regulatory function and a quality rating system in place. The following table shows the comparison between the numbers within the LA banding system and the numbers in the CQC rating system.

NTC Banding	Number of homes	CQC Equivalent	Number of homes
Band 1	18	Outstanding	1
Band 2	11	Good	17
Band 3	1	Requires Improvement	12
Band 4	0	Inadequate	0

NTC Banding

The proposal is to review the current LA quality payment banding system and take account of the CQC rating as part of the overall assessment. This would replace the environmental score within the current version of the quality monitoring tool. Providers have been advised of the review of the quality monitoring (QM) tool

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arrangements and use of the CQC information. We have started the visits for the QM assessment that would lead to banding levels from April 2018. We are working hard to ensure that we can complete all the visits and reports in time to allow us to deal with any appeals. The impact of this will be to change the numbers of homes at band 1 and band 2 and the consequential payments to care home providers will change from April 2018. A saving of £300k pa is proposed from 2018/19.

4. Review and restructure Integrated Services Rehabilitation offer

The Community Occupational Therapy team is made up of Qualified Occupational Therapists and non-qualified Occupational Assessment Officers as well as Rehabilitation Officers. The team assess people predominantly in their own home for bathing, access and egress to their property or any mobility issues which prevent independence. The outcome of the assessments could result in adaptations and/or equipment i.e. Stair lifts, grab rails, ramps etc. or advice and signposting. The Reablement service also has rehabilitation officers and staff who are carrying out a similar role whilst promoting independence. Due to the potential to duplicate tasks this business case will review the roles and responsibilities of each team and seek to align the staff accordingly in order to create efficiencies from staff resources.

There has been a natural reduction in staffing hours due to flexible retirements and returns to work following maternity leave with reduced hours, which will go toward the efficiency target. By reviewing the rehabilitation offer across Integrated Services this will result in a service restructure to maximise resources and create capacity in localities without the duplication of tasks. It is therefore proposed to consider Service Management, Occupational Therapy and non-qualified staff roles within this restructure. A saving of £50,000 in 2018/19 is proposed.

5. Review of block contracts

Over the last 5 years, Adult Social Care has moved from having large block contracts across a range of different client groups where the Authority pays for a number of beds or places whether or not they are used to more flexible and responsive framework agreements where payment is made based on service levels delivered or commissioned. In the main this is determined from a social work led assessment of need and a budget to meet that need. However there are a small number of block contracts still in place that cover a range of different service areas and service types that support a wider population base. Some of these are preventative in nature and have different referral routes into them, rather than a social work led assessment process. As part of ensuring that value for money is being achieved in all aspects of Adult Social Care spend, these block contracts have been reviewed and there are options available to allow for an efficiency to be made from the spend in these areas. In some cases, this will be from the amalgamation of

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services and service types and in others, it will be about reviewing the cost profile with the organisation delivering the service. A saving of £65,000 in 2018/19 is proposed.

Target Operating Model – alignment to key principles

1. We understand and manage demand	x
2. We enable people to help themselves	x
3. We use intelligence to target resource to best effect	x
4. We Maximise income and reduce long term cost	x
5. We work in partnership to improve outcomes	x
6. We are innovative and utilise technology to improve outcomes	x

3. Financial Implications

Net Savings / Income	Cost Centre & Subjective	Part year? (months)	18/19 (£000s)	19/20 (£000s)
Ensuring customers with healthcare needs are appropriately funded	03469 2883 03092 5270		(400)	
Review of Direct payment charging rates and support services provided	03208/ 03543/ 03469/ 03231/ 03092 2814		(100)	
Residential care costs and Quality bands	03522/ 03521/ 03469/ 03231/ 03092/ 03543 2883	full	(300)	
Review and Restructure Integrated services rehab offer	03354	full	(50)	
Review of block contracts	03055 2751		(65)	(30)
Total			(915)	(130)

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Financial Analysis 2018/19	
Expenditure/Income Line	Value (£000s)
Employees	(50)
Other Contributions	(200)
Third Party	(665)
Total	(915)

4. Staffing Implications

Affected FTE [Reduction (-), Increase (+)]	2018/19	2019/20
Review and Restructure Integrated services rehab offer	(2)	0
Total		

5. Delivery Plan, Risks and Outcomes

Key Milestones		
Milestone	Lead Officer	Completion Date
Ensuring customers with healthcare needs are appropriately funded		
Consultation with all affected clients	Ellie Anderson	January 2018
Information clearly stated in terms of the offer and charges on My Care and Council website	Ellie Anderson/comms team	April 18
Review Direct Payments		
Consultation on the changes to direct payment rates	Alison Tombs	February 18
Review and Restructure integrated services rehabilitation offer		
Review roles and responsibilities	Eleanor Binks	30 November 2017
Develop Integrated Services restructure and consult with staff	Eleanor Binks	W/C 4 December 2017
Implement Structure	Eleanor Binks	1 April 2018
Review of block contracts		
Discussions with service providers about changes and cost reductions	Scott Woodhouse	December 2017
Consider feedback and	Scott Woodhouse	February 2018

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comments received, update impact assessment and refine proposals		
Implement service changes / cost reductions	Scott Woodhouse	1 April 2018
Residential care costs		
Finalise modelling and feed into fee negotiations with care home providers	Scott Woodhouse	December 2017
Consider feedback and comments received, update impact assessment and refine proposals	Scott Woodhouse	February 2018
Implement new banding and payments	Scott Woodhouse	1 April 2018

Risk	Risk Score	Mitigating Actions
Ensuring customers with healthcare needs are appropriately funded		
Reputation of Council in terms of being a “good” partner if many cases get escalated	D2	Ensuring all escalations based on robust evidence
CCG also push cases back to social care – calculations of actual savings are fluid.	D2	Recording of all activity
Direct Payments		
There is a risk attached regarding PA’s contracts, if the individual is paying a higher rate of pay to their PA. However the money they are currently receiving is for contingency issues e.g. redundancy or sick pay and shouldn’t be used for general pay rates	C3	Consultation process will be required
There is a risk of complaint about the reduction of rates	D3	Consultation process will be required
Thought should be given to decisions regarding implementing this for existing customers or just new Direct Payment recipients	D3	May reduce complaints but will also reduce the savings
Review and restructure		

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Integrated Services Rehabilitation offer		
By reducing the number of therapy staff there may be an increase in waiting time for assessment.	C3	All priority 1 referrals, which are urgent will be dealt with as they are now. Any other referrals will be allocated in date order.
Review of block contracts		
Impact of providers to deliver service requirements within reduced funding levels	D3	Consider service levels and options for alternative / other funding to support
Reduced number of people able to be supported and consequential increase in numbers requiring Care Act funding / service / support	D3	Consider alternative support provision and community assets to offer
Residential care costs		
Care homes do not accept changes to quality monitoring arrangements	C2	Early discussions with care home providers and Care North East (North Tyneside

Performance Indicators		
Indicator		
	Baseline	Target
Track the amount/value of cases moving between health and social care funding	Current financial position	£400k of package funding transferred to health
Monitor the amount of money requested for contingency from DP buffer	£0	Less than £100k
Agree a fair rate of fee with providers and improve the number of homes in quality bands 1 and 2	Current fee position	Agreed fee position is affordable, 20% decrease in the number of homes in quality band 3

6. Other Requirements / Dependencies

Technology Requirements
Independent living to include assistive technology as part of the service and building design to support independence of individuals living there.
Client / Customer Implications
Consideration of clients' needs to be taken into account as part of the implementation of each of the projects.
Ensuring customers with healthcare needs are appropriately funded
No customer implications - positive for customers if NHS funding is achieved as they

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are not required to contribute to costs of care.

Direct Payments

We will need to manage the introduction of this change, as service users may be unhappy at the reduction in rate.

Partner / Stakeholder Implications

Discussion with the NHS/Clinical Commissioning Group as part of the implementation of each of the projects.

Ensuring customers with healthcare needs are appropriately funded

Implications for CCG budget and therefore there will be significant tension in reaching agreements.

Direct Payments

Consultation will be required with service provider who may need to support their customers to make alternative arrangements. Advocates may be required to ensure that customers with disabilities relating to cognition understand the implications.

Equality and Diversity Implications

Ensuring customers with healthcare needs are appropriately funded

All affected customers will have or be connected to someone with a protected characteristic predominantly around disability. This however does not affect care provided it affects the funding stream.

Direct Payments

All affected customers will have or be connected to someone with a protected characteristic predominantly around disability. Funding for contingency will still be available for customers who require it but the contingency is held and drawn down from the Council. Some customers may be paying preferential rates of pay to personal assistants, and may argue that their experienced team will leave if pay rates are reduced. We believe the reduced rate still allows staff to be paid a reasonable salary. In addition there is some recent case law that supports local authorities not having to support inflated wage bills (R vs Davey)

Is this project also included/supported by Capital Investment?

Yes

7. Sign Off

Mayor / Cabinet Member(s)	Cllr Gary Bell
Head of Service(s)	Jacqui Old
Finance Manager	Alison Campbell