

SURREY COUNTY COUNCIL**CABINET****DATE: 22 OCTOBER 2013****REPORT OF: MR MEL FEW, CABINET MEMBER FOR ADULT SOCIAL CARE****LEAD OFFICER: SARAH MITCHELL, STRATEGIC DIRECTOR, ADULT SOCIAL CARE****SUBJECT: OPTIONS APPRAISAL: IN-HOUSE SUPPORT SERVICES FOR WORKING AGE ADULTS AND OLDER PEOPLE WITH DISABILITIES****SUMMARY OF ISSUE:**

In 2009 Surrey County Council's in-house day services began a change programme in response to a large scale consultation with people who use services, their carers and families. Priorities were to develop more local, community-based services and support people who use services to retain and develop friendship networks.

The 2012 Learning Disability Public Value Review (PVR) found that in-house services were well-regarded but further transformation was needed to ensure people with personal budgets could access a range of clearly priced personalised support options. In response to the PVR and the Council's Learning Disability Commissioning Strategy, Adult Social Care is exploring how in-house services could further develop to support the personalisation agenda.

The Council's Medium Term Financial Plan (MTFP) (2013-18) budget report in February 2013 made clear the need;

- to take steps to ensure that the Council maintains its financial resilience and protects its long term financial position
- to explore and develop alternative sources of funding that reduce its reliance on Government grants and Council tax increases in the future
- for provision in the MTFP (2013-18) to meet the costs of initiatives that will deliver savings and enhance income in the longer term.

This report forms part of Adult Social Care's response to the challenges outlined above and builds on the Cabinet decision of 26 March 2013 to support innovative models of service delivery, including trading ('Strengthening the Council's Approach to Innovation: Models of Delivery'). This paper considers options for the future provision of day and community support services for working age and older adults with disabilities. Three options have been assessed:

1. stay "as is"
2. de-commission services and re-commission in the market
3. adopt a different model of delivery.

RECOMMENDATIONS:

It is recommended that, to meet both current and future needs of customers and secure the long term sustainability of services, Cabinet:

1. Approves in principle the formal exploration of the benefits of establishing a Local Authority Trading Company (LATC) for in-house services, including:
 - Day Services for people with learning disabilities and physical disabilities
 - AboutUs Accessible Learning Team
 - EmployAbility
 - Shared Lives Service
 - Personalisation Team
 - New services to be developed to meet projected demand.
2. Agrees that a more detailed business case is submitted for Cabinet approval in December 2013, including an Equalities Impact Assessment and plans for formal consultation.

REASON FOR RECOMMENDATIONS:

Initial financial analysis indicates that the LATC model offers a potential financial benefit to the Council; derived from the recovery of costs of service delivery and sustained growth with a corresponding income stream to the Council over the next five years.

This structure would also facilitate innovation and the development of new services to meet the needs of a wider range of potential customers, not restricted to those assessed as eligible for Council support, and through the retention of a skilled, experienced, and valued workforce as part of a strong Surrey County Council provider brand.

DETAILS:

Background

1. In 2008-9 the Council conducted an extensive consultation with people who use services, carers and families about the future of in-house day services. Themes that emerged included the importance of friendship networks, the need for more local services and bases to meet at and to use as a fallback if problems arise in the community. In response to this feedback, the service began a change programme focused on developing more local community-based activities as well as specialist support for high need groups.
2. The key theme of the Learning Disability Public Value Review (PVR) in 2012 was the personalisation agenda, highlighting the need to deliver personalised services that meet people's assessed needs. The PVR found that in-house services form a significant part of the day service market in Surrey and are recognised by family carers as an important form of respite care, however daytime activities are limited in choice and a greater range of options, clearly priced, should be developed for people using personal budgets.

3. While trying to improve the quality and range of support options, in-house services are faced with both increasing budget pressures and increasing demand.

Services In Scope

4. **Day and community support services** offer people with learning and physical disabilities a range of opportunities for leisure, activities, training, volunteering and work. Services sustain friendship networks and perform a critical respite function to support family carers, with specialist services provided for people on the autistic spectrum and those with dementia. The majority of services are offered on weekdays throughout the year from 9am to 4pm, with transport options provided. A range of evening breaks, social and holiday activities are also offered outside these hours on an ad hoc basis. The average age of people accessing day services is 48 and most people have been part of services for a number of years. Past consultations have indicated that these services are valued and held in high regard by people who use services, carers and families. A map of current services is attached as **Annex One**.
5. **EmployAbility** works across the county offering support for people with disabilities (with the exception of mental health) to access paid employment, volunteering, life skills and training opportunities. Demand for this service is growing, particularly from younger people coming through transition from children's to adults' services. The team has been nationally recognised for its work with employers, schools and colleges.
6. The **Shared Lives Service** offers short-, long-term and respite care in a home environment to people with any type of eligible support need. The service recruits and trains Shared Lives Carers, then matches them with the person who needs the service and provides ongoing support to both. This is a recently established and growing service, which offers value for money. The number of Shared Lives Carers expected to double in the next year as the Council seeks to make more use of the service.
7. The **Personalisation Team** was created as an outcome of the PVR and works with groups of people using in-house services to facilitate Supported Self Assessments, uptake of personal budgets and support planning using community support networks.

8. The table below shows current staff and customer numbers for the services in scope.

Service	Description	Active Customers ¹	Staffing establishment (FTE)
Day Services	Day centres and community groups for adults with learning disabilities; three resource centres for adults with physical and sensory disabilities The AboutUs Accessible Learning Team works across the county	794	260
EmployAbility	Support for people with disabilities to access paid employment, volunteering and training opportunities	646 registered job seeking and/or on courses 511 in work or voluntary placements	Included above
Shared Lives Service	Matches Shared Lives carers with people with disabilities and older people, offering short or long term care in a family home environment	22	3
Personalisation Team	Works with adults with learning disabilities to facilitate Supported Self Assessments, uptake of personal budgets and support planning using community support networks	165	13.85

9. The 2013/14 revenue budget for these services is £11.4m.

National and Local Policy Context

10. The Care Bill will be enacted in 2015 and will give local authorities an increased responsibility for assessment and support planning for people who self-fund, carers and people who do not meet current eligibility criteria. The bill also gives individuals the right to a personal budget.

¹ Data from September 2013. Some people access multiple services – the Personalisation Team currently works solely with individuals accessing an in-house service.

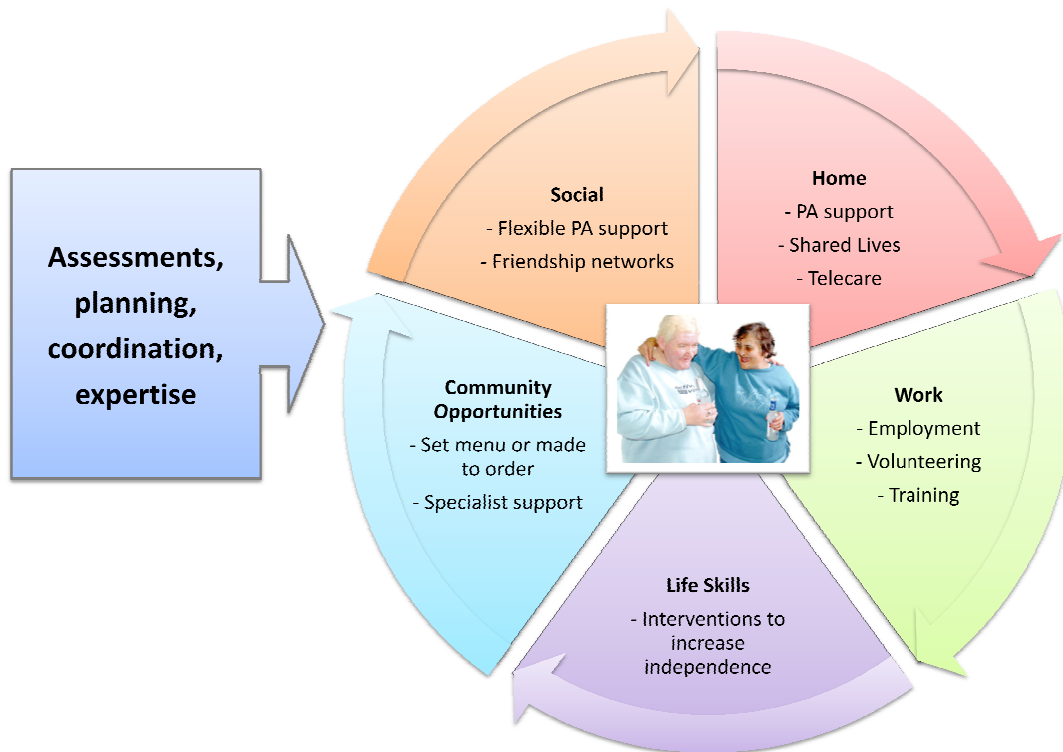
11. The Learning Disability Public Value Review reported to Cabinet on 27 March 2012 with a single strategic object of realising the Council's ambition of personalisation for people with learning disabilities.
12. Cabinet made a decision on 26 March 2013 to support innovative models of service delivery, including trading ('Strengthening the Council's Approach to Innovation: Models of Delivery').

Future Service Opportunities

13. There are 16,791 people living in Surrey in 2013 with a learning disability, one of the largest learning disabled populations in Europe. This is projected to increase overall by a further 5.4% by 2020, with a significant increase of 14.5% projected among people with a learning disability aged over 65. The market for services for people with learning disabilities, combining mainly day, residential and community support services, was valued at £5.6bn in England in 2012, the second largest segment of the healthcare market after elderly care.
14. In addition, there are 55,005 people aged 18-65 living in Surrey in 2013 with a physical disability, with an increase of 5.6% projected by 2020.
15. Projected demand for day and community support services or assessment and support planning services includes;
 - Areas of growing demand and emerging need: dementia, autism, profound and multiple disabilities, older people
 - Self funders, private purchasers, from within Surrey and neighbouring areas
 - People who do not meet eligibility criteria but seek support
 - Children and young people with disabilities, in particular those in transition
 - Whole families, carers
 - Other Local Authorities, NHS Trusts, and private providers

Service Development Opportunities

16. Building on feedback from the 2009 consultation and the 2012 PVR, in-house services have designed a model for how the service offer should look to an individual customer in future. This model shows both existing services and new services that could be developed so that support is available as a menu of clearly priced options in every aspect of an individual's life, complementing education and family, friends and community support.
17. The focus of the model below is to offer seamless, coordinated support that can cover every aspect of a person's life; building long term relationships with people who use services as customers of a range of support options. As a development of the work of the existing Personalisation Team, a centralised assessment and support planning function would build a person-centred joined-up 24/7 support package utilising not only services on offer 'in house', but from all areas of an individual's community.



18. Delivering this ambition is critical to the appraisal of any potential new model of delivery for in-house services and the wider strategy of Adult Social Care.

Options Explored

19. Three options have been assessed:

- stay “as is”
- de-commission current services and re-commission in the market
- adopt a different model of service delivery with an expectation of setting up a LATC.

20. A ‘Strengths, Weaknesses, Opportunities, Threats’ (SWOT) analysis of each option is attached as **Annex Two**, with a summary of key points below.

Option 1: Stay “as is”

21. Continue to provide services "in house". The Council is a long-term provider of the services in scope; it is trusted and valued by people who use services and local communities. This is a low risk option, offering continuity of services. However, the long term sustainability of services as they currently exist could not be guaranteed due to the need to deliver efficiencies identified in the MTFP.

Option 2: De-commission current services and re-commission in the market

22. De-commission services and cease to be a provider. The Council would be reliant on the market to meet local needs and growing demands while managing its costs. This option has the potential to release capital receipts to the Council in the short term and a more open market-place could provide

opportunities to attract providers with specific areas of expertise and innovative services. However, there is currently a limited market offer in this area, for example the Council provides 80% of learning disability day services to those eligible.

Option 3: Adopt a different model of delivery

23. Through powers in section 95 of the Local Government Act 2003, develop a LATC to trade anything the Council is authorised to do under its ordinary functions. This model could generate a surplus which can be re-invested into services, or the Council, as owner. This option offers significant flexibility for services but is comparatively low risk in terms of strategic alignment with the priorities of the Council.

Preferred Option

24. Based on the SWOT analysis, Option Three is the preferred option for the following reasons:

- *Sustainability:* The LATC model offers sustainability in terms of financial returns to the Council, modest but consistent growth projections and ongoing efficiency savings
- *Customer Benefits:* Greater flexibility to offer services to a wider market, including people who do not meet current eligibility criteria
- *Ownership:* The Council will own the LATC and any surplus or dividend will revert back to the Council for further investment in services
- The LATC will deliver flexible and adaptable services, aligned to its objectives, at comparatively low cost
- Retaining a skilled workforce and links to the Council's trusted brand
- By retaining ownership, the Council could continue to shape the market.

<u>CONSULTATION:</u>

25. The process of developing these proposals has built on successive consultation periods since 2009. Most significantly, the Learning Disability PVR and subsequent Commissioning Strategy were developed by the Learning Disability Partnership Board, and involved people who use services, their carers and families. It included formal presentation to the following groups:

- Cabinet
- Health Overview and Scrutiny Committee
- Adult Social Care Select Committee
- Adult Social Care Leadership Team
- Senior Managers in Adult Social Care Commissioning and Service Delivery

26. The recommendations of this paper also follow joint work undertaken by the Council Leadership Team and Cabinet.

27. A full communications, engagement and consultation plan will be developed as part of the business case and will identify any requirements for formal consultation as well as opportunities for additional engagement with staff, members of the public and other stakeholders.

RISK MANAGEMENT AND IMPLICATIONS:

28. As part of the preparation of the business case, including financial evaluation of all aspects of the services in scope, it is possible that the proposed model will be found to offer significant service benefits and long term viability for those services but limited commercial potential.
29. The business case itself will assess all risks associated with creating a LATC before Cabinet approves proceeding with implementation. A risk register will be established to ensure all risks are identified, reported, and addressed through the various stages of the process.

Financial and Value for Money Implications

30. Subject to the detailed business case, the LATC option provides at least equal value for money for the Council compared to the other options.
31. The financial analysis has been at a high level as part of the options appraisal process and fully detailed costing will be prepared as part of the business case.

Section 151 Officer Commentary

32. Taking account of all relevant factors, a reasonable case is made for proceeding to prepare a business case for the development of a LATC. The business case will include consideration of how the start up costs would be met together with a fuller exploration of tax and pensions issues in line with emerging corporate policies.

Legal Implications – Monitoring Officer

33. The proposal to set a company to provide adult social care services to the Council and to offer similar services to private clients would be underpinned by the Local Government Act 2003, which introduced powers to trade, where that trading related to the Authority's functions. This should be set in the context of the Council's continuing duty to assess people who may be in need of social care, and to provide the services needed to meet their eligible needs.
34. In the case of the proposal to deliver disability services through a company, it is proposed that the company would provide services on behalf of the Council, but with the additional ability to offer some services to self-funding clients. Provided that this company met certain tests, principally relating to the Council's control over it and its reliance on the Council for the essential part (i.e. 80%+) of its business, the Council would be able to continue to commission services from the company, without embarking on a competitive tender process.
35. The law requires, in broad terms, that trading with individual people or organisations outside the public sector is carried out through a company. The general power of competence in Section 1 Localism Act 2011 introduced wider powers to charge and trade in activities extending beyond Local Authority functions and this would be applicable if wider business activities were proposed.

- 36. Before finally agreeing to a proposal to trade Cabinet would need to consider and approve a business case, which, by law, must be a comprehensive statement as to:
 - a. the objectives of the business;
 - b. the investment and other resources required to achieve those objectives;
 - c. any risks the business might face and how significant these risks are; and
 - d. the expected financial results of the business, together with any relevant outcomes that the business is expected to achieve.

- 37. Any accommodation, services, staff or other support provided by the Council must be charged for, at least covering costs, but potentially at a market rate, to demonstrate that the company is not being subsidised by the Council. This is important in the context of competition law and state aid.

- 38. General principles of decision making apply to any decision the Cabinet is making and so must be made in good faith, taking into account all relevant considerations, ignoring irrelevant matters, not irrational, balancing the risks against the potential rewards alongside the other relevant duties. In considering these proposals Cabinet particularly needs to keep in mind the public sector equality duty which requires it to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The duty applies both in respect of the people who are accessing Adult Social Care services and the workforce providing those services. Cabinet also needs to consider its fiduciary duty to Surrey taxpayers and has to demonstrate that its decisions are those which a prudent and reasonable local authority would enter into, adopting an evidenced-based approach and prudent use of the Council's financial and other resources. The preparation of a thoroughly researched business case, the requirement for which is set out above, is key to enabling Cabinet to perform that duty.

- 39. Legal Services will continue to review the legal implications as the details of the proposal develop.

Equalities and Diversity

- 40. As part of this options appraisal we have considered the equalities impact of all the options, looking specifically at possible effects on vulnerable people within Surrey and any persons or groups who may fall within protected characteristics under equalities legislation.

- 41. Stay "as is": While this option can demonstrate no immediate negative impact on the current users of our services it does limit the capacity of the Council to offer services to potential clients who would fall outside our eligibility criteria. MTFP pressures linked to tighter public sector funding will in time lead to a reduction in services, without significant redesign. We believe this would present a negative impact to our communities and vulnerable people within it.

42. De-commission and re-commission in the market: This option would have a potential negative effect as there is no guarantee that the market could provide all of the existing services or be flexible enough to meet anticipated demand across the disability and older persons care groups. It could also have a negative impact on staff, some of whom may fall within the protected characteristics under the Equalities Act.
43. Adopt a different model of delivery: This option offers the benefit of sustainable services and minimal disruption to our current client group, families and carers. It also offers scope and opportunity to develop services in partnership with the community, including people who currently fall outside of our eligibility criteria. We believe that this option is likely to have a positive impact across the disability and older person community.
44. An Equalities Impact Assessment will be undertaken for all and any recommendations presented as part of the business case for a LATC.
45. An 'Easy Read' version of the report is attached as an Annex.

Safeguarding responsibilities for vulnerable children and adults implications

46. There are no safeguarding implications arising from this paper, which seeks approval only to proceed with the drafting of a business case at this stage. However should approval be given to proceed, any possible safeguarding implications will be fully explored and referenced within the business case.

WHAT HAPPENS NEXT:

47. A business case for the establishment of a LATC will be presented to Cabinet, consistent with the Council's governance arrangements for implementing new models of delivery, and any associated timescales for consultation, in December 2013.

Contact Officer:

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Consulted:

- Cabinet
- Health Overview and Scrutiny Committee
- Adult Social Care Select Committee
- Council Leadership Team
- Adult Social Care Leadership Team
- Senior Managers in Adult Social Care Commissioning and Service Delivery

Annexes:

Annex 1: Map of Current Day Services

Annex 2: S.W.O.T. analysis of the options

Sources/background papers:

- Adult Social Care Directorate Strategy 2012/13 – 2016/17
 - Surrey County Council Medium Term Financial Plan 2012 – 2017
 - Surrey County Council One County One Team Corporate Strategy 2012 – 2017
 - Department of Health 'A Vision for Adult Social Care: Capable Communities and Active Citizens' (Nov 2010)
 - Localism Act 2011
 - Health and Social Care Act 2012
 - White Paper, 'Caring for our future: reforming care and support' and draft Care and Support Bill and progress report on social care funding (July 2012)
 - 26 March 2013 Cabinet Report 'Strengthening the Council's Approach to Innovation'
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