Appendix 1

Personal Budgets: Review of Policy Framework & Resource Allocation (Progress Report) MAIN REPORT

Background & Context

A Personal Budget (PB) is an allocation of money made by social services to meet an individual's assessed care & support needs. Anyone who receives a PB must be eligible under the Council's eligibility criteria (also known as FACS).

Within the FACS eligibility framework the amount of PB is calculated using a Resource Allocation System (RAS), a formula which translates assessed needs into points and then into an amount of money.

Bath & North East Somerset Council was one of thirteen pilot local authorities that contributed to the development and subsequent mainstreaming of PBs. As a pilot site B&NES developed its' own RAS which was largely based on historical spending patterns across different client groups

PBs can be used by service users to purchase a range of community care and support services to meet their identified needs. PBs are not currently offered to service users to purchase residential or nursing home placements.

More than 60% of all adult social care services users in B&NES now receive a PB with which to purchase services, and whilst many express a preference to have services commissioned by the local authority (PB commissioned), a significant number choose to manage their own budget under a Direct Payment arrangement (PBDP) and a third group opt for a mixed package (PB mixed).

The Government vision in relation to PBs is set out in *A Vision for Adult Social Care: Capable Communities and Active Citizens*[1] which states that *'Councils should: provide personal budgets for everyone eligible for on-going social care, preferably as a direct payment, by April 2013'.*

A Social Care Strategic Planning Group was established in October 2011 to address issues arising from the mainstreaming of PBs. This group has pursued a number of lines of enquiry in order to corroborate anecdotal evidence of inequality and inefficiency in the current system.

Financial Modelling of Current System

Financial analysis shows that per head expenditure on social care packages has increased since the mainstreaming of Personal Budgets in Bath & North East Somerset.[2]

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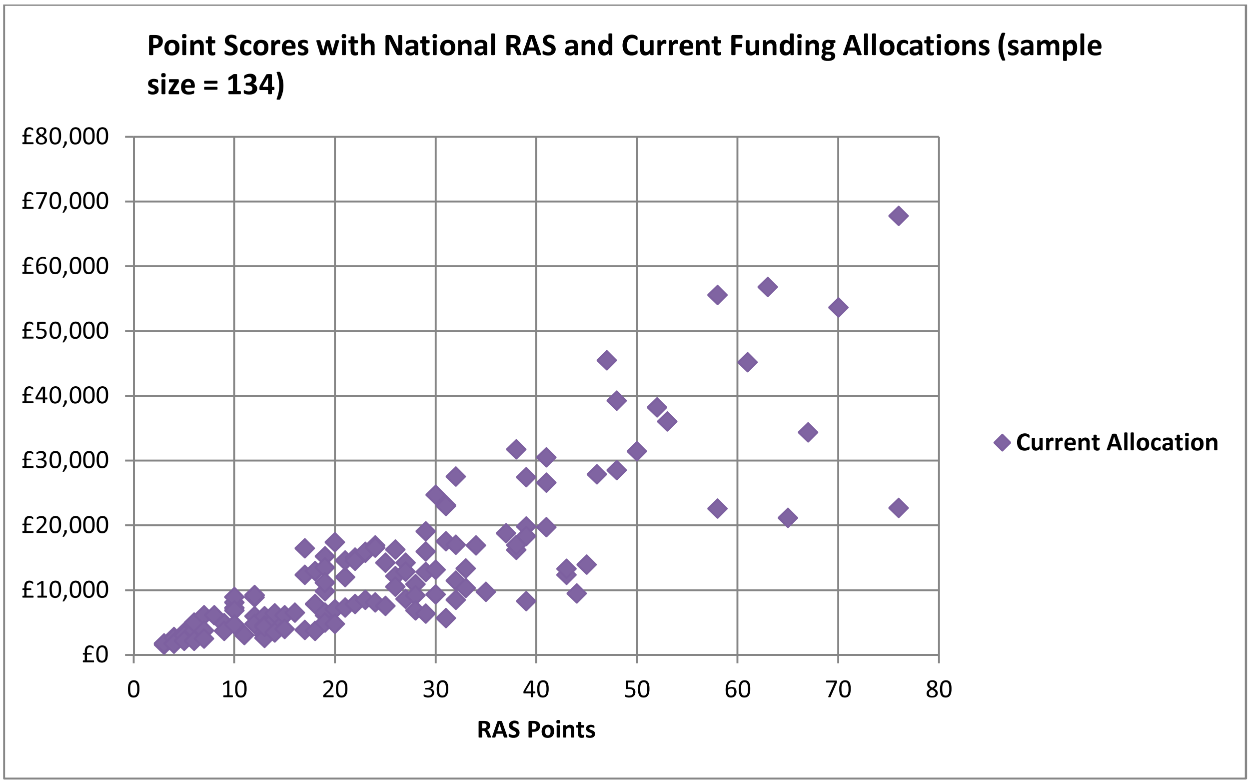
[1] Department of Health, 16th November 2010
[2] Wellbeing Policy Development & Scrutiny Panel Report: 16th March 2012
'Personal Budgets: Review of Policy Framework & Resource Allocation System'

This increase appears to be over and above that which could be linked to inflationary or demand pressures though it is clear that demand for social care services continues to rise in line with the frailty and complexity of service users presenting.

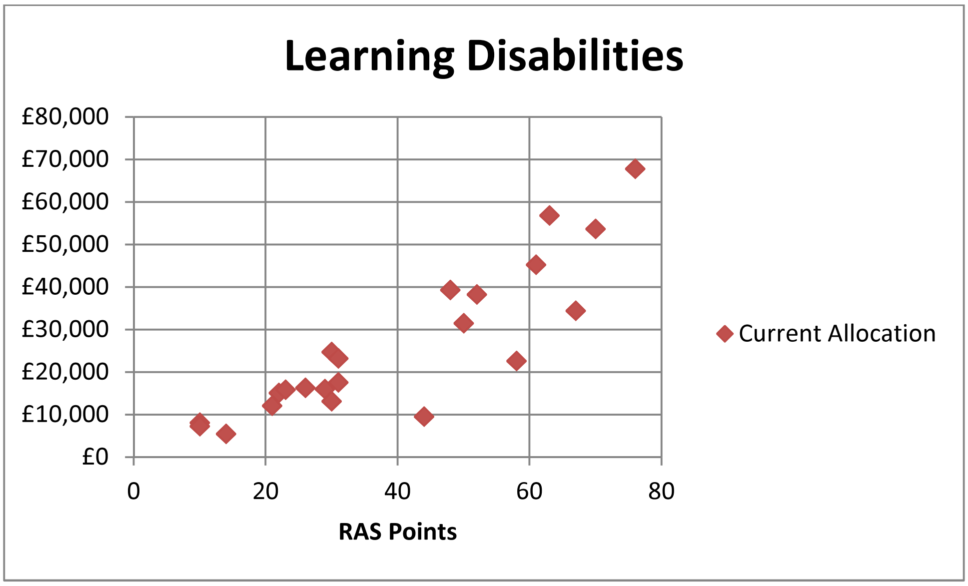
Further analysis of the current RAS has shown that in general younger people tend to receive a higher level of resource than older people. In addition, analysis of the application of FACS eligibility criteria in the process of resource allocation has revealed inconsistencies both between and within social work teams, and in some cases packages of care offered to service users are holistic, rather than focussed on addressing substantial or critical risks as set out within the current B&NES eligibility framework.

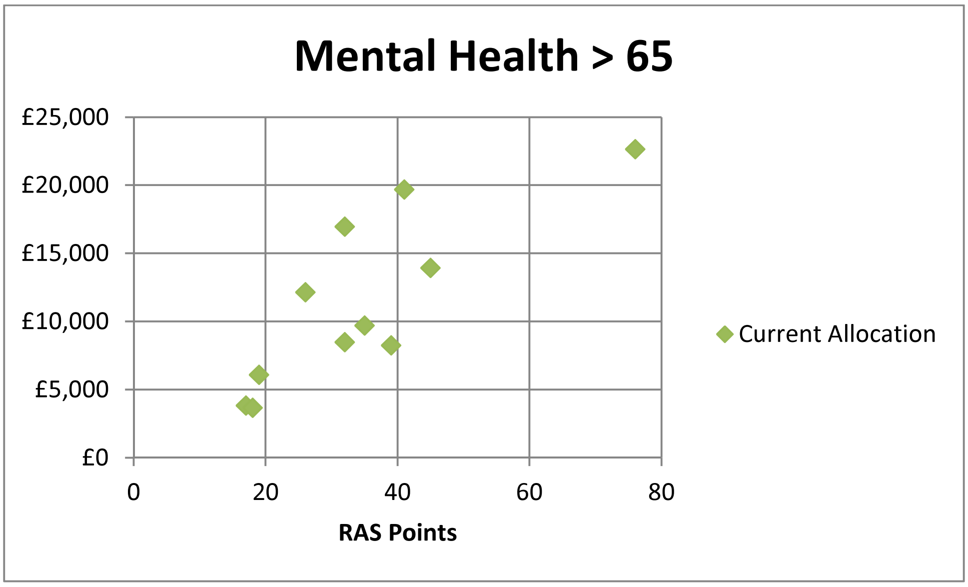
The Strategic Planning Group has begun to explore the use of the national RAS which was commissioned by the Department of Health and has been adopted by 122 other Council's. The national RAS uses a simple questionnaire to assess social care needs and translate them into points. The questionnaire has been approved by ADASS as a viable basis for statutory Community Care Assessment.

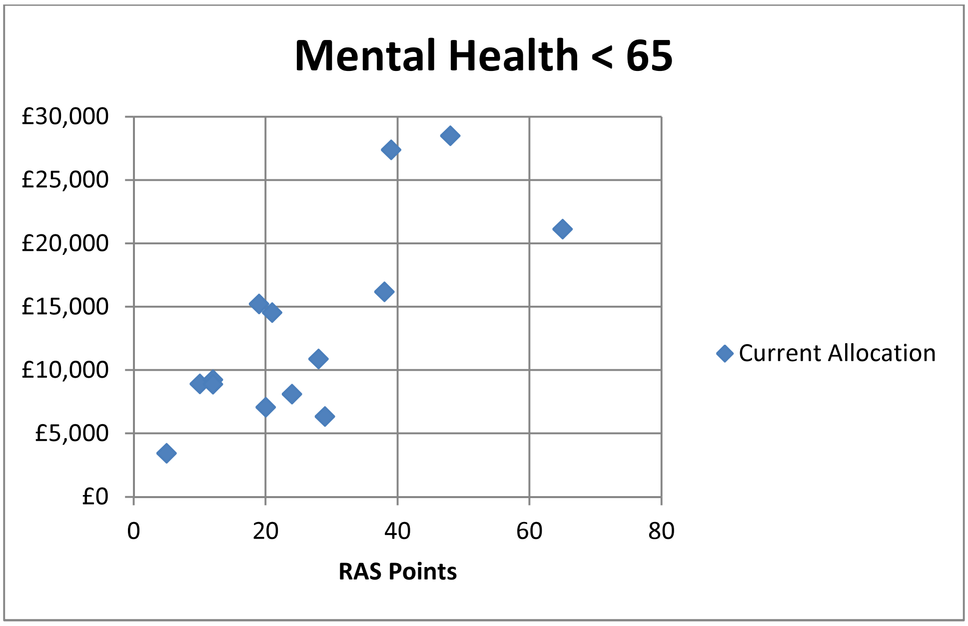
The chart below shows the distribution of national RAS points (needs assessment points) for a representative sample of 134 existing social care users in B&NES and the PB allocations these individuals currently receive. This illustrates the inconsistency of current resource allocation, even for people who have been assessed as having a similar level of need.

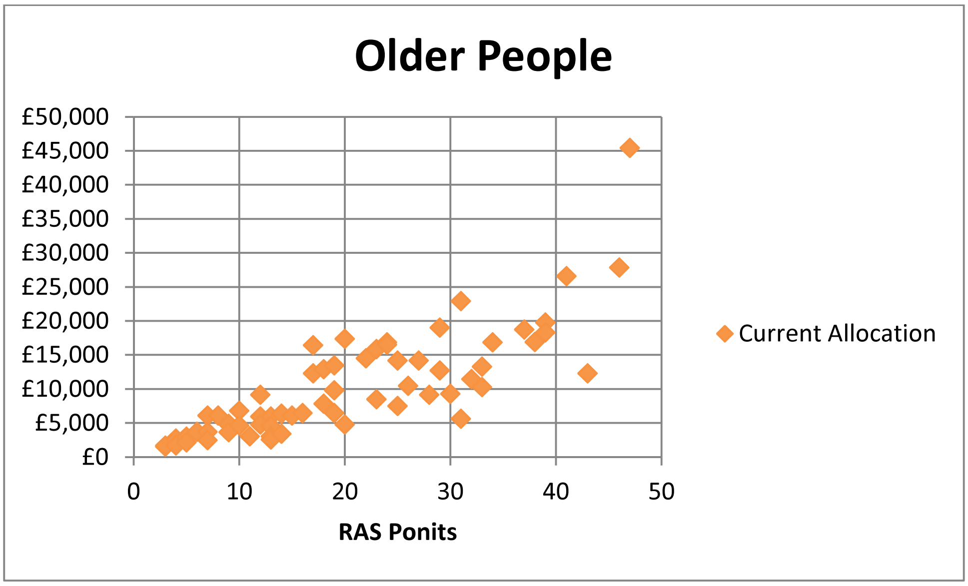


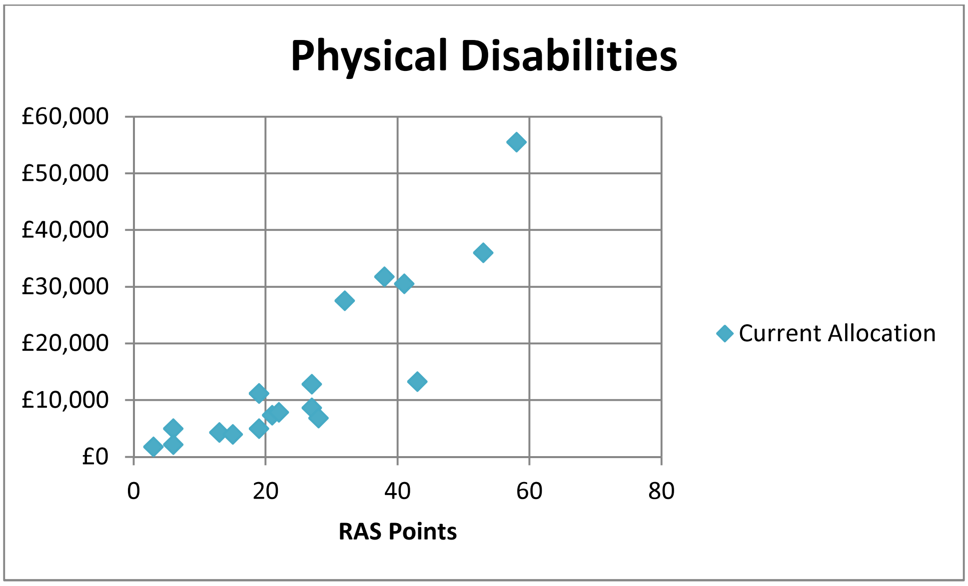
The following charts break down the data into specific service user groups to show that significant variation in resource allocation which exists, an issue which is concerning from an equalities perspective.






Mental Health < 65
£30,000
£25,000
£20,000
£15,000
£10,000
£5,000
£0
0
20
40
60
80
RAS Points
Current Allocation


Older People
£50,000
£45,000
£40,000
£35,000
£30,000
£25,000
£20,000
£15,000
£10,000
£5,000
£0
0
10
20
30
40
50
RAS Ponits
Current Allocation



Financial Modelling of Options for Calibrating the National RAS

The national RAS must be calibrated locally to ensure that spend on PBs does not exceed available budgets. There are three options for calibration, all of which involve using the representative sample of service users shown in the above illustrations as a basis for re-distributing resource allocations in a more consistent and equitable manner which is more clearly linked to assessed need.

Fixed Model - The first method divides the total number of RAS points (for all clients in the sample) by the total budget available and allocates the same amount for each point regardless of degree and complexity of need.

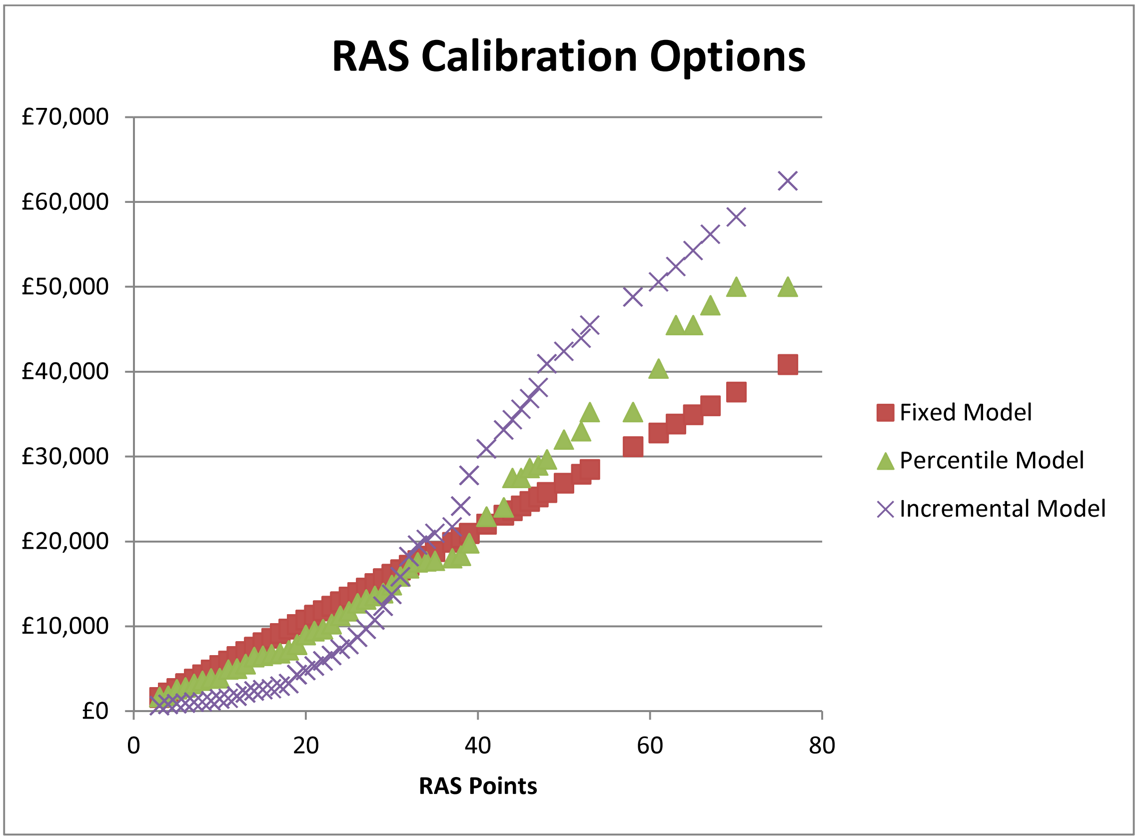
Percentile Model - The second method allocates the highest amount (based on current spend) to the client in the sample with the highest RAS point score and allocates amounts to others in the sample based on their relative RAS point position within the sample.

Incremental Method – The third method uses a sophisticated mathematical formula (linear regression) to allocate an increasing amount to individuals with higher RAS point scores to reflect increasing complexity

All three methods are adjustable and all will result in some clients being awarded both higher and lower allocations than are currently made. In addition, all three models can be either,

- Capped to apply efficiencies across the whole system
- Capped at a maximum allocation, above which alternative arrangements for resource allocation can be made e.g. for very high need/complex cases
- Inflated to respond to market forces
- Adjusted to allow for transitional/mitigation measures

The following chart below illustrates the impact of applying each of the three calibration methods to the representative sample of 134 existing social care users.



Implementing the national RAS will allow B&NES to achieve a more sustainable method of delivering PBs although the transitional period will inevitably pose some challenges.

Fixed Model – Results in broadly the same number of higher and lower allocations (68:66) with the majority of higher allocations being at the lower end of the cost range.

The lower end of the cost range is where approximately 75% of the existing client base is according to the 134 cases sampled. The lower end of the cost range is also where the majority of older clients are distributed according to the 134 cases sampled.

The fixed model also results in significantly lower allocations for clients with the greatest/most complex needs although the number of clients affected in this way would be fewer.

Percentile Model – Results in fewer higher allocations and a greater number of lower allocations (60:74) than the fixed model however the amount of variance between current and projected allocations is lower than with the fixed model i.e. new allocations would be nearer to current ones so there would be closer alignment between old and new.

Incremental Model – Results in the fewest higher allocations and the greatest number of lower allocations (37:97) than either of the other two models. The majority of lower allocations would be at the lower end of the cost range and the average variance from current costs would be more pronounced in a number of cost bandings.

Average variance from current allocations with all three calibration models varies depending on client group and on current cost range as illustrated in the table below.

Client Group	Range	No	Average Existing Cost	Fixed Model	Percentile Model	Incremental Model
Older People	£0 - £2,500	7	1,875	2,338	2,071	748
Older People	£2,501 - £5,000	16	3,749	5,422	4,486	1,582
Older People	£5,001 - £10,000	16	7,358	9,174	7,705	4,120
Older People	£10,001 - £15,000	13	12,565	14,900	13,664	12,239
Older People	£15,001 - £20,000	11	17,530	16,072	14,442	14,646
Older People	£20,001 - £30,000	3	25,798	21,462	22,197	27,690
Older People	£30,000+	1	45,436	25,645	28,790	38,049
Physical Disabilities	£0 - £10,000	10	5,702	8,730	7,494	4,211
Physical Disabilities	£10,001 - £20,000	4	12,108	14,733	13,375	12,714
Physical Disabilities	£20,001 - £30,000	1	27,496	17,461	16,921	18,014
Physical Disabilities	£30,001 - £40,000	3	32,736	24,009	25,780	33,931
Physical Disabilities	£40,000+	1	55,519	31,648	36,471	50,588
Learning Difficulties	£0 - £10,000	4	7,550	10,640	10,237	9,814
Learning Difficulties	£10,001 - £20,000	7	15,080	14,187	12,639	9,606
Learning Difficulties	£20,001 - £30,000	3	23,461	21,644	22,552	26,587
Learning Difficulties	£30,001 - £40,000	4	35,796	29,601	36,027	47,501
Learning Difficulties	£40,001 - £50,000	1	45,171	33,285	40,346	52,421
Learning Difficulties	£50,000+	3	59,384	38,014	48,429	59,891
Mental Health Under 65	£0 - £10,000	7	7,418	8,730	7,345	4,230
Mental Health Under 65	£10,001 - £20,000	4	14,200	14,460	12,567	10,969
Mental Health Under 65	£21,000 - £30,000	3	25,667	27,646	31,557	42,082
Mental Health Over 65	£0 - £10,000	5	6,123	13,641	11,957	11,158
Mental Health Over 65	£10,001 - £20,000	5	16,507	20,953	21,936	27,009
Mental Health Over 65	£21,000 - £40,000	2	28,859	30,284	33,876	42,839
Total		**134**				

Transitional Options

Calibration of the national RAS is assumed to be a cost neutral process i.e. the tool is calibrated to the social care budget set. However the broader context for this work is the significant financial challenge the Council faces in responding to the requirement for savings and efficiencies across all service areas.

Furthermore, financial modeling indicates that transitional cost pressures are likely to be incurred as the new system is rolled out to all new and existing social care clients and these costs will need to be managed, in addition to managing individual client needs and expectations in line with statutory responsibilities.

In order for the implementation process to be cost neutral a number of scenarios have been modeled in relation to mitigation/protection options for individual service users who may be affected. Further financial analysis has been completed to model transitional costs associated with the sample of 134 existing social care users, based on each of the three calibration models assuming five different scenarios as follows:

Scenario 1 – All existing clients receiving a higher allocation are awarded this figure in full despite current costs being lower. All existing clients receiving a lower allocation are allowed 12 months before any reductions are applied.

Scenario 2 - All existing clients receiving a higher allocation are awarded this figure in full despite current costs being lower. All existing clients receiving a lower allocation are required to phase down the cost of their current package to the allocated amount over a 12 month period.

Scenario 3 – All existing clients receive their new allocations (higher or lower) with immediate effect.

Scenario 4 – All existing clients receiving a higher allocation are awarded a figure in line with current costs. All existing clients receiving a lower allocation are required to phase down the cost of their current package to the allocated amount over a 12 month period.

Scenario 5 - All existing clients receiving a higher allocation are awarded a figure in line with current costs. All existing clients receiving a lower allocation do so with immediate effect.

The table below summarizes the impact of each of the above scenarios for each calibration model.

	Existing Costs	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**
Fixed Model	1,866	2,206	2,059	1,866	1,739	1,566
Pressure/(Saving)		**320**	**173**		**(147)**	**(320)**
Percentile Model	1,866	2,179	2,033	1,861	1,740	1,568
Pressure/(Saving)		**293**	**148**	**(25)**	**(146)**	**(318)**
Incremental Model	1,866	tbc	tbc	tbc	tbc	tbc
Pressure/(Saving)		tbc	tbc	tbc	tbc	Tbc

Contingencies

Guidance provided by ADASS recommends setting aside a contingency within each individual's PB allocation for all new clients who are 'processed' using the new national RAS. This allows further calibration of the RAS during the initial phases of implementation and ensures that clients have access to additional funds within their allocation should the amount awarded be insufficient. For example, setting aside a contingency of 20% of each allocation guards against the risk of over allocating whilst also ensuring that additional one off costs can be met if needed.

Managing Individual Re-Allocations & System Transformation

A limited amount of case modeling has been completed to establish any impacts and potential solutions and alternative care arrangements for clients who might see a change in their PB allocation as a result of national RAS implementation. To date this type of modeling has only been completed for a number of older people and further work is underway in relation to younger clients including people with learning disabilities and mental health problems.

Early indications are that direct employment of staff using a Direct Payment rather than relying on Sirona/B&NES to commission care can significantly reduce costs and allow clients to manage with lower PB allocations. A system shift towards greater uptake of Direct Payments would need to be supported by market changes such as an increase in the provision of DP support agencies and an increase in the availability of Personal Assistants as opposed to staff employed by provider agencies.

The third sector, community and voluntary sector will have a key role to play in supporting and facilitating change in the social care system and in fostering a culture of care in which service users are directed to their local communities rather than to statutory services. Implementation of the national RAS will need to be robustly managed to ensure that practitioners are supported to stay within budget however this is only likely to be possible with access to a full range of voluntary sector services.

Timescales for Implementation

Work to date indicates that implementation of the national RAS could begin in early 2013 following a statutory consultation period to take place between October and December 2012. The momentum gathered to date with staff in the project team and within Sirona would not be lost if this timescale were to be adopted.