

* Name of proposal/policy	Financial Controls, Income and Debt	* Budget number	16-001-04
* Service area responsible	Adults	* Cabinet meeting date	14 <sup>TH</sup> February 2017
* Name of completing officer	Anna Earnshaw	* Approved by Director / Assistant Director	Anna Earnshaw
* Version	1.2		6 <sup>th</sup> February 2017

**PART A**

* Section 1a: Description of proposal under consideration/development	* Section 1b: Is this new or existing? Does it link to current provision?
<p>As part of the set-up of NASS (Northamptonshire Adults Social Services) under the Next Generation Policy, we intend to introduce more rigorous processes for managing finance and budgets, ensuring we optimise collection of any income or debt and for pricing any traded services that NASS sells.</p> <p>We intend to create a new process for management of operational budgeting with a greater focus on variation to forecast budget and not just on the progress of savings. We also plan to create better transparency of spend by managing expenditure by care types (Home Care, residential care etc.) so that we can see the trends and issues in expenditure and focus more</p>	<p>The service already complies with the budget monitoring and reporting cycles and has weekly savings review. Going forward the focus will be on variance to plans and more rigorous understanding of the cause of pressures, trends and projections with targeted action where supply issues suggest a change or action in commissioning is required.</p> <p>Currently any manager can raise a charge or debt to health partners and there is no set process, format or process to agree a schedule or reason for charges or PO request requirement. This can lead to backdated charges and disputes where health later request confirmation of agreement to pay. In future all requests (from any NCC service) will follow one route and all</p>

on cost controls and managing the market than we currently do by focusing on age groups.

We will also introduce new processes to raise charges for health that will avoid bad debt accumulation for health-related debt and ensure that we have a full audit trail for agreements between the partners.

We also intend to progress the policy of moving to a net not gross payment for residential and nursing homes (in line with national practice) where the home becomes responsible for collecting the client top up as they do for self-funders. This will avoid NCC needing to pursue debt where the service user fails to complete assessments, make payment or mistakenly believes that NCC will pay.

We will continue to look at opportunities to grow income streams by trading services with a focus on areas where we can be cost effective and in particular we will look at opportunities to scale up assistive technology and tele-care solutions as an alternative care solution.

We will also be reviewing all direct payment accounts where we have for 2 years consecutively had to collect underpayments to establish if the payment should be permanently reduced to the level of expenditure used. This will avoid the cost and considerable resource required for reviewing and collecting underspends, which have been significant, and service users will retain the right to request a review if circumstances change.

The rules on capitalisation will also be used where appropriate to capitalise any transformation investment.

invoices raised will be tracked in one place and then discussed at formal health/NCC Finance sub groups as soon as issues arise.

Where a service user or Third Party tops up the money that the Council pays for residential care in order to meet the full cost of care, the Council currently pays the whole fee to the residential care home and then seeks to recover the top ups from the cared for person or third party. NCC is one of only a couple of authorities where this is done, as best practice is that the authority pays the care provider the fees net of the proposed client contribution and the provider seeks payment of the remainder direct from the service user and/or family as they would for any self-funding customers. This would require a change in policy for the Council and discussion with the providers.

There is an existing service aim to grow traded income via OCS services and once OCS becomes part of NASS there will be a continued objective to sell existing successful traded services, grow income where possible and sell other services where NCC can demonstrate excellence to the market.

The policy of recovering Direct payments underpayments has been in place for two years. We will continue to review cases where underpayments are evident and there are no extenuating circumstances. We will inform the service user of a reduction in line with actual spend but this is always subject to a review or in the event of any changes in income.

**\* Section 2: How does this align with the Council Plan/ corporate priorities/ partnership strategies and plans/ Next Generation Council?**

<b>Delivers increased wellbeing and/or safeguarding by ensuring that...</b>	✓
People of all ages are safe, protected from harm and able to live happy, healthy and independent lives in our communities	✓
People have the information and support they need to make healthy choices and achieve wellbeing	✓
People achieve economic prosperity, in a healthy, low carbon economy which gives access to jobs, training and skills development	
Communities thrive in a pleasant and resilient environment, with robust transport and communications infrastructure	
Resources are utilised effectively and efficiently, in coordination with partners and providers	✓

<b>Does it align with any NCC/ partnership strategies and plans? (if so, please list below)</b>
ASC Business Plan, Next Generation Council

<b>Does it support the transformation into a Next Generation Council? (if so, please explain below)</b>
NASS will be changing its processes and approach to financial and commercial elements of its business to ensure it operates in the most efficient way and optimises its income, revenue and debt recovery position.

**\* Section 3: If this relates to a statutory duty, please give details of the relevant legislation below:**

Assessment of eligibility and associated service provision is statutory. The principal duties are embedded in the Care Act 2014 and the Mental Capacity Act 2006.

#### Section 4: Have other alternatives been considered?

We have been operating in a mixed model of externalised trading and internal delivery for some time. The two businesses, ASC and OCS, operate under different cultures and processes and need to be brought together as a single set of processes targeted at operating efficiently, understanding and controlling the cost base and managing effectively in terms of supply and demand.

We have been undertaking an annual “claw back” project each year to recover the underspends on Direct payments, but this is time and resource intensive and experience suggests that it is harder to recover the underspent budget after the event than it would be to amend the budget allocated at the start of the year and then increase it if required.

For both health and client debt we have improved the process of chasing debt using LGSS Finance and, more recently in the case of client debt, by supporting Finance with care management expertise to inform the debt recovery process and actions. However each year we face a significant challenge in recovering the debt due and the more aged the debt becomes, the harder it is to obtain payment. By changing the billing process for health and the Residential care payments to net not gross we will avoid later disputes and ensure that the council is not unduly exposed to bad debt.

#### \* Section 5: Financial / resource implications

##### a) Costs (e.g. invest to save)

###### POTENTIAL INVESTMENT ITEMS

- LGSS/BIPI fees for data development
- Financial modelling or capacity for future pricing strategies for income growth

##### b) Staffing implications

This project has no specific staffing implications, as staffing issues are covered in the separate “Staffing and Effective Structure” work stream.

##### c) Savings

Proposed savings:- £4,470,000 in 2017-18

#### Section 6: Has a similar initiative/proposal been implemented elsewhere? What were the benefits or risks? Are there lessons that can be learned?

NCC has 46.74% of service users on Direct payment (DP) with a target to increase this to 51.80% and compares well with other authorities. However it spends twice as much as many comparable authorities. This is because DPs were put in place before many of the framework contracts for service provision (particular Residential care and Learning Disability) were put in place and service users were required to source their own, sometimes expensive, solutions.

This needs to be addressed through better brokering, updated DP allocations and securing better commissioned services at a lower cost for us by DP users, reducing the overall cost to the Council.

NCC is one of only a few authorities that pays providers of residential based care on a gross not net basis. The decision to do this in Northamptonshire has always been based on a concern about the market impacts but this should be balanced with the consideration around rates and Expected to Pay Rates.

**THIS SECTION HAS REPLACED THE EQUALITY IMPACT ASSESSMENT FORM AND MUST BE COMPLETED TO DEMONSTRATE COMPLIANCE WITH THE EQUALITY DUTY**

**\* Section 7: Who will be affected by this proposal? (this may be service user data, or be based on a particular geographical area or more general population data depending on the proposal)**  
**Include demographic information where this is available e.g. breakdown by gender, age, ethnicity, disability etc. BIPI can support with the provision of data.**  
**You may include staff, partner organisations and any other stakeholders who might be affected by the proposal.**

<b>Data Source (include link where published) and summary of what it tells us for example “X number of people use this service, X are male, Y are female etc.”</b>	<b>Why is this relevant to the proposal?</b>
Current customer numbers for Direct payments (BIPI)	<p>As at 5/12/2016, there are currently 2,221 clients with an open Direct Payment. (around 270 clients have a high balance/underspend)</p> <p>For 2016/17 YTD, there have been 2,476 clients that have been supported with a Direct Payment (including those with underspends)</p> <p>This project will impact on customers who currently receive DPS but consistently underspend.</p>

\* Section 8: Based on the above information, will this proposal have an impact on the following? ✓ the relevant box for each line and then expand on the reasons why in Section 9

	Positive	Negative	Neutral	Unsure
<u>Age</u>			✓	
<u>Disability</u>			✓	
<u>Gender reassignment</u>			✓	
<u>Marriage and civil partnership</u>			✓	
<u>Pregnancy and Maternity</u>			✓	
<u>Race</u>			✓	
<u>Religion or Belief (or No Belief)</u>			✓	
<u>Sex</u>			✓	
<u>Sexual orientation</u>			✓	

\* Section 9: Initial impact

\* Section 9a: From your analysis in section 8 above, please explain the positive implications

N/A

\* Section 9b: From your analysis above, please explain why you have categorised any implications as neutral

As noted, changes to processes will impact customers and who they deal with to pay their contributions but not the overall top up they are required to pay.

The resetting of personal budgets amounts may be seen as a cut by individuals, however it is important to remember that any changes to personal budgets will follow consecutive underspends. Customers will always have the ability to request a review if their circumstances change.

Communication with customers will be important to explain the changes and the fact that this re-balancing of payments is required to ensure that the Council has the required resource to meet all eligible need and optimise its financial situation to support this.

<b>* Section 9c: From your analysis above, please explain the negative implications</b>	<b>* Section 9d: What actions have you identified to mitigate any negative implications?</b>
N/A	N/A
<b>* Section 9e: From your analysis above, please explain the areas where you are unsure of the impact</b>	<b>* Section 9f: What actions have you identified to fill gaps in information?</b>
N/A	N/A

<b>* Section 10: Internal considerations: are there any implications for the following?</b>		
	<b>✓ or X</b>	<b>If there are any implications, please explain them here and identify any actions you may need to take as a result</b>
<a href="#"><u>Staff</u></a>	X	This proposal does not impact directly upon staffing numbers, as the necessary changes in staffing to reflect the long term delivery of this model will be reflected in the related “Staffing and Effective Structure” proposal.
<a href="#"><u>Financial (NCC)</u></a>	✓	The implementation of a common process for all health invoices will reduce the work to review and manage debt, bad debt provision and debt recovery activity. The decision to move to Net not gross payments for residential care will reduce the work to review and manage debt, bad debt provision and debt recovery activity.
<a href="#"><u>Legal</u></a>	✓	We may require a variation to framework contracts to allow for the Net not gross payments for residential care. Health arrangements for payment and debt will need to be supported by an agreed section 75 legal agreement.
<a href="#"><u>NCC Policy</u></a>	✓	NCC will need to update any policy in relation to paying residential care providers.
<a href="#"><u>Performance</u></a>	✓	It is anticipated that Financial performance will improve and debt will reduce.
<a href="#"><u>Data quality / information security</u></a>	✓	Robust evaluation will require high quality data at the individual level. This should not place additional burdens in these areas but operating practice in handling data will need to be monitored in order to ensure ongoing compliance with corporate and legal standards.
<a href="#"><u>IT</u></a>	X	No additional impact is foreseen

<a href="#">Strategic assets</a>	X	No additional impact is foreseen
<a href="#">LGSS / federated bodies</a>	✓	Changes in the approaches may impact financial processes and recovery activity.
<a href="#">Procurement</a>	X	No additional impact is foreseen
<a href="#">Project support</a>	X	No additional impact is foreseen
<a href="#">Other (if appropriate)</a>	X	No additional impact is foreseen

**\* Section 11: External considerations: are there any implications for the following?**

	✓ or X	If there are any implications, please explain them here and identify any actions you may need to take as a result
<a href="#">Community impact</a>	X	No impact foreseen
<a href="#">Impact on the consumer (e.g. communication needs, access, rurality, complaints)</a>	✓	As noted, changes to processes will impact customers and who they deal with to pay their contributions but not the overall top up they are required to pay.
<a href="#">Reputation</a>	✓	The resetting of personal budgets amounts may be seen as a cut by individuals so communication is important and the fact that this re-balancing of payments is required to ensure that the council has the required resource to meet all eligible need and optimise its financial situation to support this.
<a href="#">Political</a>	✓	See the comment on “Reputation”. The changes in pathway and delivery will need to be clearly understood and widely advocated.
<a href="#">Partners</a>	✓	The changes proposed have the potential to impact providers in the Community and Voluntary Sectors, and upon partners in the other NCC federated companies, so early involvement, common understanding and positive communication will be needed as the projects develop.
<a href="#">Human Rights</a>	X	No impact is foreseen
<a href="#">Health impact – individual</a>	X	No impact is foreseen
<a href="#">Health impact – wider community</a>	X	No impact is foreseen

<a href="#">Economic impact - individual</a>	✓	The resetting of personal budgets amounts may be seen as a cut by individuals so communication is important and the fact that this re-balancing of payments is required to ensure that the Council has the required resource to meet all eligible need and optimise its financial situation to support this.
<a href="#">Economic impact – wider community</a>	X	No impact is foreseen
<a href="#">Community Safety impact</a>	X	No impact is foreseen
<a href="#">Environmental impact</a>	X	No impact is foreseen
<a href="#">Consultation</a>	✓	See comments in other sections regarding the requirements for consultation and communication.
<a href="#">Other (if appropriate)</a>	X	No other impact is foreseen

Based on the impacts and considerations above, please identify the RAG status

RAG Status	Overall RAG	Time	Proposal Delivery	Cash Saving	Risk	Issue	Dependency
	Amber	Green	Amber	Amber	Green	Green	Green

* Section 12a: What are the risks associated with NOT implementing the proposal? (tick if applicable)	✓	* Section 12b: What actions have you identified to mitigate the risks? Will anything in the current arrangements need to be changed to acknowledge this risk? Is implementing the proposal the only way to mitigate the risks?
Financial – bad debt provision		Not making this change will impact the ability to control and reduce bad debt and avoid incurring it in the first place.
Financial		Costs for reviews and recovery are likely to be incurred year on year as a result of the need to review and request claw backs from Direct payments as well as dealing with a disputes that follow.
Change in performance/ data quality/ information security		There is a high probability that, without this intervention, value for money and care provision unit costs would escalate to cater for debt provision.
Reputational/ Political		There is a risk that service users will view changed in Direct payments as a direct cut rather than adjustment of budgets to meet actual need.

		There is also a risk that providers see this as an attack on an already unstable market for residential care where fees have been kept low.
<b>Increase in complaints and/ or legal challenge</b>		N/A
<b>Other</b>		No other issues are foreseen

**\* Section 13: Budget Delivery Programme Highlight Report information – total amount allocated to savings proposal 2017-18 through to 2020-2021; profiled budget; 2017-18 action plan extended savings narrative; cost code information**

<b>Total amount allocated to savings proposal 2017-18</b>	
<b>2017-18 (£000)</b>	<b>4,470</b>

<b>Impact of saving within the budget profile</b>			
<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
1,117	1,118	1,117	1,118

	<b>Milestone</b>	<b>Owner</b>	<b>By when</b>
<b>1</b>	Individual work items agreed	ALL	
<b>2</b>	Financial targets set and agreed	MILESTONES	
<b>3</b>	Preventative services reviewed	OWNED	
<b>4</b>	Customer pathway defined	BY	
<b>5</b>	Consultation and communications agreed	ADULT SOCIAL CARE	
<b>6</b>	Staff training developed and undertaken	SMT	
<b>7</b>	(linked project) Staffing structure implemented	MEMBERS	
<b>8</b>	Service gateways agreed and implemented		

<b>Cost code</b>	TBC	
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**\* Section 14: Do you need to undertake further work (e.g. consultation, further proposal development, and further equality analysis) based on the impact and actions identified above? If yes, set this out below and then carry out the work and complete Part B:**

This proposal will form part of the overall budget consultation process. Any feedback received (as well as any further intelligence gathered in the course of developing the project) will inform a final analysis of the impact of the proposal which will be considered by Cabinet and Council in February when taking a final decision on the budget. The EqIA will be updated accordingly.

Longer term impact and evaluation work is required in order to understand and evaluate the ongoing impact of the work in this area. Ongoing communication and information resource will be required in order to ensure widespread understanding of both the underpinning philosophy, the individual impact and the ongoing evaluation of this work stream.

**PART B**

**Section 15: Consultation, follow up data and information gathered from actions identified above**

	<b>What does this information tell us?</b>
This proposal formed part of the overall budget consultation process.	We received several comments relating to this proposal, specifically around direct payments and whether the current funding levels were sufficient to maintain people’s independence.

**Section 16: Final impact analysis (taking the findings from Part B into account) – including review date if required**

The final equality impact analysis is neutral for all groups. The changes will not affect the amount of contributions people pay, and so are not expected to result in a negative impact.

The resetting of personal budgets amounts will only take place as a result of consecutive underspends and customers will always have the ability to request a review if their circumstances change. We therefore assess this change as having a neutral impact.