

CHESHIRE EAST COUNCIL

REPORT TO: ADULT SOCIAL CARE SCRUTINY COMMITTEE

Date of Meeting: 27th September 2012

Report of: Dominic Oakeshott (Business Management & Challenge)

Subject/Title: Empower Update

Portfolio Holder: Councillor Janet Clowes

1.0 Report Summary

- 1.1 This report provides a high level briefing and further update on the Council's prepaid social care card product (known as the Empower card) since the last update to ASC Scrutiny on 15th March 2012.
- 1.2 The rapid increase in the take up of such a new and innovative process created a number of issues, with both the product itself and associated processes, and therefore the Council approved a 'pause' in the roll-out of the Empower card in November 2011 as part of a post-implementation review. This pause became indefinite in March 2012 pending completion of a detailed review of all card accounts. During this time, no new customers have been given an Empower card.
- 1.3 The strategic Empower Steering Group continues to oversee this 'pause', meeting on a regular basis. The Task Team now operates under the Head of Business Management & Challenge. The work commenced in February 2012 and is being carefully managed. As the review continues, communication with our customers, carers, third sector organisations and care agencies is crucial and this is part of that process.
- 1.4 Internal administrative processes have been reviewed and improved within the Empower, Direct Payments and debt recovery teams, and interactions clarified between Client Finance and both care management and shared services, to ensure that these issues are minimised going forwards. Training for all relevant staff on the revised processes was delivered in May 2012.
- 1.5 Work is ongoing to review alternative products now available in the current market place that may better meet the needs of CEC and its customers, including prepaid card developments. This is being co-ordinated with other strategic social care and finance products.
- 1.6 Since the initial 'pause' with the Empower card for new customers, many areas of activity have been reviewed. There is now far more stability in the system now, and better information available to monitor and resolve queries efficiently. However, the complexity of the situation and pace of change has resulted in the process taking far longer than had been anticipated at the outset.
- 1.7 The strategic and operational plans to establish a new platform and systems, ready to move implement in a phased, planned and managed way from April 2013, are progressing alongside the continued audit and stabilisation processes for the existing product as described above.

2.0 Recommendations

- 2.1 That the Committee notes the continued progress of the review of all Empower card customer accounts (and associated care reviews).
- 2.2 That the Committee endorses the Council's continued exploration and evaluation of the current pre-paid card product against alternative options now available in the market.

3.0 Reasons for Recommendations

- 3.1 The Council puts the interests of individual customers at the centre of its social care processes, in accordance with its statutory responsibilities.
- 3.2 The Council needs to support the local provider market while this review is taking place and be mindful of maintaining a stable market within the borough.
- 3.3 It is important that the Empower card product is reviewed post implementation, all appropriate views gathered and alternative options identified and properly evaluated.

4.0 Wards and Local Ward Members Affected

- 4.1 All wards and local ward members are affected, as the Empower card is used Borough-wide.

5.0 Policy Implications

- 5.1 Direct Payments and the Empower card are central to the Council's response to the Government's Personalisation agenda for Adult Social Care.
- 5.2 In addition, the card is the Council's preferred and primary payment mechanism to community social care providers.

6.0 Financial Implications

- 6.1 The Adult Social Care budget is projecting a £4.1m overspend as at 2012/13 First Quarter Review, reported elsewhere on this agenda. The Council is projected to spend £16.8m on Direct Payments (including Empower) in 2012/13, and has target remedial action plan of £0.5m of fund recovery supporting Individual Commissioning.

7.0 Legal Implications

- 7.1 The Borough Solicitor is represented on the Empower Steering Group. In addition, legal advice has been obtained on the proposed changes to the Direct Payments Agreement and revised Direct Payments procedures.

8.0 Risk Management

8.1 The Council is managing a number of potential risks through this process. These include:

- Potential loss of Council funds
- Customer safeguarding through inappropriate card use
- Card system failure
- Legal challenges on the operation of the card.

9.0 Background and Options

9.1 The Empower program is Cheshire East Council's innovative and leading-edge mechanism for the delivery of social care personal budgets.

9.2 As of the end of August 2012, just under 850 Council social care customers are receiving their personal budget by a payment onto an Empower card (approx. £600,000 in total every four weeks); however, new customer cards have been 'paused' since November 2011 as a comprehensive post-implementation review is undertaken, including a detailed audit of every card issued (both current and closed) since the program's launch in early 2010.

9.3 This review was triggered by significant and multiple post-implementation issues that arose and threatened to overwhelm the original benefits envisaged from the product, for cardholders, provider agencies and the Council. These issues were having a significant detrimental impact on the ability of vulnerable social care customers to access the care they needed in an effective and efficient manner, and also impacting on payments to care agencies, that were subsequently experiencing significant pressures on cash flow.

9.4 The review has been overseen by an Empower Steering Group under the leadership of the Director of Children, Families & Adults and with representation from the Director of Finance & Business Services and the Borough Solicitor. A project manager to lead this review was seconded from Finance, and additional resources made available from Benefits and elsewhere to constitute an Empower Audit Task Team (EATT).

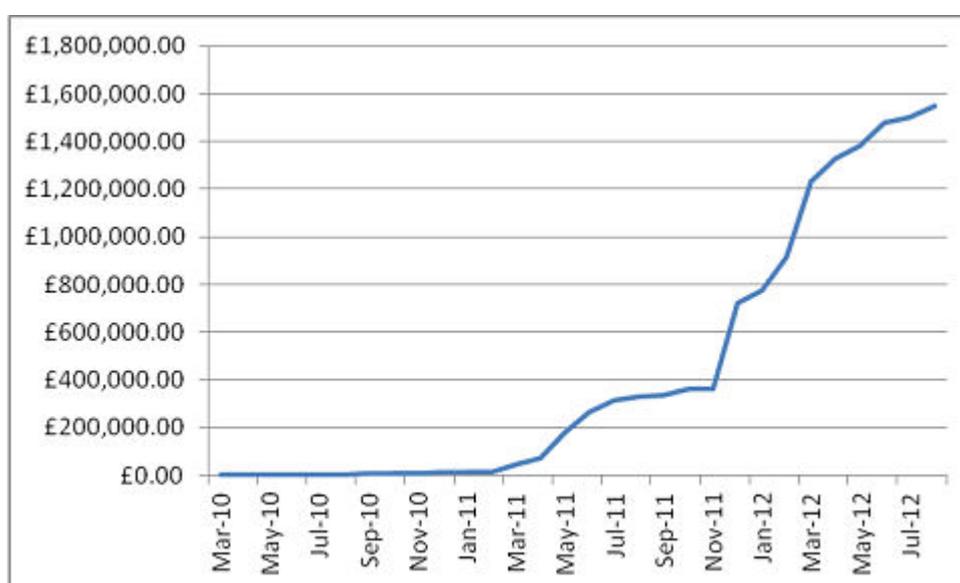
9.5 Feedback sought from customers, care agencies and other interested parties such as the Cheshire East LINK has highlighted significant concerns with the implementation, but an overall desire to retain the positive features that the Empower product facilitated. An initial report to the Adult Social Care Scrutiny Committee on 15/3/12 contains further background information.

9.6 The EATT has prioritised auditing all cards held on behalf of individual customers by care agencies. There are around 75 agencies holding a total of 1,500 cards (both current and closed); however, the 10 biggest agencies hold 900 cards between them. The guidance given by the Council to these agencies at the outset about how to operate the cards was not clear or extensive, and as such the practices followed (both operational and financial) have varied from agency-to-agency, both in practical and in quality terms.

- 9.7 Queries from individuals around the Empower system are also being managed on a case-by-case basis (there are a further 475 current or closed Empower cards held by customers themselves or their representatives), and the Council now has sufficient information to answer these efficiently and effectively. Feedback from individuals so far has been constructive in the main, leading to satisfactory repayment outcomes when challenged.
- 9.8 The work to validate payments made, particularly where customer contributions are involved, is complex, as the information required is held in multiple IT systems which are not fully integrated, and this has been exacerbated by the fact that the cards are 'live' accounts, often held in large numbers by single care agencies and by the necessary delay as information is shared between agencies and the Council.
- 9.9 Establishing agreed amounts with sufficient certainty at a given point in time is not easy, and can take many hours of investigation, regular and significant rework and has to date required senior input to resolve the issues. In some cases, this has also required re-visiting the payment arrangements that predated the Empower implementation, known as DP Lite Managed Accounts, which has further complicated the exercise.
- 9.10 As at the end of August 2012, 33 care agencies had been contacted with requests for audit information (covering a total of 1,291 cards, or approx 85% of all cards held by agencies).
- 9.11 Of those:
- 2 agencies have completed the process (139 cards)
 - 6 agencies have completed the process with issues outstanding pending resolution (421 cards)
 - 12 agencies are at varying stages of audit completion (268 cards)
 - 5 agencies have submitted only partial information with additional information requested (235 cards)
 - 8 agencies have not responded to the audit request despite reminders sent (228 cards).
- 9.12 Work to complete all these reviews is ongoing, with an update briefing to care agencies arranged for October 2012.
- 9.13 Initial findings indicate that, amongst other things, there are significant amounts of unpaid customer contribution going back a number of months. Where necessary, the Council is settling overdue customer accounts with care agencies and then seeking to recover this from the individual customers concerned through normal debt recovery functions. It is important to note the sensitivity recovering unpaid contributions from customers with the Empower card and where necessary and appropriate discussions will be held with customers about the amounts owed.
- 9.14 Quantifying the financial impact of this is difficult at this early stage and is based on a small sample of data that is not statistically representative, but the following represents a summary to date from the two completed agencies:

- A total of just under £40,000 has been recovered in unused funds (average £280 per card)
- Around 15% of customers had overpaid contribution; just over £16,000 has been returned to them (average across all cards, not just those that were overpaid, of £119 per card)
- Around 37% of customers had underpaid contribution; a total of just over £36,000 has been identified for debt recovery (average across all cards, not just those that were underpaid, of £261 per card)

9.15 The graph below shows the increase in social care funds recovered through enhanced DP audit processes and prioritised resources since the 'pause' and introduction of the EATT (including the £40,000 identified above). This will continue as all audits are completed and a backlog in 'traditional' Direct Payment audits is prioritised.



Note: Figures for the first six months since March 2010 are difficult to confirm with certainty, as record-keeping was unclear during that period (there was around £80k recovered during that period with no date attached).

9.16 During 2011/12 £0.5m was recovered and included with the outturn for Children, Families and Adults and as detailed above a further prudent £0.5m has been assumed as the potential recovery during 2012/13 after allowing for increases in bad debt provisions and payments to providers. Close scrutiny will remain and should it be possible to increase the anticipated level of mitigation this will assist in reducing the departments forecast overspend.

9.17 A high level vision has been devised that seeks to simplify the arrangements and provide the basis for specifying a replacement for the Adult and Children's Financial Systems. The aim is to reduce the number of options and solutions to the minimum. This will include a Direct Payment option, as this is required by law, but may also include a 'personal account' (technically, a Council-managed account) that enables a Personal Budget to be taken on an improved Empower platform, retaining all of the advantages of the current product but improving the simplicity and functionality for customers and the Council.

10.0 Access to Information

- 10.1 For any further details or background information, please contact Dominic Oakeshott, Business Management & Challenge (01270 686232).

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