

CHESHIRE EAST COUNCIL

Cabinet Member for Adult Services Cabinet Member for Resources

Date of Meeting: 28th June 2010
Report of: Phil Lloyd – Head of Adult Services
Subject/Title: Resource Allocation System Care4CE Prices

1.0 Report Summary

- 1.1 This report sets out proposed prices for Care4CE services to be used in accordance with Cheshire East Council's Resource Allocation System-generated Personal Budgets.

2.0 Recommendation

- 2.1 That the Cabinet Members for Adult Services and Resources approve the schedule of prices to be used for customers who wish to access Care4CE services through a managed Personal Budget under Cheshire East Council's Resource Allocation System, due to go live in Macclesfield in early July and shortly thereafter in the rest of the Borough.

3.0 Reasons for Recommendation

- 3.1 This decision is required as an addendum to the decision taken by Cabinet in relation to Adult Social Care redesign implementation – see paragraph 2.6 and Appendix 4 of the Adult Social Care Redesign – Implementation Cabinet report (16th June 2009).

4.0 Wards Affected

- 4.1 All wards. Macclesfield Local Independent Living Team (LILT) is implementing RAS a month earlier than the rest of the Borough, to enable experience of any practical issues and associated learning prior to full-scale training and roll out.

5.0 Local Ward Members

- 5.1 All ward members.

6.0 Policy Implications including - Climate change - Health

- 6.1 None.

7.0 Financial Implications

- 7.1 This addendum is required by virtue of a previous Cabinet decision (see above). Internal provider unit costs were required in order to inform the development, testing and approval of the Council's Resource Allocation System (RAS), and this report proposes formalising these – with some minor amendments – as the approved Care4CE prices for RAS implementation.
- 7.2 There are accepted limitations to these prices (these are set out in more detail in Section 10 below); however, they represent the most appropriate and accurate prices available in the current period of transition and transformation. As they are the ones used to inform the RAS, they are consistent with the assumptions that underpin the approval of that system.
- 7.3 It is important to recognise that the prices contained herein relate to *individually commissioned services only*. Further work is required on the service level agreement between Care4CE and the Council's strategic commissioners and associated activity and unit prices.
- 7.4 The development of Personal Budgets and operation of the RAS will be carefully monitored over the short to medium term. This is documented within the RAS policy (paragraph 4.26), and will extend to monitoring of Care4CE unit costs and the extent to which the prices contained herein represent full cost recovery.
- 7.5 The Council has previously committed to reviewing these prices no more frequently than on an annual basis (16th June 2009 Cabinet report Appendix 4); however, the recommendation in this report is that any change in prices is carried out in conjunction with the wider review of the RAS. The RAS policy makes provision for in-year amendments should they be considered necessary, taking account of appropriate legal advice and in communication with staff and customers as required.
- 7.6 Work is ongoing to develop and fine tune accounting arrangements to ensure and demonstrate that Care4CE is meeting its objective to be 'net nil' in terms of earning sufficient income through individual and strategic commissioning to cover the whole of its costs. It is critical that the impact on Care4CE of these prices, and their accuracy in terms of achieving full cost recovery, are monitored carefully over time – this will be carried out by Care4CE (supported by Finance) in conjunction with the overall monitoring arrangements for RAS.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Local Authority is permitted to charge for this service under S17 of Health and Social Services and Social Adjudications Act 1983.
- 8.2.1 The Local Authority is not however permitted to trade commercially (except in certain prescribed circumstances) and cannot therefore charge more than the actual cost of providing the service.
- 8.3 The figures contained in this report have been verified by the Council's accountancy team.

9.0 Risk Management

- 9.1 The financial risks within this report are being managed as part of the wider Finance management of Adult Social Care Redesign and the RAS.

10.0 Background and Options

- 10.1 The proposed 'prices' contained within this report reflect the full costs of delivering these services, as calculated in the second half of the 2009 calendar year to inform the development of the Cheshire East Council RAS.
- 10.2 These calculations were carried out by CE Finance in collaboration with the provider service management team. Historic financial and activity data was used, amended where applicable for known changes to net expenditure and / or budgets. The outputs were agreed by the Care4CE management team and the RAS Steering Group in December 2009.
- 10.3 The basis for the calculations was detailed in the 16th June Cabinet report Appendix 4. It is reproduced in Appendix A of this report for information. Whilst this was the most effective and practical approach to take given the level of change in the service (both LGR and SCR-related), it does not necessarily produce a set of costs that reflect accurately the complexities of service that are currently provided. In particular, budget reductions were applied across different elements of service at different levels to deliver an overall target reduction of 10%, as set out in a briefing note to the RAS Steering Group in December 2009 reproduced at Appendix B; these assumptions have not yet been validated against cost reductions achieved since 2009 or planned for 2010.
- 10.4 Further work is needed, both to develop Care4CE management information systems and to consider the future structure of the service 'offer' and the way in which the organisation is constructed and governed. This is already well-advanced, and will inform any revision of these prices in conjunction with the wider RAS review mentioned above.
- 10.5 The prices themselves are set out in Appendix C of this report. A number of minor revisions have been made to these since the RAS test phase, as set out below:
- Combining the PD Disability Connect and Standalone Day Care services (therefore a combined price has been used)
 - Matching price for long stay FBC placement to short stay price (more recent detailed work on Family Based Care suggested this price)
 - Removal of some establishments due for closure (e.g. Santune House)
- 10.6 Prices for home care have been included as these could still be accessed from Care4CE following reablement for a short period to maintain continuity of service.
- 10.7 Care4CE will develop 'personal agreements' with customers that incorporate standard terms and conditions for the ways in which services,

and these prices, will operate. These will include the option to vary prices, or introduce 'person-specific' prices, where these better demonstrate true cost recovery in accordance with the provisions for review and amendment incorporated in the RAS Policy.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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PHASE 1 APPROACH

For July 2009, the following principles will apply and will underpin the calculation of internal provider prices:

1. **Standard Average Prices**

Initially, prices will be calculated on a standardised, average basis i.e. each service provision type will set a single price for a single, time-based unit of service, regardless of locality (e.g. one hourly rate for home care, one daily rate for day services, one night rate for respite services etc).

2. **Cost Base**

Wherever possible, costs will be based on the average costs for 2008/09 from the financial ledger. The main exceptions to this will be:

- where costs of a service are known to have changed; in this case, the most accurate current costs will be used;
- where the service delivery model has changed, such that it no longer reflects the structure recorded on the financial ledger; in such instances, costs from other centre codes will be apportioned on the most appropriate basis.

3. **Activity Base**

Wherever possible, existing activity records for 2008/09 will be used, based upon the most recent 'average' activity period, except where future activity can be reasonably expected to deviate from historic patterns to a material degree.

The methodology for calculation of activity will be standardised across similar services, and will be made available for information.

4. **Full Cost Recovery**

Providers will set prices at the same level as costs, including a contribution towards some overheads (see point 3 below). Providers will not set prices that generate a profit, as they are not yet constituted with the ability to trade.

5. **Overheads**

Prices will include recovery of the following overheads:

- indirect management structure costs
- corporate support costs (inc. finance, legal, HR, property management, Health & Safety and IT)
- transport costs

They will not include the following:

- democratic core costs
- transformation programme management costs

6. **Other Funding Streams**

Services funded either wholly or partly by other funding streams (e.g. health monies, Supporting People income etc) will set prices net of that income i.e. Cheshire East Council will not seek to 'double recover' the costs of that element of the service. Where this funding is location-specific, the effect of that income will be spread across the whole of the relevant service, in keeping with the principle of standardised, average prices (see Point 1 above).

7. Strategically Commissioned Services

Costs associated with the provision of strategically commissioned services, including reablement and the 'service of last resort', will be removed from the calculation of these prices.

8. Contingency

An element of contingency has been withheld from the RAS allocation to fund transitional relief and supplementary allocations, as required. Internal provider prices are unaffected.

Excerpt from Briefing Note to RAS Steering Group (4th December 2009)

As promised, please find attached an update on the prices I have calculated for in-house Provider Services.

This process was carried out in July – October 2009 in collaboration with the Provider Service management team, and was based upon the most recent Oracle ledger and activity information at that time, adjusted for known changes (including target budget reductions for 2009/10). The biggest of these was an increase in employers' National Insurance contributions from 1st April 2009.

The following points are made:

- 1) These are prices for services envisaged as being available for **Individual Commissioning only** (i.e. from someone's Personal Budget as calculated by the RAS)
- 2) The calculations pre-date the recent restructuring programme and are therefore not wholly up-to-date; however, they are sufficient for RAS testing purposes. An overall target assumption of 10% across in-house provision was incorporated, however this has not been spread evenly across the service elements but as follows (designed to reflect the actual restructure changes):

• LD Day Services	20%
• LD Supported Living	18%
• LD Short Stay / Respite	10%
• PD Disability Connect	10%
• MH Provider+	10%
• CSCs	5%
• Standalone Day Care	5%
• Home Care	0%
• Family Based Care	0%
- 3) Prices have been set on actual 2008/09 activity or target activity (85%), whichever is the higher activity level, with the exception of Home Care (see below)
- 4) Home Care prices were calculated on 2008/09 SLA activity levels. However, this gave a 'composite hourly' price which does not reflect estimated prices at individual call duration levels (i.e. 15-, 30-, 45- and 60-minute calls). An adjustment was done to apportion costs at levels comparable with market rates to each call duration band, to calculate prices for each call duration.

CARE4CE PRICE LIST

Service	Establishments	Unit	Price
LD Day Services	Stanley Centre (Knutsford) Peatfields (Macclesfield) Dean Row (Wilmslow) Macon House (Crewe) Cheyne Hall (Nantwich) Carter House (Congleton)	Day	£42
LD Supported Living	East Terrace (Knutsford) Macclesfield Network Henbury Road (Handforth) Acorn Provider (Crewe) Cheyne Network (Nantwich) Congleton Network	24 hr	£94
	Acorn Provider (Crewe)	Hour	£20
LD Supported Living – High Dependency ¹	See note below	24 hr	£240
LD Short Stay / Respite	Queens Drive (Nantwich) Warwick Mews (Macclesfield)	24 hr	£84
PD Disability Connect	Mayfield Centre (Macclesfield) Hilary Centre (Crewe)	Day	£42
MH Provider+ Social Groups	Various	Session	£20
MH Provider+ Outreach	N/A	Hour	£35
CSC Day Care	Cypress House Hollins View Mountview	Day	£32
CSC Short Break Residential	Cypress House Hollins View Mountview Lincoln House	24 hr	£95
CSC Dementia Day Care	Bexton Court Lincoln House	Day	£32
CSC Dementia Respite	Bexton Court Lincoln House	24 hr	£108
Standalone Day Care	Lindow Unit Brocklehurst Unit Salinae Jubilee House	Day	£42
Home Care	N/A	15-min	£9.69
		30-min	£13.45
		45-min	£17.41
		60-min	£19.80
Family Based Care	N/A	Session	£20
		24 hr ²	£80
		24 hr ³	£80

¹ At present, this is calculated for Heatherbrae only, although this could be applied to service users at other Supported Living Networks on other criteria (e.g. RAS score)

² For short stay respite

³ For long stay placements