

SDS: finance and systems

Points on Practice

Background

The Social Care (Self-directed Support) (Scotland) Act, 2013 commenced in April 2014 and is designed to increase choice and control for people who use support. The Act has introduced four options which set out the different levels of control a person can have over the resource (budget) for their support.

- **Option 1:** Direct Payment- the person has full financial control (and responsibility)
- **Option 2:** Directing your budget- the person does not have financial control of the budget but directs the local authority, provider or other third-party budget holder as to how they wish the resource to be spent.
- **Option 3:** The local authority arranges and purchases support on behalf of the person
- **Option 4:** A mixture of 2 or more of Options 1-3.

<http://www.ccpscotland.org/pp/topics/self-directed-support-act/>

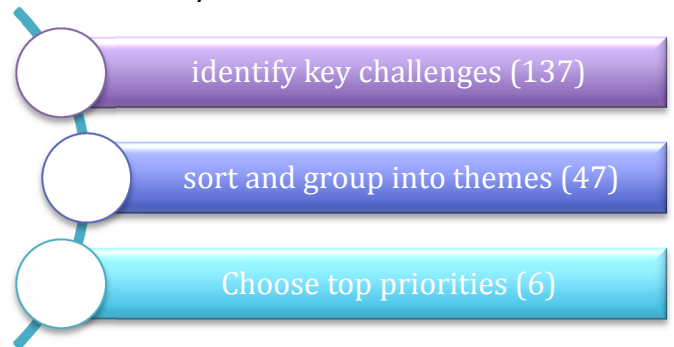
About the event

The individualisation of budgets for supported people raises challenges for finance leads and has practical implications for finance systems and ethical implications for providers looking to balance both business risk and support for the person. Twenty-five finance leads from the voluntary sector met together in May 2014 to:

- Discuss the finance challenges of self-directed support.
- Share good practice, work in progress, and ideas.
- Identify if there is a need for further support for finance leads (and what that might look like).

Session 1: Working individually finance leads identified all the challenges they face and then worked in groups to sort and group these.

Following this leads identified their top 6 priorities for action this year.



Session 2: Working in groups finance leads identified solutions, quick wins and problems that were outwith the control of providers to resolve.

Themes identified

"Good to see other people in the same boat - all pretty much in agreement on key issues/concerns"

Costing and hourly rates

Providers are noticing downward pressure on hourly rates with increasingly contracts looking to pay only for face-to-face support time (excluding travel etc.)

People who use support should be offered time to visit and meet with the provider they are considering. Even following a decision there will still be important things to do that aren't necessarily included in the costs of support. This includes activities like person-centred planning or recruitment of a matched staff team.

Some providers offer a support 'menu' and charge separately for activities like person-centred planning. This sometimes includes waiving the charge should the supported person go on to receive support from the provider.

The challenge of disaggregating costs for 'complex' and integrated support was also discussed.

Providers offered to share costing models (see Basecamp Project) Steve Scown's costing models from the 2013 SDS for business support staff are also available at www.ccpscotland.org/pp

Finance leads expressed concern about how best to build in management and on-costs into their hourly rates and how informed supported people might be about the different components of the hourly rate.

It is too early in the SDS implementation process to be clear about additional administrative costs to providers. Most finance leads estimated a significant increase in administration and that new staff and systems may be required. Some local authority areas are passing on the administrative costs of Options 1 and 2 to providers while not allowing for this within their hourly rates.

Concern was also expressed about the difference in treatment between in-house and outsourced services with a call for in-house hourly rates to be made public, particularly where outsourced providers are required to do so.

Systems and variation

Several participants identified the need to make changes to their finance and IT systems to support individual invoicing although some participants already had this in place.

There is significant variation in local authority reporting requirements; IT systems and finance systems. This is a particular challenge for finance leads working across more than one local authority areas.

It was noted that the amending or creating these systems is not cost-neutral and that funding was seldom available.

Partnership work with other providers is also challenging to administer as providers often have different systems and approaches.

Collecting debt

Collecting debt (both recent and historic) is becoming increasingly important for organisations. Some people are unhappy that this is becoming the role of support providers and that this doesn't fit with the values and ethics of this type of work. Participants made the distinction between debt from organisations (primarily the contracting authority); service user debt and third party debt (collection of charges on behalf of the local authority.)

- ✓ A provider has hired a credit controller who is responsible for recovering unpaid money from organisations. This has brought in significant sums of money owed to them. The provider considers that their investment in this role has been very worthwhile.
- ✓ Sharing the services of a credit controller between a group might be cost-effective for smaller providers.

Service user debt needs to be treated differently as they may be vulnerable and non-payment could be due to the problems they face- not simply unwillingness to pay. Examples of this include chaotic lifestyles; fluctuating mental health problems; overwhelmingly difficult family circumstances or simply not understanding the need to pay for support or finding agreements and invoices difficult to understand. Debt may also arise if the person is not happy with the service and decides to withhold payment. It is difficult for providers to balance their wish (some described this as a duty) to continue supporting someone who needs it with the business need to seek payment and recover debt.

- ✓ A provider has set up separate systems and approaches for collecting organisation and service user debt to make sure that the approach to service user debt is sensitive and handled as part of their support.

Option 2

It is unclear how Option 2 administration will work for finance staff. Under Option 2 the budget may be held by a provider, the local authority or another third party.

Some local authority areas retain Option 2 budgets; others delegate these to the provider the person chooses.

Where the provider is the budget holder they may need to subcontract with other organisations to deliver the support the person wants. Early Option 2 contracts suggest that the risk of subcontracting falls entirely on the provider.

Managing financial risk

Financial risk comes in a number of forms:

- **Risk to the organisation:** from non-payment; withdrawal of block contracts; delayed payment from organisations and supported people.
- **Future risk to the organisation:** lack of data on the choices supported people might make in the future making it difficult to plan staffing and services.
- **Risk to the supported person:** need to support the person to manage their budget; provide accessible invoicing and agreements. Accountability should funds be missed.

Forecasting and business planning

As SDS implementation is in its early stages organisations do not have the data they need to plan their services for the future. It is unclear what the balance of take-up of Option 1 and 2 will be and how frequently supported people might move on from a service.

A provider is using data collected from people who currently purchase their services with a Direct Payment (DP) they are using the turnover rate for this group as the basis for an estimate of turnover rate for SDS.

Priorities

1. Intensive administration that comes with more individual budgets (16)
2. Administering Option 2 (Individual budget/Individual Service fund) (15)
3. Managing financial risk (14)
4. Recovering overheads, on-costs, and 'start up' costs (e.g. meetings with potential service users; support planning etc.) within the hourly rate. (10)
5. Accessible user contracts/agreements (9)
6. Developing unit costs within complex services. (8)

Already working on

- Balancing income and staffing
- New ways of chasing debt – direct debits
- Promoting organisation to current non-service users
- Working with LA on progressing SDS
- Uniting rates of invoices
- Administration
- Implementation of systems/processes in prep for SDS in Edinburgh
- Costing models
- Service user contracts
- Internal process
- Working group on business support functions – (process for providers)
- HR & business event (P&P) was helpful for gauging the impact on business function

Quick wins

- Would be easy to set up direct debits but don't know if this will resolve debt
- Multiple invoicing.
- Easier rate identification (complex care will be difficult)

Need more information

- What is the process for non-payment
- Contract template (accessible to user and family)
- P&P to share TLAP examples of Option 2 contracts
- Collaborate with other organisations to share resources/systems

Need more resources to deal with

- More staff to help with increased admin/processing work required.
- Ability of support staff to deal with more complex invoices
- Pricing/management

Outwith our control

- Inconsistency and variability of local authority implementation
- Resource Allocation System (RAS) methods
- Lack of transparency e.g.
 - How individual budgets are calculated
 - How 'personalised' IBs often come out at the same rate for a wide range of people (with different needs.)
 - What in house provision costs.

Actions for P&P

- Share email addresses with the group
- Set up a way of communicating/sharing documents and templates
- Arrange another meet-up to look at identified priorities

Evaluation

"Useful and informative. Helpful getting the same group of people in a room to discuss the different issues they are."

Participants said that they:

- Valued getting together with people who work in similar roles as they **understood the issues they were facing** and helped people to **feel less isolated**.
- Thought there was **consensus about the issues** that finance leads faced
- Thought it was **useful to hear other people's thoughts and ideas**
- Found **sharing ideas was better** than 'being talked at.'



About P&P

P&P is a four year policy and practice change programme supporting providers to prepare for, and showcase good practice in the journey to Self-directed Support. P&P is open to all third sector care and support providers.

More about P&P <http://www.ccpscotland.org/pp>

Legal

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