

# Dogfennau Ategol – Y Pwyllgor Iechyd a Gofal Cymdeithasol

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Lleoliad:	I gael rhagor o wybodaeth cysylltwch a:
Ystafell Bwyllgora 1 – Y Senedd	Llinos Madeley
Dyddiad: Dydd Mercher, 9 Mawrth 2016	Committee Clerk
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Noder bod y dogfennau a ganlyn yn ychwanegol i'r dogfennau a gyhoeddwyd yn y prif becyn Agenda ac Adroddiadau ar gyfer y cyfarfod hwn

## **Deddf Gwasanaethau Cymdeithasol a Llesiant (Cymru) gohebiaeth gan Archwilydd Cyffredinol Cymru i Gadeirydd y Pwyllgor Cyfrifon Cyhoeddus**

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Deddf Gwasanaethau Cymdeithasol a Llesiant (Cymru) gohebiaeth gan Archwilydd  
Cyffredinol Cymru i Gadeirydd y Pwyllgor Cyfrifon Cyhoeddus

(Tudalennau 1 – 20)

### **Dogfennau atodol:**

Papur i'w nodi 5: gohebiaeth gan Archwilydd Cyffredinol Cymru i Gadeirydd y  
Pwyllgor Cyfrifon Cyhoeddus [Saesneg yn unig]

Papur i'w nodi 5 (Atodiad A)



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Date: 2 March 2016  
Our ref: HVT/2514/fgb  
Page: 1 of 2

*Der Dan*

### **MANAGEMENT OF DIRECT PAYMENTS BY LOCAL AUTHORITIES**

In December 2015, I wrote to you confirming that I would carry out a desk-top review on how councils are currently managing Direct Payments for adults. This was in response to a letter regarding Direct Payments at Swansea City Council which you passed to me for consideration. The attached annex provides my findings.

My overall conclusion is that the take up of Direct Payments is low and local authority policies, administration and management arrangements are not always supporting vulnerable people to live independently. I reached this conclusion because:

- the number of individuals receiving Direct Payments and the amount spent is small compared to England;
- local authorities policies, practices and promotional activity are not supporting vulnerable people to apply for and use Direct Payments; and
- over half the local authorities in Wales do not have sufficient Direct Payment management arrangements to assure themselves and the public that value for money is consistently being delivered.

The attached annex provides a fuller briefing on my findings. Whilst my work has shown that the use of Direct Payments is growing, the rate of improvement remains low and progress has been slow. The standards of service vary widely and current practices are not consistent enough or of sufficient quality to support vulnerable people to live independently. It is questionable whether these services provide value for money.

I have also made a series of recommendations for Welsh Government and local authorities which, in the first instance, I would suggest the Committee consider. The Committee may wish to reflect whether it takes evidence from Welsh Government and local authorities to assure itself that Direct Payments are being managed effectively and vulnerable people are receiving the necessary help and assistance to live independently.

The Committee may also wish to consider what further action it might take in dialogue with the Health and Social Care Committee given the role of that Committee in overseeing the development of the Social Services and Well-being (Wales) Act 2014. For this reason I have copied this letter to the Chair of the Health and Social Care Committee and would welcome their view on the findings of my review and how the recommendations I have made can best be taken forward and addressed.



**HUW VAUGHAN THOMAS**  
**AUDITOR GENERAL FOR WALES**

*Enclosure: Briefing Paper on the Provision of Direct Payments for Adults by Welsh local authorities*

*cc Mr David Rees AM, Chair, Health and Social Care Committee*

## **BRIEFING PAPER – PROVISION OF DIRECT PAYMENTS FOR ADULTS BY WELSH LOCAL AUTHORITIES**

### **Introduction**

1. Direct Payments were set up by the Community Care (Direct Payments) Act (1996) which came into force in April 1997 and was initially available only to a specific group of people qualifying for social care. The Act gave local authorities in Great Britain and Northern Ireland, the powers to make cash payments to people under age 65 years with physical and sensory impairments, learning difficulties and mental health problems. It was later amended to include older people, 16- and 17-year-olds, parents of disabled children and in England, Wales and Northern Ireland only, carers. Changes set out in the Health and Social Care Act (2001) which came into effect in 2003, also made it a mandatory duty on all local authorities to offer Direct Payments to all eligible people requesting one.
2. Direct payments enable individuals to purchase the assistance or services that the local authority would otherwise provide. This is intended to give individuals control over their own life by providing an alternative to social care services provided by a local authority. This helps to increase independence, promote social inclusion and enhanced wellbeing. If Direct Payments are used effectively it may be possible to secure better outcomes for clients and carers. Increasing the take-up of Direct Payments – in particular for underrepresented client groups – can improve quality of life and reduce inequality.
3. It is up to each local authority to decide what Direct Payments can and cannot be used for, and the amount that will be paid. Welsh Government guidance<sup>1</sup> states that the Direct Payment must be equivalent to the local authority's estimate of the reasonable cost of securing the provision of the service concerned (subject to any contribution from the individual recipient). There is no limit on the maximum or minimum amount of Direct Payments, either in the amount of care they are intended to purchase, or on the value of the payments. In estimating the reasonable cost of securing the support required, local authorities should include associated costs without which the service could not lawfully be provided. Local authorities should pay enough to cover the support that individuals have been assessed as needing, and users should not find themselves doing without those services because they cannot afford them.
4. Whether services are provided by the local authority or via a Direct Payment, the client may have to pay towards the costs. The most a contribution an individual has to pay is £60 a week. A local authority can pay for the cheapest agency, which they deem as providing an 'adequate service', even if a more expensive agency that better meets the needs of the disabled or vulnerable person is available.

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<sup>1</sup> Welsh Government, Direct Payments Guidance, Community Care, Services for Carers and Children's Services (Direct Payments) (Wales) Guidance, 2011.

5. Local authorities are required to operate a procedure for handling and considering any complaints made in respect of the discharge of their social services functions. In respect of Direct Payments, local authorities are also required to have a review process for service users who have a dispute over their assessed financial contribution for the services they receive. Local authorities are also required to monitor Direct Payments arrangements to assure themselves that they are being correctly administered<sup>2</sup>.
6. More recent legislation looks to make Direct Payments more flexible, less bureaucratic and more person centred. It specifically requires that for local authorities, Direct Payments “*must be made available in all cases where they enable personal wellbeing outcomes to be achieved.*”<sup>3</sup>
7. In November 2015, the Auditor General for Wales received correspondence raising concerns about a local authority’s management of Direct Payments, the different standards of service provided by local authorities and wider issues of the value for money of Direct Payments. In response, WAO staff, on behalf of the Auditor General, undertook a short review confined to assessing:
  - the number of adults in receipt of Direct Payments in each local authority in Wales as compared with the number in England;
  - local authorities performance when considering numbers of adults that take up direct payments, what adults use direct payments for, and how much each local authority spends on direct payments;
  - the effectiveness of local authority application and assessment and processes including the quality of public literature and review processes; and
  - local authorities management and review arrangements for their Direct Payment schemes to assure they are providing value for money and delivering better outcomes for service users.

## Findings

8. The findings of this review are summarised in this briefing as a means of providing the Committee with information on the management and provision of Direct Payments for adults by local authorities. The briefing draws on data and information provided by the Welsh Government, performance indicator returns and budgets from local authorities to *StatsWales*, a review of all 22 Welsh local authorities’ websites including public documentation, service user guidance and other relevant research. I have also completed telephone interviews with a small number of local authorities in England and Wales.

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<sup>2</sup> The Welsh Government’s 2011 guidance specifically requires local authorities to establish “*financial monitoring arrangements for audit purposes . . . . [that] fulfil a local authority’s responsibility to ensure that public funds are spent to produce the intended outcomes.*”

<sup>3</sup> Social Services and Well-being (Wales) Act 2014, Part 4: Sections 50-53, Duty to make Direct Payments.

9. My overall conclusion is that the take up of Direct Payments is low and local authority policies, administration and management arrangements are not always supporting vulnerable people to live independently. The findings which have led me to this conclusion are summarised in the following sections. I have also included a series of recommendations to support improvement.

### Recommendations

R1 Welsh Government should set clear standards on its expectations of local authorities from Direct Payment schemes ensuring that the public benefit and longer term planning intentions behind the Social Services and Well Being Act 2014 are more clearly integrated into Direct Payment guidance.

R2 Welsh Government should work with local authorities and employment agencies to actively promote the benefits of working in the social care sector, and in particular to promote the recruitment of more personal assistants.

R3 Local authorities should publish clear and appropriate eligibility criteria and permissible costs and work with user groups to improve the quality, consistency, content and accessibility of all information to support take up.

R4 Local authorities should establish effective risk based monitoring and review arrangements that assure the public that money spent on Direct Payments is resulting in better outcomes for people needing care and support services.

R4 Local authorities should support and promote innovation in Direct Payments schemes such as pooling resources, sharing transport and equipment, payment cards and other technologies to assure value for money.

R5 Local authorities need to streamline their Direct Payment process from first enquiry through to resolution to reduce unnecessary delays, improve outcomes, and reduce the costs and problems caused by unnecessary bureaucracy.

R6 Local authorities need to promote more innovation and social enterprise by encouraging users to pool resources and support each other to create new jobs and buy local services that can directly improve users' well-being.

R7 Local authorities need to collaborate more closely, and share resources and information by reviewing all the options and benefits of working together to deliver Direct Payments schemes whilst maintaining choice and highlighting all options for service users.



## Take up of Direct Payments is low and local authority policies, administration and management arrangements are not always supporting vulnerable people to live independently

### The number of individuals receiving Direct Payments and the amount spent is small compared to England

10. This section focuses on the levels of take up of Direct Payments in Wales and compares performance with England. We also summarise some of the key factors that have contributed to a greater growth in the use of Direct Payments in England than in Wales. I also review the amount of money local authorities spend on Direct Payments comparing the changing patterns of expenditure within local authorities and across the different adult client groups, and the average payments overtime.
11. The number of Direct Payments in Wales has risen steadily since their introduction in April 1997 and by 2014-15 there were 4,338 adults in receipt of Direct Payments in Wales. Exhibit 1 shows the change in the proportion of adults receiving social care services who are in receipt of Direct Payments in 2006-07 and 2014-15. In 2014-15 the local authorities with the largest number of people receiving payments are Powys, Cardiff and Flintshire where over 11 per cent of adult social care clients receive Direct Payments. Conversely, the local authorities with the lowest number of people receiving payments are Caerphilly and the Isle of Anglesey.

**Exhibit One:** Comparison of the proportion adults receiving social care services in receipt of Direct Payments in 2006-07 and 2014-15 by local authority and Welsh average

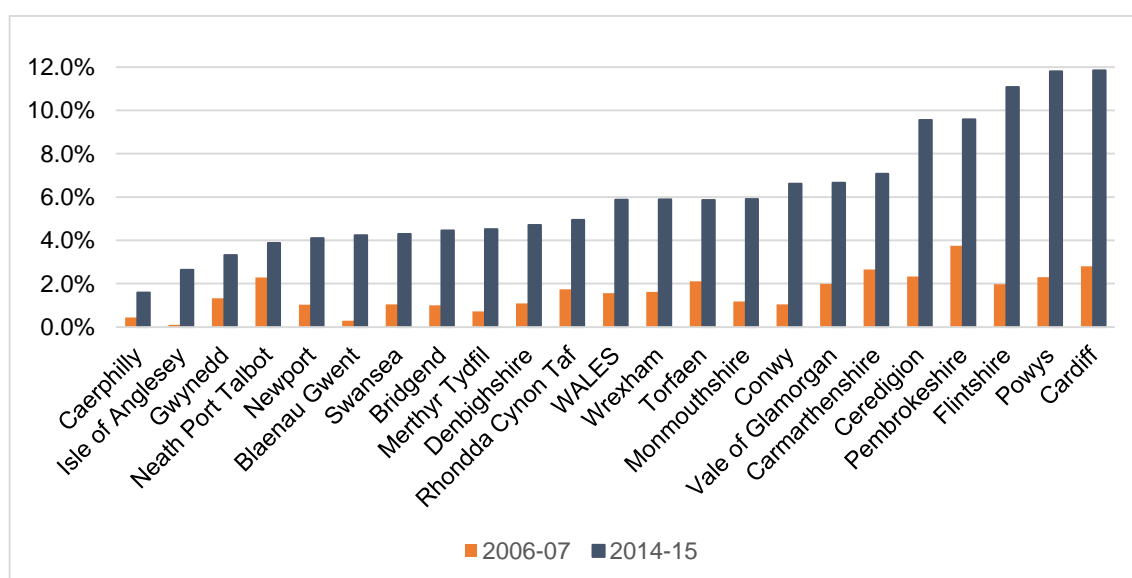


Exhibit source: StatsWales, Performance management of adult's social services (PM2) data collection, Welsh Government, Indicator: CARE0006.

## Direct Payments are used more extensively in England than in Wales

12. Direct Payments are available in each country in the United Kingdom, although regulations that govern their use in each constituent country have changed since they were first established in 1996. Exhibit 2 compares the proportion of adult social care service users who receive Direct Payments in England and Wales and shows that proportionally the number in receipt of Direct Payments in England is three times greater than the number in Wales. In addition, the annual rate of change is far greater in England than Wales, particularly since 2013-14.

### Exhibit Two: Proportion of adults in receipt of Direct Payments in England and in Wales between 2006-07 and 2014-15

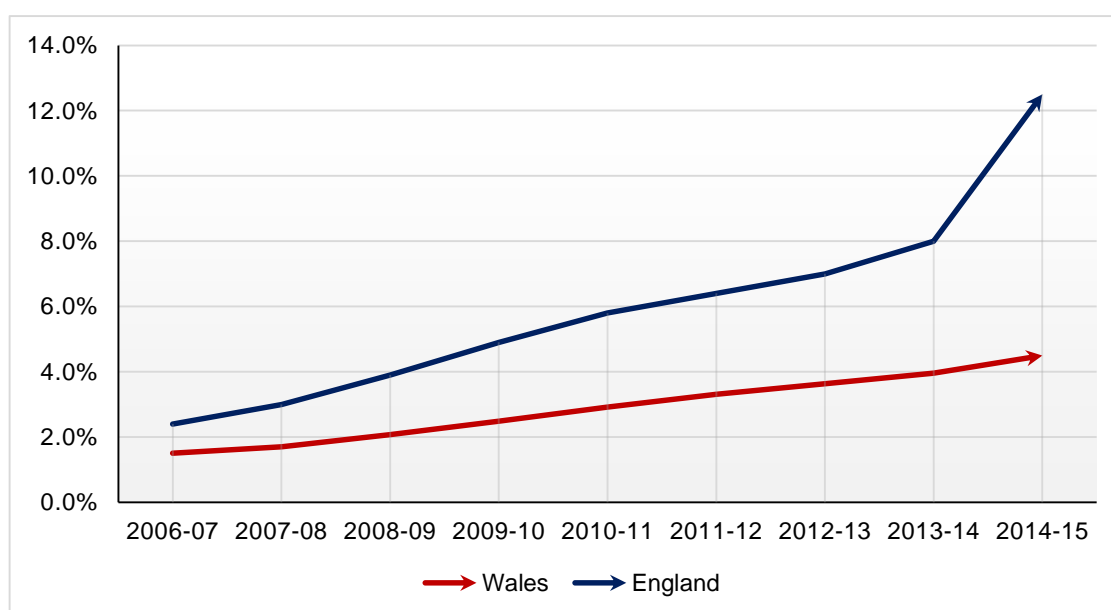


Exhibit source: Adults receiving services by local authority, client category and age group, StatsWales and Adult Social Care Statistics, Health and Social Care Information Centre.

13. Whilst Direct Payments have been broadly endorsed throughout the UK, take up of Direct Payments in England has also been influenced by four key factors. Firstly, in England Direct Payments have moved to the heart of the UK government's drive for increased user choice<sup>4</sup>. Local authorities have been challenged to increase personal budgets and to make Direct Payments the preferred delivery method in social care purchasing. For over ten years English local authorities have been given targets to increase take up and this is seen by academics as a key stimulant to the comparative rate of growth in England compared to the rest of the UK<sup>5</sup>.

<sup>4</sup> TLAP, Best Practice in Direct Payments Support – a guide for commissioners, revised edition January 2012.

<sup>5</sup> Jose-Luis Fernandez, Jeremy Kendall, Vanessa Davey and Martin Knapp, Direct Payments in England: Factors Linked to Variations in Local Provision, Cambridge University Press, 2007.



14. Secondly, a local authority's procurement approach for social care services is seen as an important influence on the growth of Direct Payments. The existing pattern of direct service provision, the extent of block purchasing agreements, the relative ease or complexity of local purchasing mechanisms, the demographics and geography of locality, and the ethos of the local authority all influence local planning and responses. Research by the London School of Economics and Political Science<sup>6</sup> in May 2007 also noted that the hourly pay rates for care staff paid by local authorities in Northern Ireland and Wales are "markedly lower" than in England and Scotland. Lower rates of pay discourages people from becoming personal assistants<sup>7</sup> and can block the potential to grow Direct Payment usage.
15. Thirdly, research by the University of Leeds<sup>8</sup> found that most English local authorities had a full-time member of staff who was responsible for taking Direct Payments forward in their area. In other parts of the UK the person with responsibility was more likely to be part-time or involved in other areas of work for the local authority. This meant that there was often more time and resources to develop Direct Payments in English local authorities compared with Scotland, Wales and Northern Ireland.
16. Finally, the extent to which Direct Payments are, or are not, 'championed' by members and senior managers and the degree of knowledge about, or resistance to, Direct Payments amongst staff also impact on implementation at the front line. Put simply, if more people take up Direct Payments there will be less money for services like day centres or respite care and there will be a knock on effect on directly provided local authority services and local authority staffing. In England, Direct Payments are viewed by commentators as more likely to be championed than elsewhere in the UK and this has helped to drive increasing levels of take up.

### **Welsh local authorities spend on Direct Payments is rising but proportionally accounts for less than 5 per cent of local authorities' adult social care expenditure**

17. By giving individuals money in lieu of social care services, people have greater choice and control over their lives, and are able to make their own decisions about how their care is delivered. By placing a mandatory duty on all local authorities to offer Direct Payments to eligible people requesting one, the expectation of Government is that there should be an increase the amount of funding that goes to Direct Payment. The amount local authorities spend on Direct Payments for adults has risen in recent years, from £13 million in 2006-07 to £48.8 million in 2014-15.

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<sup>6</sup> London School of Economics and Political Science, Direct Payments: A National Survey of Direct Payments Policy and Practice, May 2007.

<sup>7</sup> A personal assistant is someone who is usually employed to provide support for the things people need day to day to maintain their health and wellbeing, things that they are aiming to do and things they want to learn to do again.

<sup>8</sup> University of Leeds, A Postcode Lottery? Explaining the uneven implementation of Direct Payments in the UK, Mark Priestley and Debbie Jolly, Centre for Disability Studies, March 2006.

18. Adults under 65 with physical disabilities, account for 35.8 per cent of all adults who currently receive Direct Payments in Wales, with the amount spent on Direct Payments for these clients doubling in the last decade. All other client groups – older people, people with mental health needs and learning disabilities, have all seen smaller increases of between 2 per cent and 4 per cent in the last decade – Exhibit 3.
19. The biggest increases in expenditure between 2006 and 2015 have been in Cardiff where expenditure rose from £1.6 million to £5.1 million and Powys where the level rose from £1 million to £5.1 million. The local authority which has seen the lowest increase in expenditure is the Isle of Anglesey which has only increased the amount spent on Direct Payments for eligible adults from £0.05 million in 2006-07 to £0.5 million in 2014-15.

**Exhibit Three:** Proportion of local authority net current expenditure on Direct Payments by adult client groups between 2006-07 and 2014-15

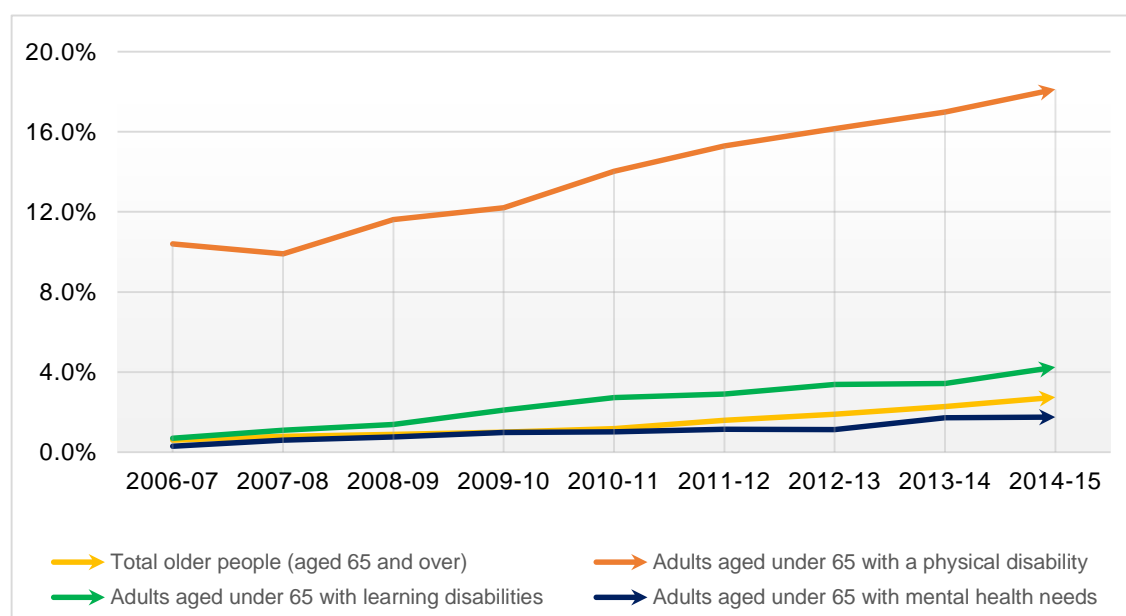


Exhibit source: *Services for adults by local authority and client category, StatsWales.*

20. However, in terms of proportion of adult social care expenditure, the amount of the social care budget spent on Direct Payments is relatively small and has not risen significantly. Exhibit 4 shows that in 2006-07, Direct Payments accounted for 1.5 per cent of adult social care expenditure or £13 million out of a total budget of £870 million. By 2014-15 this had risen to 4.5 per cent or £48.8 million out of a budget of over £1 billion.

**Exhibit Four:** Comparison of net expenditure on clients receiving Direct Payments and the total adult social care budget by Welsh local authority in 2014-15

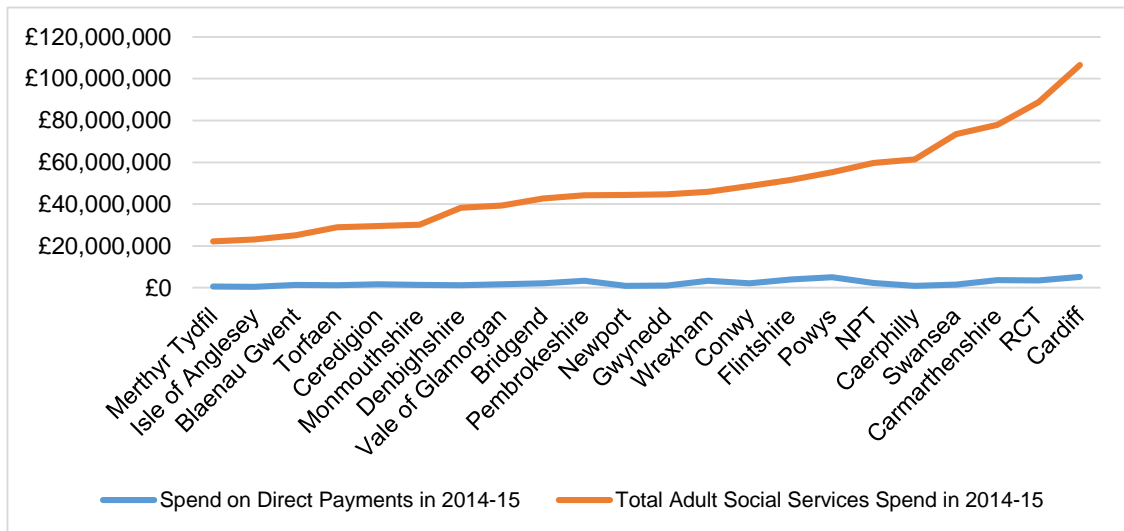


Exhibit source: Social services revenue expenditure by client group, StatsWales.

21. All local authorities have seen an increase in the proportion of their adult social care budget spent on Direct Payments but the amount of increase varies widely. Exhibit 5 highlights that the local authority with the largest proportion of adult social care expenditure on Direct Payments is Powys which has seen an increase from 2.8 per cent in 2006-07 to 9.2 per cent in 2014-15. Comparatively the local authority with the lowest proportion of expenditure on Direct Payments is Caerphilly where there has only been a marginal increase from 0.8 per cent to 1.4 per cent.

**Exhibit Five:** Net expenditure on Direct Payments by local authority and Welsh average in 2006-07 and 2014-15

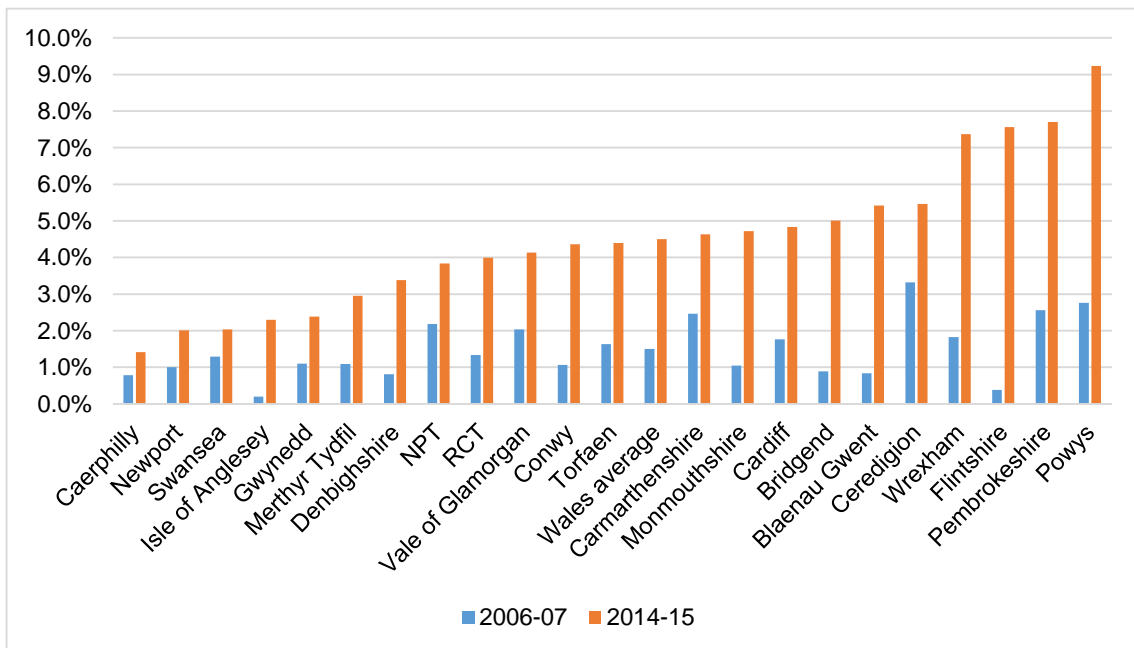
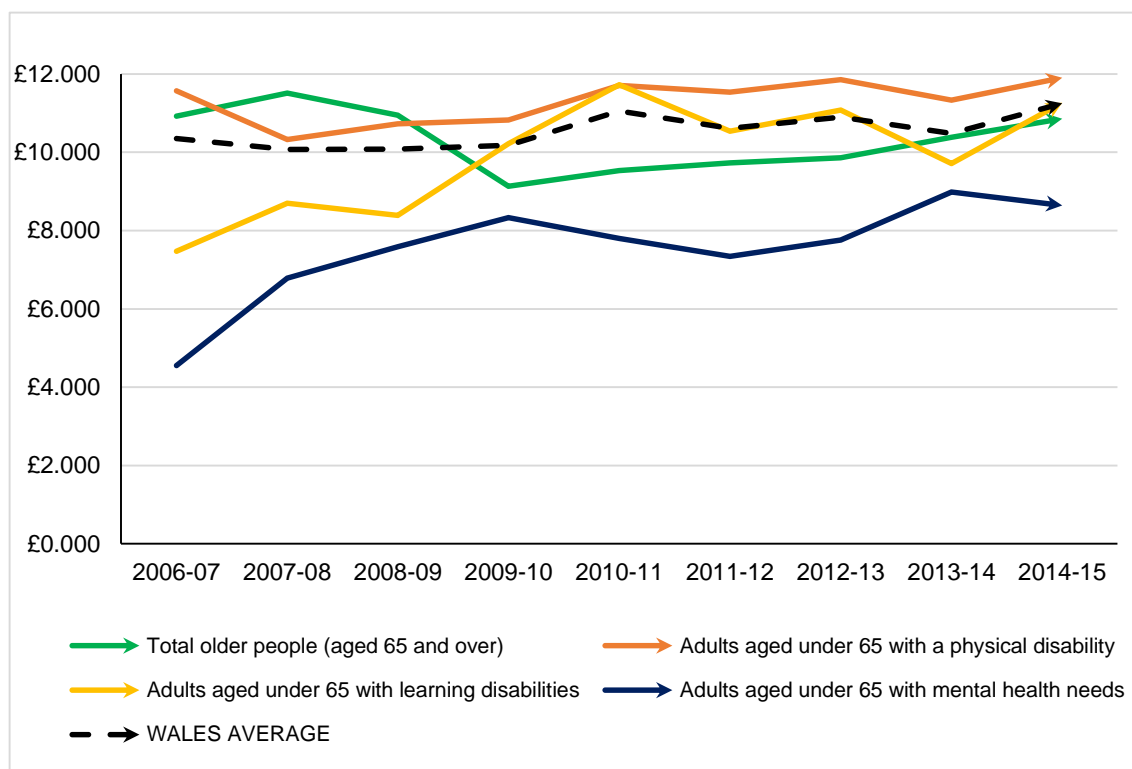


Exhibit source: LGFS0015, Social services revenue expenditure by client group (£ thousand), StatsWales.

**There is significant variation in the level of individual Direct Payments between local authorities, with the average individual payment ranging from between £6,000 to £20,000 per annum**

- 22. Average costing can be used to determine the average amount invested in activity and is a useful guide to show differences in expenditure for the same activity. As a process, it is easy to calculate, especially where there are large volumes of similar work. There are however some disadvantages particularly where the work may not be identical or unique which can make it difficult to accurately track costs on a per-service basis. Nonetheless, for illustrative purposes average costing useful comparator of performance and allows for the range of payments to be identified and, through more detailed analysis, understood and addressed.
- 23. The all Wales average net expenditure per client on Direct Payments has risen by 8.9 percent from £10,348 in 2006-7 to £11,249 in 2014-15. Whilst this suggests a steady rate of increase in the average level of Direct Payments, the all Wales average masks some significant movement within the four main adult Direct Payment client groups as set out in Exhibit 6.

**Exhibit Six:** The average level of Direct Payments for Welsh local authorities between 2006-07 and 2014-15 by adult client groups



*Exhibit source: Adults receiving services by local authority, client category and age group and LGFS0015, Social services revenue expenditure by client group (£ thousand), StatsWales.*

24. Exhibit 6 shows that for adults aged under 65 with mental health needs who receive Direct Payment average payments have increased by 89.8 per cent from £4,552 to £8,640. The average Direct Payment for Adults under 65 with learning disabilities have seen a 50.8 per cent, rising from £7,472 in 2006-07 to £11,267 in 2014-15. Adult under 65 with physical disabilities have seen a more marginal 2.9 per cent rise, with the average payment rising from £11,567 to £11,905. However, with regard to Direct Payments for older people there has been a marginal fall of 0.6 per cent from £10,924 in 2006-07 to £10,856 in 2014-15.

In terms of local authority performance, the average amount of Direct Payments paid out has fallen in 12 of the 22 local authorities and currently ranges from £6,000 to £20,000. Exhibit 7 shows that the highest average level of Direct Payments in 2014-15 was Wrexham with an average of £20,646. This is 83 per cent higher than the all Wales average and 43 per cent higher than Bridgend, the local authority with the second highest Direct Payment average of £14,362. Comparatively, the local authority with the lowest average level of Direct Payments is Swansea at £6,199, which is 81.2 per cent lower than the all Wales average.

25. Between 2006-07 and 2014-15 twelve local authorities have seen a reduction in the average amount of Direct Payments they pay out. The largest fall has been in the Isle of Anglesey which reduced by 50.9 per cent and Blaenau Gwent which has seen a reduction of 40.9 per cent. Of the ten local authorities that have seen an increase in average Direct Payments the largest rises have been in Flintshire (46.4 per cent), Denbighshire (74.8 per cent) and Bridgend (63.7 per cent).

**Exhibit Seven: Average Direct Payment (£) per client by Welsh local authority in 2006-07 and 2014-15**

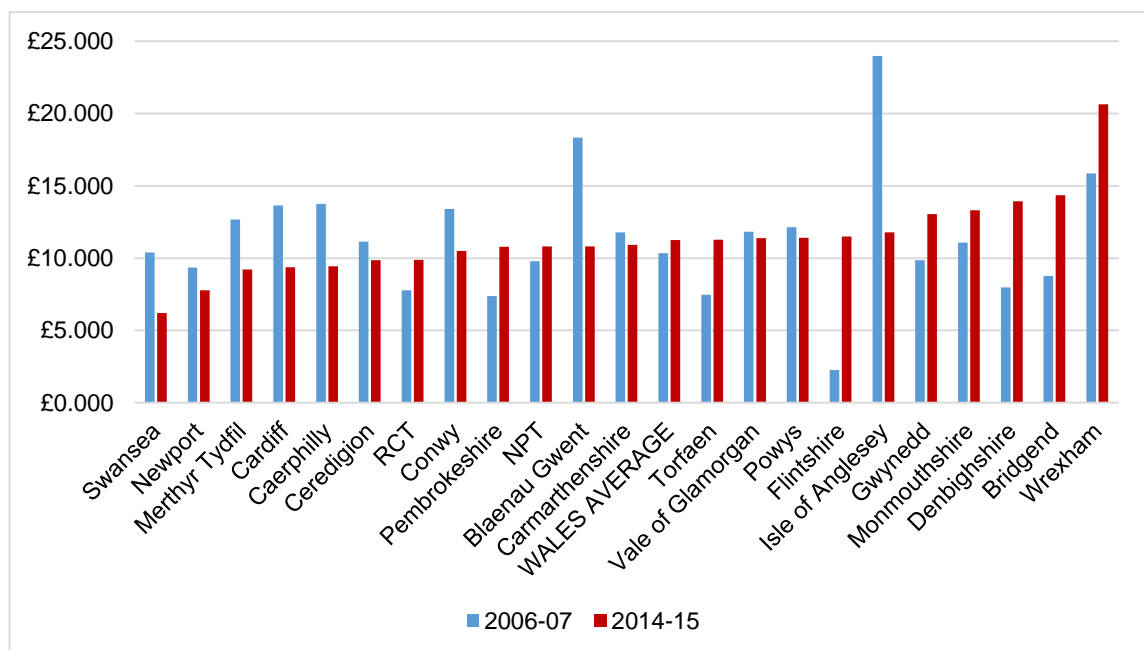


Exhibit source: LGFS0015, Social services revenue expenditure by client group (£ thousand), StatsWales.

26. Given the wide variation in average payments in local authorities, it is clear that the level of Direct Payment a client receives is dependent upon where they live and people with broadly the same needs can receive very different standards of service on the basis of their postcode rather than their needs. Some of the difference in expenditure is a reflection of the costs of meeting the needs of individual clients which will vary from individual circumstance to circumstance. However, it also highlights differences in the type of activity and assistance which local authorities consider to be eligible for Direct Payments and what constitutes a legitimate cost.
27. Explaining the historically uneven geographical take-up of Direct Payments in Wales therefore involves many interrelated factors including:
- a. the presence of a strong advocacy locally and nationally;
  - b. effective policy development and ongoing support to service users;
  - c. the political culture of the local authority and whether it supports personalisation of care and increasing service user choice;
  - d. the focus of the local authorities purchasing/commissioning arrangements;
  - e. the local market for the supply of social care;
  - f. the existence of appropriate infrastructure (specifically, but not exclusively, user-led Direct Payments support schemes);
  - g. the ability to recruit personal assistants; and
  - h. the role of elected member and senior officer champions within local authorities.
28. I acknowledge that local authorities are facing huge financial upheavals and need to do more with less. To meet the challenges of making Direct Payments a truly mainstream, accessible and attractive option for the majority of people, local authorities need to have an agreed understanding of what is required and commit to deliver this.

### **Local authorities policies, practices and promotional activity are not supporting vulnerable people to apply for and use Direct Payments**

29. In this section I summarise my review of local authority policies and application processes for Direct Payments and identify the wide variations that exist. Since April 2003, local authorities have had a legal duty to offer Direct Payments if the person is willing and able to manage them, with or without assistance, and if they are eligible given all of their circumstances. More recently the eligibility requirements have been extended to those who lack capacity to make this decision but have sufficient support.
30. I found that the fastest rate of growth of Direct Payment take-up is in those areas where the local authority provides good quality guidance. For example, in Flintshire and Pembrokeshire, I found there is a clear link between support to service users, good quality accessible information about Direct Payments, and improving levels of take-up. In contrast, in some authorities, where there are shortcomings in the quality of guidance and information, there is little or no growth in take-up of Direct Payments. Only two local authorities make Direct

Payment application forms available online to the public (Wrexham and Flintshire) and one other plans to do so soon (Cardiff).

31. Take-up of Direct Payments by older people in Wales remains poor. I also found poor sharing of learning and good practice and limitations in information and documentation. For example, guidance could be considerably improved merely by adding an online link to guidance produced by organisations such as *Age Cymru*, or by using another local authority's guidance.
32. A number of local authorities and charities produce some high quality guidance and use this in their campaigns. For example, *Age Cymru's* Swansea Bay's '**Make a Choice**' Campaign is making a positive impact and is resulting in better outcomes and higher take-up by older people. Pembrokeshire County Council's Direct Payments guidance clearly indicates how the care assessment will take place and what the eligibility criteria are. Powys and Flintshire County Councils produce Easy Guides that are written in very clear and accessible language; Neath Port Talbot provides very clear and helpful guidance on the assessment process; and Newport website includes real and powerful examples of how people use their Direct Payments. Flintshire and Swansea encourages users to pool resources and even create new and more appropriate care services through social enterprise and cooperation. In Exhibit 8 I highlight the approach in Flintshire as good practice for local authorities to consider.

### Exhibit Eight - Good Practice Example - Flintshire County Council

#### **Strong focus on take-up and value for money from its Direct Payment scheme**

Increasing take-up of Direct Payments is an explicit priority for the Local authority. The authority focuses on improving the key things that it thinks will increase take-up and deliver better value for money. For example, the local authority facilitates an annual Direct Payments open day and actively supports the development of the Personal Assistant workforce locally. The Local authority is now also embarking on a new Direct Payments card that it believes will reduce costs and increase take-up. The Local authority carries out risk based monitoring of direct payment holders and gives clear guidance for users on Keeping Good Records. Users are encouraged to pool funds to provide better value for money, increase their social network and become more independent. Local authority guidance on Direct Payments gives positive examples and quotes directly from service users. Information is written in very supportive and helpful language. As a result of its efforts, over 388 people in Flintshire now use Direct Payments which is an increase of 31 per cent since 2013 and 89 per cent since 2012.



33. From the case studies and personal stories included by a few authorities in their documentation, it is clear that personalisation of care and Direct Payments have been transformative for a significant proportion of people using care and support services. In addition, high performing local authorities are remodelling their Direct Payments schemes to help people find jobs by encouraging spending on employment training and support, and users are pooling resources to create new social enterprises and care services.
34. Support for carers is being taken seriously in some local authorities. Networks, guidance, respite care and health checks are being offered at Monmouthshire, and carers have formed their own support groups and forums. The best guidance is written with the support of users group, and the positive effect on quality and accessibility is evident. User groups viewed Newport as providing good support to carers and commented positively on the quality of guidance documentation for care workers in Swansea which they highlight nationally as good practice.
35. While some local authorities have risen to the challenge of implementing user-centred care through Direct Payments, too many lag behind. I found that in some local authorities the application and assessment process is not as accessible and user friendly as it could be, and most guidance is not tailored towards those people who would benefit the most from the scheme.
36. In addition, the Financial Assessment is one of the most inconsistent and poorly described elements of the overall care assessment. My review of the information provided by local authorities on the financial assessment found that this is often not well written, confusing, and lacks clarity. In particular, assessing partner's income and value of assets is not clearly highlighted as being of interest to local authorities. Local authorities could do more in explaining the financial aspects of the care assessment. Some local authorities do this well but most do not and rely on face-to-face meetings with care assessors. This can result in delays and repeat visits whilst users gather the right financial information and get ready for the assessment. Local authorities highlight the length of time it takes for users to come to a decision about paying for care, but this decision could be made easier by providing better quality guidance at the start of the process.
37. In Exhibit 9 I highlight the approach of Dudley Metropolitan Borough Council as a good practice example on options to increase take up of Direct Payments.

### **Exhibit Nine: Good Practice Example - Dudley Metropolitan Borough Council**

#### **Collaboration with other local authorities and social enterprises to develop Direct Payment scheme**

Dudley Metropolitan Borough Council offers its Direct Payments users a series of events, training courses, support networks, newsletters and high quality online information. Dudley carries out an annual carer's survey and reacts

quickly to suggestions and comments. Its evaluation of its Managed Account Service for people using agencies shows that costs are 25 per cent cheaper than previous arrangements. The Local authority's Direct Payment scheme is managed by a not-for-profit social enterprise which was created by a number of users and their families who pooled resources to find better ways to meet their well-being needs. The social enterprise now runs various care services for other local authorities and has help from volunteers who use Direct Payments - both disabled people and their family members - to provide independent advocacy, support and mentoring to new Direct Payment customers. As a result of this and other work, the Local authority has met its ambitious corporate target of increasing take up of Direct Payments to over 800 people.

38. What services cost, and who provides what information about what services exist locally and regionally, is patchy. Only six local authorities publish on their websites the costs of providing services including hourly rates. In addition, clearly setting out what local authorities are not prepared to pay for could be improved. We found that local authorities are not being clear enough about the costs and outgoings that they judge as acceptable for users to qualify for care services and Direct Payments. Some users refer to this as the standard of living threshold.
39. The most common complaints that user groups receive is about lack of communication from local authorities on their choices and eligibility. The most common complaints they receive are about the fragmented and often poorly coordinated services with a variety of different organisational models and structures. Therefore the role of national networks and coordination is as important for users as it is for the local authorities themselves.
40. I found that only nine of the 22 local authorities publish their eligibility criteria on-line despite this being a national standard. Eligibility costs are an essential element of the financial assessment that forms part of the overall health assessment of carers and users. Eligible costs are the cost base from which the maximum Direct Payment is determined. Costs can include direct costs of care but for carers could also include things like childcare, housing, transport, family support, and respite costs. Most local authorities do not make this clear – only seven local authorities publish clear definitions of eligibility costs. As a result, people may be caused undue anxiety and may be asked to pay for services they were not expecting to pay for.
41. Safeguarding and personal safety information is improving but is not integrated into guidance. Too many local authorities publish safeguarding and Protection of Vulnerable Adults information in separate parts of their website and in separate documents. Not enough mention is made in recruiting and managing care and personal assistants, despite the good quality guidance provided by Carers Wales. It is unclear why local authorities do not refer to and signpost this type of guidance.

42. More positively some local authorities are promoting personal statements from service users highlighting the benefits of Direct Payments. Local authorities such as Rhondda Cynon Taf and Torfaen use DVDs, and other local authorities such as Flintshire use multi-media outreach workshops to explain the advantages and opportunities to improve their independence by using Direct Payments. However, other local authorities do not use such approaches and are missing an opportunity to maximise impact and engage service users in supporting their own independence.
43. Local authorities have a discretionary power to charge for non-residential services and all use this power in Wales. There is, however, a maximum weekly charge in Wales for people who receive non-residential social care services from the local authority – £55 per week up until April 2015, rising to £60 per week from April 2015 to March 2016. Whilst most local authorities highlight that contributions may be required, the rate and level of individual financial contribution towards care could be much clearer. This is important because it remains one of the highest areas of concern for service users according to national user groups.
44. Service users have the right to use their local authority's complaints procedure if they disagree with a decision about Direct Payments. A complaint can be about any aspect of a local authority's actions and also the actions of organisations that are carrying out services on their behalf. Each local authority must publish details of its complaints procedure and applicants should be informed about it. Whilst all local authorities have a complaints policy, only seven highlight the role of the Public Services Ombudsman for Wales.
45. Giving individuals more choice can help them take control over the way services are delivered to meet their assessed needs. National legislation and guidance encourages Direct Payment holders to use their Direct Payments flexibly and in innovative ways to meet their needs and achieve the outcomes identified in their care plan. People should find the direct payment process accessible, manageable and not over-bureaucratic or intrusive.
46. Carer groups I spoke to stated that service users are generally not offered a wide range of choice of services, and lack the encouragement and guidance from their local authority to be independent and inventive. When local authorities do signpost support and advocacy it tends to be their own contractors rather than a full range of advocates and suppliers. As a result, users are often offered very narrow choices and only allowed to buy in services from a local authority's preferred contractor. This restricts an individual from seeking to employ their own independent personal assistants on a self-employed basis.
47. As more people take up the opportunity to purchase their own services, including employing their own personal assistants, so the commissioning, provision and regulating functions of social care agencies will need to change. Safeguarding the quality and affordability of social care while public sector funding continues to shrink will depend on local authority initiatives to innovate, reform funding and adopt preventative care models.

48. User groups and local authorities I spoke to identify the top priorities for improvement for the Welsh Government as greater promotion and support to personal assistants and caring as a profession. They think the Welsh Government could do more to give a positive job creation message in the care sector. This is because recruitment of care workers is proving very difficult in some areas. Carer and user groups are also concerned about the lack of clarity about proposed changes to the Social Services and Well-Being Act 2014 and whether it includes extending Direct Payments to cover residential care costs.
49. Learning and sharing good practice is weak amongst local authorities. The inconsistencies and wide variation in guidance and approaches demonstrates that national forums and networks are not as effective as they could be. Good practice exists but is not being utilised or even referred to online as a first port of call. A number of good practice case studies are contained in the 'Think Local Act Personal' website regarding Implementing Direct Payments in England but are not referred to in Welsh local authority or Welsh Government information. As local authorities grapple with austerity and funding shortfalls, sharing information about what works well and best practice takes on even more importance.

**Over half the local authorities in Wales do not have sufficient Direct Payment management arrangements to assure themselves and the public that value for money is consistently being delivered**

50. This section focuses on how Direct Payments can deliver better value for money for citizens. I provide an analysis of current systems to oversee and manage performance and highlight some good practice examples on the financial and service benefits arising from increasing use of Direct Payments by local authorities in England.
51. Appropriate risk management and financial monitoring of Direct Payments can safeguard public spending and improve public confidence in the system. This is important because austerity, fairness and inequality remain high public concerns. However, whilst assuring value for money is a requirement of national guidance and legislation, I found that too many local authorities currently have inadequate safeguards in place. As a result, local authorities do not know if public money is being spent wisely.
52. The case for better value for money from Direct Payments is well made. Research in Scotland by a number of leading universities found that the evaluation of Direct Payments in practice can be more cost effective for the local authority. The report states: "*Advantages of Direct Payments for local authorities include more user involvement, fewer complaints and reduced costs due to reduced contact with service users once care packages are established.*"<sup>9</sup>

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<sup>9</sup> Joint Scottish University study 'The Implementation of Direct Payments for People Who Use Care Services' June 2014

53. Local authorities need to do more in providing ongoing support and guidance to recipients of Direct Payments. Very few local authorities offer annual or regular reviews. This is important because research<sup>10</sup> shows that: “*Direct Payments recipients need support in understanding the long-term issues that might arise, as well as on-going monitoring and advice from knowledgeable practitioners as their situations, needs and capabilities change through time.*” Regular review also helps ensure better value for money. I highlight in Exhibit 10 the approach of Hartlepool Borough Council as a good practice example for local authorities in Wales to consider.

#### Exhibit Ten - Good Practice Example – Hartlepool Borough Council

##### **The introduction of personal budgets has enabled the local authority to better understand its costs and measure efficiency to show savings**

Hartlepool’s adult social care transformation is often cited as delivering significant efficiency savings as a result of the introduction of Direct Payments and personalised care. The monitoring of outcomes and costs was a crucial aspect of Hartlepool’s transformation programme and helped the Local Authority to build local support, promote take-up, and overcome negative perceptions. Based on the local authority’s own assessment, its costs were estimated at £12.21 per hour for agency home care provision, compared to £10.14 per hour under Direct Payments. Evaluation by the Social Care Institute for Excellence in 2011 and 2013 shows that Hartlepool is one example that demonstrates “*when people have choice and control over their care and support, most commonly through the use of personal budgets and Direct Payments, then this can result in efficiencies such as waste and overhead cost reduction, improved value for money and better outcomes for both service users and carers.*”<sup>11</sup> Direct Payment information is now fully integrated into other social care guidance and is not offered as a ‘bolt on’ or addition to mainstream care and support services.

54. Most local authorities lack the management oversight and checks that make sure that payments are in line with care plans and are delivering better outcomes for users. Some local authorities, such as Neath Port Talbot, Flintshire and Pembrokeshire, make it very clear what is expected from users and have policy guidance to support this, — and have a programme of risk based reviews in place.

<sup>10</sup> Arksey, H. and Baxter, K. British Journal of Social Work – 42:1, pages 147-164, 2012.

<sup>11</sup> Social Care Institute for Excellence, Personalisation, productivity and efficiency, May 2011 and follow up in September 2013.



55. According to a UK wide national report about the personalisation of care by the Royal Society of Arts in 2014 *“the introduction of Direct Payments and personal budgets was accompanied by concerns about escalating costs to local authorities... There is little evidence across the UK of (this).”*<sup>12</sup> My review found that very few local authority committee papers or internal reports really address these concerns. As a result local authorities are not pursuing personalisation and promoting personal independence as effectively as they could.
56. Benchmarking is also consistently poor. Few local authorities demonstrate that the Executive or Scrutiny Committees review and discuss Direct Payment at a strategic level, and only two refer to Direct Payments in annual reports by Directors of Social Services. I found that only one local authority publishes on-line comparative performance information. As a result it is difficult to judge if local authorities are doing all they can to deliver good levels of value for money.
57. Local authority care managers are aware of these difficulties. One local authority Care Manager stated that: *“There is a lot of unspent money sitting in people’s bank accounts that if we were efficient in getting it back, we would be able to re-use for other care packages.”* Another local authority Manager said: *“It is difficult to evaluate value for money. If the outcomes from the assessment are not clear, you cannot monitor quality of outcomes and value for money.”*
58. Managed accounts and greater use of personal assistants are seen by local authorities as having the potential for delivering better value for money and some local authorities such as Torfaen and Newport provide very good guidance on recruiting and employing personal assistants. Guidance produced by Carers Wales<sup>13</sup> on personal assistants is of high quality and could be used to support local authorities to grow the number of personal assistants. However, less than half the local authorities in Wales highlight or link to this. As a result the opportunities for delivering better value for money are not being maximised.
59. Local authorities and user groups I talked to told me that the top priorities for local authorities are in:
- a. promoting Direct Payments to older people;
  - b. providing better and more consistent guidance;
  - c. streamlining the Direct Payments process from first enquiry to approval and payment;
  - d. reducing the amount of paperwork that needs to be completed; and
  - e. promoting more innovation and social enterprise by encouraging users to pool resources and buy local services.
60. At present they think there is too much variety in the approaches of local authorities across Wales and service users are receiving very different and inconsistent standards of service.

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<sup>12</sup> Royal Society of Arts, Personalisation: lessons from social care, April 2012.

<sup>13</sup> Carers Wales are part of Carers UK and campaign with carers providing support, research, good practice and policy guidance.