Government and Public Sector
June 2008

Southampton City Council

Review of the Council's Health and Care charging policy for non-residential care services: executive summary and action plan

Executive Summary

Introduction

1   Southampton City Council has sought to interpret the Government's fairer charging policy guidance[1] and identify an appropriate approach for service users in its area. However, considerable problems have been experienced which has involved significant costs in resources, as well as delays in collecting income due to the timeliness of financial assessments and reputation to the Council. Many of the issues identified by the review are not new and have been known and worked upon by the Health and Social Care (H&SC) directorate, as well as subject to internal reviews and investigations by others across the Council. As a result we have sought not to duplicate the work covered by the Solicitor to the Council's report in January 2007 or the recent Internal Audit review in respect of the Council's billing arrangements, but to highlight key issues for consideration and lessons that should be learnt.

During 2006, following the internal investigation of a number of significant (unrelated) failures in project management the Council introduced a new approach and framework for programme and project management. Many of the issues identified within this report have been addressed at a corporate level through the establishment of this framework. What is clear, however, is that the project to introduce the new H&SC charging policy commenced before this framework was clearly defined and introduced and that no retrospective actions were taken to ensure the defined project framework was robustly applied as the project continued.

Has the policy been effectively and robustly implemented;

- Local Authority Circular (LAC(2001)32) outlined the requirement that the Council should consider and implement revisions to the Council's charging policy as appropriate, with effect from 1 April 2003. **Whilst it is acknowledged that work was undertaken by the Council to meet the circular's requirements it is clear that the decision by Cabinet in January 2003 to defer a decision for further consideration resulted in the Council's non-compliance with this circular.** It is not clear why there was such a significant delay between January 2003 and December 2004 when new proposals were drawn up and reported. At that time, reporting on project progress to the Chief Officers' Management Team or Cabinet was the responsibility of the relevant Executive Director. There was no evidence to support that progress reports had been made in a consistent and systematic manner. In addition, no explanation was forthcoming as to why there was no follow-up undertaken or reporting back to Members as to why matters had not progressed. **The application of the corporate project management framework (refer to paragraph 11) would have ensured enhanced and comprehensive monitoring of the delivery of this project by relevant chief officers and cabinet members**.

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[1] Department of Health (2003) *Fairer charging policies for home care and other non-residential social services: guidance for councils with social services responsibilities.*

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- During our review officers of the Health and Social Care Directorate have referred to the subsequent March 2005 Cabinet decision as embodying the Council's arrangements for implementing the Council's charging policy. **No evidence has been provided to demonstrate that following the Cabinet decision in March 2005 any work was then undertaken or indeed considered necessary to produce a charging policy guidance document**.

- It has taken the Council over 4 years from the initial start of work in 2002 to the introduction of the fairer charging policy in mid-2006, and difficulties in its operation continue. Therefore **it is clear that the policy has not been effectively and robustly implemented and that this indicates significant weaknesses in the programme and project management applied**. *In our view these failings are systemic rather than the responsibility of a particular individual.*

- **These issues appear to reflect an overall lack of recognition of effective programme and project management amongst the officers interviewed and their failure to understand the relevance of the project management framework adopted by the Council.** The subsequent billing difficulties further demonstrate a poor approach to overall project and programme management.

How the policy compares with current legislative requirements and recognised good practice;

- The Council is compliant with current legislative requirements, and is also one of the most generous in its treatment of post-assessed disposable income by allowing a limiting charging factor of 75%. However, **the combination of calculations undertaken for each and every service user means that the Council's policy is the most complex of all the authorities we reviewed and therefore the most difficult to administer effectively and efficiently.** The formulaic nature of the calculations also means that it **presents difficulties for officers to explain to members of the public because the basis of the calculations are not generally understood nor clearly demonstrable**.

- **The Council should give consideration to simplifying its approach by means of removing the formula element of the charge** and assess the implications of reducing or removing the limiting charging factor of 75% in order to target expenditure more effectively and bring the Council's charging regime into line with other authorities.

The effectiveness of the policy in serving the needs of the Council and its clients;

- Our review, as well as the Solicitor to the Council's report in January 2007 and the recent Internal Audit review in respect of the Council's billing arrangements indicate that **there are a number of common features and themes that emerge, primarily the issue of effective project management and communication between relevant officers across the Council. Although an effective project management framework has been introduced within the Council, there has been a failure to systematically apply it to this project. This has ultimately impacted upon the effectiveness of both the Council and the community that it seeks to serve**.

- The original specification for the PARIS care management system gave little or no consideration to the billing arrangements other than acknowledging a pre-existing manual system. **No evidence has been made available that subsequent proposals to amend the charging policy took appropriate account of the ability of the Council's IT systems to implement the changes effectively**.

- From the perspective of the efficient and effective use of the Council's resources the following issues need to be highlighted and addressed as a matter of urgency:

  - There are a significant number of people who have not been financially assessed under the new policy. We understand that considerable work is being undertaken to clear the back log but it is not clear how many assessments remain outstanding, but estimates range between 400-1000 people.
  - Since the introduction of the policy and the subsequent billing difficulties the Council has not been receiving income contributions due to the backlog of financial assessments, as well as erroneous and incorrect invoicing.
  - No assessment has been made of the loss of income arising to the Council.

- Advice has been given to carers and recipients of services to make on on-account payments. We understand from officers that manual income (e.g. cash, Post Office payments and CMS payments) that has been received is not currently being promptly matched against care packages or invoices. There is no automated process by which such clients' payments can be matched accurately against their account.
- The invoices that have been sent out during 2007, as well as more recently following manual input of chargeable information are still presenting with unexplained adjustments that may give rise to query, challenge and complaints, as well as being stressful for the clients not knowing why the overall amount owed is being adjusted
- The Council should clearly specify, evaluate, procure and implement a charging and billing module as soon as practicable. Such a module should meet the needs of the Council's information and financial systems and remove the reliance on current databases and interface arrangements.

The options for efficient management and delivery of future client charging mechanisms

- Given the complex nature of introducing, implementing and operating individual budgets there is a clear need to clarify the Council's policies, procedures and responsibilities for each part of the process. In addition there is a need for adequate budgeting to ensure that the full cost of implementing the policy is identified, planned and controlled as part of an overall project plan. **Prior to moving to individual budgets the Council must ensure that the current billing arrangements are stabilised, clear reporting lines and better communication between parties are established and that adequate project management arrangements are established. This is a complex initiative and also requires a full time role from either a suitably experienced internal or external person, capable of managing a multi-disciplinary team with authority to work across directorates, as necessary**.

How the Council may appropriately strengthen its controls and processes in the management and implementation of complex charging policies in the future.

- **Some of the problems that have occurred during implementation of the charging policy could have been avoided if project management controls and good practice had been properly applied.** We consider that application of effective project management arrangements at both a corporate, as well as directorate level would have benefited the Council's approach to the charging policy and the subsequent implementation of the technical and administrative processes. Given the intention to also develop the 'In Control' initiative this should become a critical feature of the Council's future planning arrangements.

- The development and implementation of the charging policy would also have benefited from similar organisational-wide controls and policies for information systems (IS) and information technology (IT). **It is not clear from our review of documentation whether H&SC officers sought and took timely advice on the appropriateness of the technology being used, the design of system interfaces and the impact that proposed policy development and administrative requirements would have on legacy systems.** We understand from officers that IT was involved in a number of aspects, but not until key decisions had been made and solutions required.

- Where accountabilities span more than one council department, best practice would suggest that a single senior responsible officer (SRO) should be appointed to have overall responsibility for the delivery of the project and to be accountable to the Executive for its delivery to time, quality and costs. **Our review of documents suggests that implementation difficulties and subsequent project issues were not pursued sufficiently. There is no mention of formal risk management and the existence of a project plan**.

- It is unusual for operations managers to have the requisite project management and technical knowledge needed to deliver such a complex project, but this should have been identified and addressed as part of the initial assessment. **From our experience where other authority's projects have gone wrong it is often because those in charge, due to their inexperience, have underestimated the complexities involved. This appears to have been the case for Southampton.** We suggest that the Council considers developing a specialist project management

team with experience acquired externally to the Council, capable of reporting directly to chief officers and working across directorates.

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Issues for consideration, suggested action and action plan

Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
Charging and Billing issues			
30 The Council's policy is the most complex of all the authorities we reviewed and therefore the most difficult to administer effectively and efficiently.	The Council should give consideration to simplifying its charging policy by means of removing the formula element of the charge. The Council should assess the implications of reducing or removing the limiting charging factor of 75%. However, this could support the Council in targeting expenditure more effectively and bring the Council's charging regime into line with other authorities.	High	**Agreed:** Yes **Action to be taken:** Policies of other local authorities (nationally) will be reviewed, including those used by in Control sites. Requirements of Fair Charging Policy and Fair Access to Care guidance will be reviewed. The impact of reducing the 75% limiting factor on income achievement will be scoped. Any impact on residential income will be clarified.

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Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
(As above)	Going forward, the Council should ensure that: • New policy arrangements are identified, sponsored, timetabled and developed by accountable and named individuals.		An options appraisal of polices used elsewhere will be undertaken. From the above, recommendations will be made to Cabinet (28th July 2008) for SCC charging policy. **Resources Required for implementation:** Project manager: Access to research sites: Financial scoping from SCC accountants team. **Responsible Officer:** Jane Brentor (supported by Mike Smith). **Target Date:** 28th July 2008

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Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
(As above)	• Relevant and appropriate consultation is undertaken with users within an agreed timetable and that the results are reported to Members within a specified period. • Subject to Member approval, any new policy should be comprehensively documented in order to provide operational guidance to staff and to map relevant financial, administrative and care processes. • Subject to any revised policy the Council should also ensure that it can demonstrate appropriate reporting arrangements and linkages with relevant Use of Resources criteria namely: ➢ Project appraisals, business plans and affordability tests are identified for new policy developments (KLoE 2.1); ➢ Members are aware of risk management issues arising from the Council's business processes, that includes policy making and review (KLoE 4.1); and	High	**Agreed:** Yes **Action to be taken:** Consultation will take place over a period of 6 weeks with key stakeholders: ▪ at least 20% current users via public meetings and questionnaires; ▪ Advocacy groups; ▪ Finance team; ▪ PARIS team; ▪ Agresso team; ▪ Strategic Development team; and ▪ COMT. This will also include consultation on affordability, impact on business plans and identification of any interdependencies with other key projects in the Directorate and corporately. Impact on care processes will be mapped and information will be required from: ▪ Care managers. ▪ FAB officers. ▪ Payments team. Guidance documentation will be produced for each of the above practitioners. Performance indicators will be developed for practice from each of the above teams. Reporting programme and timings of reports to Head of Service for Health and Community Care and Finance team will be established. Risk log will be maintained by project manager and managed by project board and taken into account for final report to Cabinet

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Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
(As above)	➤ The Council can evaluate the impact of social costs and benefits, and takes account of these when making decisions (KLoE 5.2).		Assessment of social impact of implementation of new charging policy will be undertaken by project manager in conjunction with Health and Community Care's policy team. This will be used to inform final report to Cabinet (29th September 2008). **Resources Required for implementation:** Project manager: Input from each of the relevant teams (project manager to scope detail of resource requirement). Access to relevant business plans and policies. Input from Health and Community Care's policy and performance team. **Responsible Officer:** Jane Brentor (with support from Rosey Wood, Chris Hawker, Andrew Armour and Eric Smith). **Target Date:** 29th September 2008

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Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
34	There are a number of common features and themes that emerge, primarily the issue of effective project management and communication between relevant officers across the council. This has ultimately impacted upon the effectiveness of both the Council and the community that it seeks to serve.	The Council should address the following issues as a matter of urgency: • There are a significant number of people who have not been financially assessed under the current policy. • The Council has not been receiving income contributions due to the backlog of financial assessments, • No assessment has been made of the loss of income arising to the Council. • Carers and recipients of services have made on on-account payments. Manual income (e.g. cash, Post Office payments and CMS payments) that has been received is not currently being promptly matched against care packages or invoices. There is no automated process by which such clients' payments can be matched accurately against their account.	High	**Agreed:** Yes **Action to be taken:** All users of non residential social care supported financially by SCC will be financially assessed by the FAB team. The impact of uncollected income will be scoped and decisions made about the ability to collect income within legal boundaries. All income incorrectly identified on the Agresso system will be removed and the impact of this on financial forecasting will be assessed. All income forecast but which cannot feasibly be collected will be scoped and a 'write off' exercise will take place. All other income will be scoped and a forecast will be made on feasibility of collection. Payments made 'on account' prior to the correction of social care bills will be identified and a scoping exercise will be completed to enable clarification of the degree to which this is accurately aligned with customers' accounts. Consideration of a system to automatically allocate such payments will be given as part of this project taking into account other Council receipts and collection methods (e.g. rent collection).

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Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
			Resources Required for implementation: FAB team plus additional temporary assessors via Capita (already in place). Agresso team and legal team (arrangements already made). Finance input and Accounts Receivable team. **Responsible Officer:** Jane Brentor (with support from Bill Beckerleg, Mike Smith, Rob Aldridge). **Target Date:** 30th September 2008

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Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
	• The invoices that were sent out during 2007, as well as in early 2008 following manual input of chargeable information have still been presenting with unexplained adjustments. This situation must be addressed and a timetable established by the Council to ensure that this matter is not repeated for the 2008/09 year end. • Going forward, the Council should identify, specify, evaluate, procure and implement a charging and billing module for the 2009/10 financial year. Such a module should clearly be assessed as 'fit for purpose' and meet the needs of the Council's existing information and financial systems, as well as linked to the timetable for amendments to the charging policy, as appropriate. • Full use should be made of the Council's existing In4tek user network, to share knowledge and experience. We would suggest that the Council identify key issues and propose a work programme to the user network to ensure that requirements, problems and concerns are systematically raised with and addressed by the supplier, as well as discuss operational approaches and potential solutions with other authorities' officers.	High	**Agreed:** Yes **Action to be taken:** All bills will be reviewed for accuracy and corrections made. Where necessary new bills will be created with explanations to customers. The impact of the learning from this exercise will be applied to the current financial year by holding a 'learning workshop' with all relevant practitioners involved in PARIS input, financial assessment input, a billing production and income collection. This will be clearly recorded and criteria will be developed from this exercise to inform the requirements of the new policy. When options for a new charging policy are devised these will be tested against the learning from the above exercise. The criteria will be shared at the In4tec network meetings and the impact on the contract with In4tec will be assessed. **Resources Required for implementation:** Project manager Input from Agresso team, Accounts Receivable and PARIS team. Facilitation of a workshop and time input from the above teams. PARIS team input at In4tec network meetings Contract review. **Responsible Officer:** Jane Brentor (with support from Andrew Armour, Bill Beckerleg, Rosey Wood). **Target Date:** 30th September 2008

Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
Project and Programme management issues			
16 No explanation was forthcoming as to why there was no follow-up undertaken or reporting back to Members as to why matters were not progressing.	The Council should ensure that for complex decisions and policy initiatives there are clear arrangements at both directorate and corporate levels to monitor work plans by chief officers and/or cabinet members as a result of decisions made.	High	**Agreed:** Yes **Action to be taken:** The current action sheet for Full Council/Cabinet will be enhanced, it will become a rolling programme and will include designation of the relevant lead Cabinet Member, the relevant lead Executive Director, the relevant lead officer and will identify specific actions and the timeframe within which those actions are to be discharged. Similar action sheets for COMT/Cabinet will be developed and always included within the standard agenda for Cabinet Member Briefings and agendas of COMT and Policy Co-ordinators' Team. This process may well be electronic. Further development of the action sheets already in place for Scrutiny will be considered by Overview and Scrutiny Management Committee. Minutes arising from COMT and Policy Co-ordinators' Team will be revised to follow a similar process, i.e. action point based as compared to minute based. The job descriptions for COMT members will be reviewed to ensure that the appropriate corporate requirements of the role, particularly for the Executive Directors are made clear and stressed. A workshop will be organised for COMT and Policy Co-ordinators' Team around issues of "corporateness".

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Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
			The guidance note for Cabinet Member Briefings will be revised and refreshed and a template will be developed for action points to be promulgated along with agreement as to whom that action sheet is circulated to and at what stage and how that is monitored. The terms of reference for COMT and Policy Co-ordinators will be reviewed in this context. **Resources Required for implementation:** - **Responsible Officer:** Chief Officers' Management Team. **Target Date:** 1st July 2008
22	Key failures can be placed in the following broad categories • Design and definition failure: • Decision making failure: • Programme and Project discipline failures: • People failure:	The Council should ensure that its overall project and programme management arrangements are able to demonstrate; • The scope of the programme and the required outcomes. • Appropriate level of sponsorship and commitment to the programme and/or project(s), i.e. a key person in authority is able to resolve issues. • Arrangements for managing risks and ability to manage change in requirements. • Appropriate linkages and communications between the programme and/or project(s) and stakeholders, including of ownership of issues.	High	**Agreed:** Yes **Action to be taken:** The Council's Project Management framework will be rigorously applied to all key programmes and projects. **Resources Required for implementation:** Project managers. Directorate Capital Programme/ Major Project Boards. **Responsible Officer:** Chief Officers' Management Team. **Target Date:** With immediate effect.

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Issue for consideration		Recommendations	Priority	Management Responses and agreed actions
40	The Council is seeking to develop and implement fundamental changes in the delivery of care services as part of the 'In Control' initiative.	Prior to moving to individual budgets the Council must ensure that the current billing arrangements are stabilised, clear reporting lines and better communication between parties are established and that adequate project management arrangements are established. This will require a full time role from either a suitably experienced internal or external person, capable of managing a multi-disciplinary team with authority to work across directorates.	High	**Agreed:** Yes **Action to be taken:** A risk assessment of the current billing processes will be undertaken by the teams using the current systems and recommendation made to the two relevant Directors (Communities, Health and Care and the Resources Directorate) These two Directors will establish the feasibility of implementing individual budgets at each stage of the incremental implementation of that project in relation to the current billing system. The impact of individual budgets will be a key factor in the options appraisal and eventual recommendation of a new charging policy. A project manager with appropriate experience and capability or ability to gain understanding of each of the disciplines will be appointed to monitor the project plan and each relevant manager will agree to the authority of that project manager. Should disagreement occur this will be managed via the line management of the individual manager and eventually via COMT, if necessary. **Resources Required for implementation:** Input from Accounts Receivable, FAB and PARIS teams. Time input from the Director of Communities, Health and Care and the Director of Resources. Project manager time and input from TEA. **Responsible Officer:** Jane Brentor (with support from Bill Beckerleg, Andrew Armour and Rosey Wood). **Target Date:** 30th June 2008

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Issue for consideration	Recommendations	Priority	Management Responses and agreed actions
46	We consider that robust application of effective project management arrangements at both a corporate, as well as directorate level would have benefited the Council's approach to the charging policy and the subsequent implementation of the technical and administrative processes. Given the intention to also develop the 'In Control' initiative this should becomes a critical feature of the Council's future plans.	We suggest that the Council: • Considers developing a specialist project management team with experience acquired externally to the Council, capable of reporting directly to chief officers and working across directorates • Provide those in management positions with relevant training in order to identify the benefits of project and programme management disciplines and support future initiatives, as appropriate. • All projects should be periodically reported upon as part of a formal programme update so that Members and chief officers are aware of both progress and the inter-relationship that may exist between projects. • Consideration should be given to including an assessment of the Council's project management arrangements by Internal Audit.	High	**Agreed:** Yes. **Action to be taken:** The effectiveness and consistency of the application of the Council's Project Management Framework will be kept under review by COMT and further consideration will be given to the development of a team of project managers if appropriate. The Corporate Training Programme and Management Academy Programme already provide for relevant training, Executive Directors will be responsible for ensuring this training is attended by the relevant managers. A formal programme update process is in place through Directorate Capital Programme/ Major Project Boards, Policy Coordinators, COMT, Cabinet Member briefings and to ensure projects are appropriately and periodically reported upon. The effectiveness of these reporting mechanisms will be kept under review. The Internal Audit plan for 2008/09 makes sound provision for review of programme and project management approaches across the Council. **Resources Required for implementation:** Executive Directors. Policy Coordinators. Corporate Learning and Development team. Internal Audit. **Responsible Officer:** Chief Officers' Management Team. **Target Date:** Ongoing.

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Any oral comments made in discussions with you relating to this report are not intended to have any greater significance than explanations of matters contained in the report. Any oral comments that we make do not constitute oral advice unless we confirm any such advice formally in writing.

Our report is addressed to, and prepared for Southampton City Council and we do not accept any duty or responsibility to any other party. On this basis, this report should not be disclosed to any third party or be quoted or referred to without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than Southampton City Council in mind and that we do not accept any duty or responsibility to any other party. This work was carried out under an agreed terms of reference, contained in our full report.

In the event that, pursuant to a request which you have received under the Freedom of Information Act 2000 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), you are required to disclose any information contained in this report, we ask that you notify us promptly and consult with us prior to disclosing such information. You agree to pay due regard to any representations which we may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such information. If, following consultation with us, you disclose any such information, please ensure that any disclaimer which we have included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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