



Resource Allocation – Ophira Limited

One of the major transformations required within Adult Social Care to realign services in order to meet the government's timeframe to implement the personalisation agenda as set out in the social care concordat, December 2007, is the introduction of personal budgets. This will require councils to find a new way in which to allocate resources.

The key to maintaining financial control with the introduction of personalisation is through employing the mechanism of resource allocation. The financial imperatives for resource allocation have become starker due to the global financial crisis that will impact on all public services. This has already led to the public signalling clearly that it is not willing to pay additional taxes be they central or local to supplement public services. The financial picture for local authorities is bleak following the planned efficiencies as a consequence of CSR07 and the current economic crisis.

1. Introduction

This report outlines the key points in relation to the decisions that need to be taken about which resource allocation methodology is best suited for deployment. This will enable councils to meet the key milestones set by the government to meet the transformation required in Adult Social Care under the 'Putting People First' social care concordat.

2. Background

Resource allocation methodology is a way of distributing resources to individuals requiring support for social care needs that are eligible from the local authority. This is currently done by officers commissioning appropriate services that will meet a range of needs. However this methodology is outdated and does not supply sufficient flexibility to meet individual need. The personalisation agenda has promoted choice and control through the mechanism of a personal budget so that individuals can purchase tailored support for their needs, thus eliminating the one size fits all approach. Resource allocation is therefore a mechanism that aligns the assessment of need to a monetary award in the form of a personal budget. Over the last few years a number of methodologies to undertake the resource allocation have been designed. Whilst juggling to balance the financial aspects, Adult Social Care is also facing increases in demands for services.

Councils need to decide promptly which methodology to deploy to maintain financial control of the provision of support, in order to meet targets.

Demand is set to rise due to the following three factors.

1. Demographic changes that are arising in Britain. People are living longer and becoming more dependent as they age, this applies across the spectrum of Adult Social Care as advances in medical procedures have enhanced life expectancy for everyone.
2. Demand is also likely to rise as a result of personalisation and the introduction of cash payments, which on the whole are more palatable than prescribed service options.



3. The impact of the Equality Bill that will be enacted in April 2010 will mean that Adult Social Care have to ensure that allocation of resources are undertaken in an equitable manner by 2012. Currently most councils do not allocate the resources fairly across the client groups.

3. Legislative Framework for Resource Allocation

The personalisation agenda and self directed support does not have a legislative framework to support it currently. Councils are relying on existing legislation such as the 1990 NHS and Community Care Act, 1970 Chronically Sick and Disabled Persons Act and the Community Care (Direct Payments) Act 1996 to find a way to meet the targets for personalisation set out in the social care concordat 'Putting People First'. However case law is emerging as a consequence of legal challenge. It does therefore remain vital that the framework for self directed support including the resource allocation methodology is robust and able to demonstrate that assessment of need, eligibility and care planning is not delegated to the individual. The framework also requires clear evidenced based assessments of need that link to the support plan to avoid allocating resources for wants not needs. Finally it is likely, but so far untested in law that once the resource allocation methodology has been set and awards made, that awards will only be subject to change following a review and/or reassessment of need, as is the current legal position with eligibility and removal of services for cost reasons as in the Gloucestershire ruling. It therefore becomes imperative that a sophisticated method for resource allocation is employed that combines known information management about client groups and reflects things that impact on cost – and combines weightings for different levels of risk.¹

4. Financial Framework for Resource Allocation

The financial framework that lies behind Resource Allocation has to be strong enough to withstand the pressures that will be placed on the budget through the increased demand for services as outlined above, the efficiencies required by both central and local government and the transitional costs attached to the transformation in Adult Social Care required for personalisation. It is vital that the chosen methodology for resource allocation is robust, as the eligibility threshold will be the only mechanism left to control the financial overspend.

5. Approaches for Resource Allocation

To inform the decision making process around resource allocation methodology it is important to understand the financial imperatives that lie behind resource allocation.

Broadly there are two approaches that can be taken, a simple approach that is based on a small number of questions, this is the approach endorsed by in Control and the common RAS

The advantages of this approach are as follows:

- Places the individual at the heart of the assessment process.
- Simple to understand assessment for both practitioner and person being assessed.
- Simple scoring facilitates hosting of calculation on existing IT platforms

¹ Belinda Schwehr Legal Consultant



The disadvantages of this approach are

- Too simplistic providing a narrow banding of need. This will lead to over allocation of money for need and place immense pressure on financial budgets which will be unsustainable.
- It is overly reliant on professional skills at the support planning stage as little information is gathered at the assessment stage of the process. This also means that no evidence is recorded at the assessment stage to support the practitioner's assessment.
- Eligibility is not factored into the assessment questionnaire
- Family support and/or established private support e.g. cleaners are not factored, thus leaving the council to provide resources for needs already being met in a satisfactory manner. This is contrary to the guidance issued by the DH regarding FACS.
- It appears to be transparent but is overly subjective with few checks or balances built in to ensure an objective assessment of need based on analysis of impact of the need. This means that Team Managers will have no documented evidence to endorse decisions made by practitioners. This inevitably impacts considerably on quality, equality and financial control.
- Financial control is weakened due to all of the above
- It is not compliant with the proposed Common Assessment Framework and existing single assessment processes and Care Programme Approach.
- The resource allocation is based on the current financial spending patterns that are not equitable e.g. disproportionately high spending on learning disability as compared with older people and this type of inequality will be open to challenge when the Equality Bill is enacted.

Complex approach: The advantages of this type of approach are

The assessments will factor risk, safeguarding, frequency, private support and carers support. This is also known as 'natural support' or 'social capital'. This facilitates greater financial control as the monetary value of the presenting needs takes into account these additional factors when determining how much money each person is allocated. This ensures that people with higher level needs get more financial support and only unmet need is to be funded.

- It meets requirements for a common assessment framework. The government is committed to this type of approach as it facilitates a seamless service for the individual recipients both internally and partner organisations and reduces duplication of effort and resources. The common assessment approach which has come out of the single assessment process for older people enables practitioners to undertake an assessment that is proportionate to the presenting needs of the individual. This also ensures that the risks and safeguarding issues have been assessed and evidenced.
- A complex approach also assists staff with the determination of eligibility. Eligibility still remains the only mechanism that can control financial spending within adult social care.
- It covers the legal complexities that surround Self Directed Support that exist through the lack of specific legislation and relies on the existing legislative framework for community care. This comprises in the main of the NHS and Community Care Act 1990, Community Care (Direct Payments) Act 1996, the Chronically Sick and Disabled Persons Act 1970 and the Carers (Recognition and Services) Act. Using resource allocation and assessment tools that are based on the legislation will safeguard the council from legal challenge.



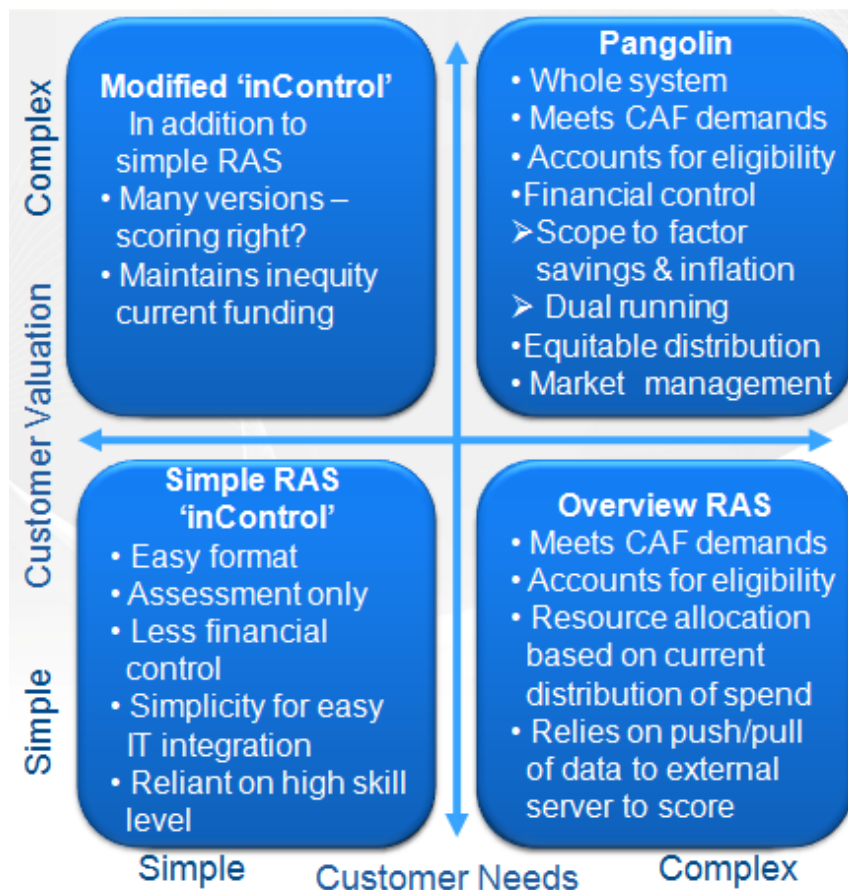
- Complex assessments, can be time consuming, but provide consistent outcomes. This is particularly pertinent when it comes to resource allocation that results in a monetary award.
- It facilitates an equitable allocation of resources as it is not based on the current spend for either the individual or the client group. Assessment tools and resource allocation need to be able to address this historical inequitable distribution of resources across the client groups which will need to be addressed when the Equality Bill is enacted in April 2010.
- A complex approach is able to factor charges that facilitate net budget awards. This will lead to back office savings as it will eliminate the need to invoice individuals and chase up non payments.
- It provides a whole systems approach to care management that enables financial, market and performance control through increased capacity to record data from the assessments. This data can be used to identify trends in usage of personal budgets, growth in particular needs that require support, individual performance of practitioners and their managers and finally more data that supports financial control.
- It can factor ring fencing requirements i.e. money needed to ensure that activities such as reablement are budgeted for ahead of any allocation for individuals. If required by the council the savings requirements can also be ring fenced although this will mean that this is less available for distribution via personal budgets. Finally dual running requirements necessary to facilitate the transition to Self Directed Support can also be factored. Dual running refers to the continued operation of a 'traditional' service alongside personal budgets during the transitional period which will require additional financing.
- The approach enables all needs to be scored, this means the council can charge for non residential services that have to date been uncharged e.g. day care and transport. This will increase the revenue from charges.
- Provides information data for those deemed to be 'self funders' following the financial assessment. Reporting on self funders is soon to be a requirement.

Disadvantages are as follows:

- Complex scoring leads to integration issues with older IT systems.
- In paper format assessments are laborious.
- Complex scoring is less transparent to the individual, but is based on a sound rationale that would be defensible under a legal challenge
- Personnel will require higher level of training to undertake assessments



Resource Allocation Differentiation Matrix



6. Principles of a sustainable resource allocation system

Transparency

The importance of transparency as a principle underpinning assessment tools and resource allocation is vital. People need to understand that needs are assessed on an equitable basis and remove some of the misconceptions that the public have about the distribution of resources as a consequence of assessment. The DH has talked about resource allocation systems needing to be 'simple and straightforward', this is not aimed at the methodology employed to calculate personal budgets, but that it empowers individuals by ensuring that they know at an early stage what resources are available to them in their personal budget allocation. Transparency can therefore be achieved in a number of ways:



- The sign up to a complex assessment methodology that assists with the consistent application of eligibility and monetary awards to meet needs provides confidence to staff undertaking assessments that they have their assessment correct. It also gives confidence to members that staff have undertaken fair and correct assessments when they are petitioned by constituents to investigate.
- An assessment tool and resource allocation system that has been developed within a legal framework also provides transparency. The simple assessment and resource allocation system are based on a self assessment style questionnaire². This format has recently been subject to a legal ruling; **R (B) v Cornwall CC**: *“the authority cannot avoid it's obligation to assess needs by failing to make an appropriate assessment themselves, in favour of simply requiring the service user himself to provide evidence of his needs.”* In addition the simple format does not provide an assessment framework. It relies heavily on the practitioner skills to assess fairly and transpose minimum assessment information gathered by twelve multi choice questions into a complex support plan. The complex assessments within Pangolin have been developed within the single assessment process format that will conform to the requirements of the new common assessment framework. The assessment questions within Pangolin have been based on DH accredited assessments and therefore within the legal framework that includes the Fair Access to Care Guidance that focuses on the consistent application of eligibility that addresses risks to independence. An assessment tool and resource allocation system needs to be backed up by a relevant policy framework which can be made available to the public upon request. This adds to the transparency of the methodology as people are able to understand the rationale used to allocate resources on an equitable basis. Ophira’s policy framework has been developed and predicated on the Pangolin assessment and resource allocation tool.
- Consulting the public on the methodology to be used for resource allocation will provide the council with a public mandate. This will give an opportunity for the public to decide on what is an equitable and transparent methodology to determine available resources within the context of self directed support.

Cost effectiveness

Cost effectiveness of a resource allocation system is paramount. Unless you have a complex assessment tool and resource allocation system then financial control becomes unsustainable. The majority of resource allocation systems have been developed based upon existing care packages and applying a contingency reduction³ to ensure that the budget is not overspent. This means that the councils base the resource allocation upon existing packages minus a set percentage which they will allocate into a contingency fund. This is usually used to ‘bail out’ those individuals with complex needs where the resource allocation system is not sophisticated enough to provide accurate assessments that can be transposed into a personal budget cash award. However those authorities

² ADASS have commissioned Belinda Schwehr Associates to undertake some work in this area in respect of the legality of self assessments.

³ CiPFA Social Care Finance



undertaking resource allocation in this way are on the whole running small pilots and way will be making ad hoc adjustments as they go, inevitably leaving less pie to divide up for those at the end of this process. The recent ruling in *Islington* also leaves this approach in question as the court ruled against the council⁴. This approach compounds the inequalities that exist in the current distribution of resources rather than addressing the issue.

Pangolin is not based on the precedent of existing care packages and will assist councils to sustain financial control in the near and longer term future. The Pangolin methodology like the common RAS enables an indicative budget to be produced as a basis on which to formulate the support plan. There is an expectation of practitioners in both formats to explore ways of meeting identified need in the most cost effective manner. This may be through universal services or through natural supports or social capital. Both approaches place the individual at the heart of the support planning process to ensure that 'everyone who receives social care support, regardless of their level of need, in any setting, whether from statutory services, the third and community or private sector or by funding it themselves, will have choice and control over how that support is delivered. It will mean that people are able to live their own lives as they wish, confident that services are of high quality, are safe and promote their own individual requirements for independence, well-being and dignity'⁵

Credible and fair

- In order to redress the historical distribution of resources in adult social care that will be necessary to conform to the legislative requirements of the Equality Bill, any assessment tool and resource allocation system needs to move away from an analysis of what people are currently receiving in terms of support through traditional services.

In order to overcome this, the Pangolin assessment tool and resource allocation system is calibrated against need and risk to independence. This in turn is set against two other factors:

- a) Maximised cost guidelines that acknowledge that some client groups require more specialist interventions that are more expensive to purchase. The cost guidelines differ from cost ceilings in that they act as a flag rather than a prohibition on expensive support plans. They will require senior management sign off.
- b) Proportion of time required to address each need

Self directed support requires practitioners to move away from the practice of fitting assessment of needs to available services and a sophisticated assessment tool and resource allocation system will enable practitioners to do so with confidence; whilst providing reassurance that the tools encapsulate the necessary checks and balances to provide not only proportionate assessments, but proportionate allocations to individuals based on their needs and exposure to risks to independence.

⁴ **JL v Islington LBC (2009)** concerned a teenage girl with severe disabilities. The introduction of a new choice-based system for care services coincided with a reduction in respite care. The fact that the girl's mother had a choice as to how to use the remaining care hours allotted to her clearly did not compensate for the reduction in the care available, given that there was no evidence of an improvement in the girl's condition. The council's decision was quashed.

⁵ LAC (DH) (2008) 1 Transforming social care



- There needs to be a clear understanding of the composition of the total resources available for resource allocation. There will be certain expenditure that needs to be ring fenced funding for example reablement hours, hard to place clients and renegotiated rates that result from the loss of cost volume contracts with the major providers.
- In addition to the ring fenced expenditure, the council may wish to consider extracting the following from the pot for resource allocation
 - a) Funding for predicted demographic growth, this is not just a growth in numbers, but an increase in the numbers coupled with higher presenting needs.
 - b) Funding for anticipated rise in demand as a consequence of more people coming forward for a cash payment in favour of a traditional service.
 - c) How councils wish to treat carers as without the enforcement of an eligibility criteria, carers may encourage their relatives to 'switch' the needs to the carer under the right to request a carers assessment, which will be legal. This may be the approach people identified as self funders take. There is an additional factor to this in that currently carers services are not charged for, so not only will a whole segment of the population access care they would have not been entitled to because of their financial position, they also will now not have to contribute towards the costs of receiving a personal budget.
 - d) Dual running costs associated with the transition to self directed support. Additional funding which will be required as the transition to self directed support takes hold, traditional services will have to be maintained for a period as personal budgets take effect as there will be some who wish to remain with existing services. There will be a direct cost implication due to the lack of ability to secure cost volume prices In addition there will be an indirect cost in the amount of staff time in the commissioning team deployed in the analysis work required to close services and re-route service users to alternative provision.
 - e) Transitional funding requirements to alleviate the immediate effect for potential losers when reviewed for the purposes of individual budgets as a consequence of historical commissioning patterns and eligibility decisions. For example access to support with daytime opportunities is likely to have been based not on an assessment of need but on the availability of places arising as a consequence of block contracts based on over provision and not realigned with the revised eligibility threshold.
 - f) Increased expenditure as a direct consequence of the initial attempts at resource allocation methodology that presumes an allocation of funding based on the current uptake of traditional services.
 - g) Increased expenditure as a result of the need to manage the market, for example the costs of developing the portal, the costs involved in stimulating the market to produce more providers, the costs associated with accreditation of providers.
- An assessment format that aids the consistent approach to assessment and resource allocation this in itself leads to equity and acceptable to those administering the tool and those whose needs are assessed as a consequence of its use.

Replicable results

It should be a requirement of all assessment tools and resource allocation systems that results are replicable and reliable. Unfortunately this is currently not the case as individual practitioners are



currently making subjective assessments and trying to fit individuals in a service menu. Self Directed Support recognises this systemic failure. However there are varying degrees in which the available tools can rectify this.

- In the main the assessment tools and resource allocation systems available for self directed support rely on over simplification at the assessment and resource allocation stage. They are unable to classify the variance between need for personal care once a day to prompt or someone who requires hoisting four times a day. This does not provide reliable resource allocation or replication other than in its most basic form.
- However a more complex assessment tool and resource allocation system such as Pangolin that as a consequence of its format is objective and based on a stratification of need that incorporates risk, frequency and informal and established private support ensures that replicable results are achievable. Training in the use of the assessment tool resource allocation system and the provision of a detailed procedural manual will secure replicable results, as the assessment format facilitates the provision by practitioners of the evidence to support the scoring. The tool also facilitates the option of managerial validation and moderation that assures replicable results and consistent standards are applied across adult social care.

Testing

Prior to being able to test any resource allocation system, councils need to determine what is being tested. Most of the scenarios will have been discussed in this paper. However if councils wish to test for outcomes (winners and losers) of the different types of resource allocation systems councils will need to determine what the cohort is likely to be and the amount available for resource allocation. This will not be the full amount available for community services as it will have to include funding for ring fenced ongoing service commitments, decommissioning requirements, expected rise in demand and finally whether the council wishes to factor in any efficiency savings, all of which have been outlined in greater detail above. However the main difference between pangolin and all other systems is that it uses a mathematical construct to determine allocation that is not based on existing spend. This difference facilitates the realignment of existing budgets along more equitable lines and one that all councils will have to start preparing for from April 2010 when the Equality Bill comes into force.

There will undoubtedly be winners and losers in the transition, as there are now as a consequence of the current distribution of resources that favour heavily one sector of adults requiring statutory social care support. A transitional phase will enable the council to introduce a soft landing where the current resources are redistributed over a prolonged period, minimising a strong public reaction. However there may be an additional financial cost if this approach is adopted.

Decisions need to be taken on the customisation that is required which can minimise the possible effects of the scoring and weightings in regards to potential winners and losers. This may be dependent on the outcome of consultation and/or on whether there is a decision made to have a soft or hard landing as a consequence of a transition to self directed support through resource allocations. It is vital when considering or comparing RAS mechanisms that the financial implications are understood, as it is not the resource allocation system, it is the money which is the determinant in testing for winners and losers.



Councils (and public, if consulted) need to acknowledge that the existing patterns of expenditure cannot be sustained given the financial imperatives that face public services. It must be borne in mind that the resources allocated will not or cannot replicate existing service arrangements if the gross budget is not applied as now.

Adaptability

Adaptability of an assessment tool and resource allocation system is naturally a pre-requisite, especially in a service area that contains so much flux from both central and local influences in terms of policy directives and goals. Social care operates in a political and financial environment and the tools in use need to be adaptable to reflect and incorporate change as it emerges.

Complex assessment tools and resource allocation tools may appear by their complexity not to lend themselves to adaptability however, the complexity provides more opportunity to adapt as long as the principles of the design are understood and maintained when adaptations are being considered and made.

Changes can be made to all the constituent parts of the assessment tool and resource allocation system. This includes:

1. Level of need descriptor this includes removing or adding different descriptors
2. Risk to independence
3. Frequency
4. Informal support
5. Weightings of each domain
6. Weightings of each sub domain
7. Proportionality within 24 hr period
8. Factoring of growth in demand
9. Factoring of savings
10. Factoring of decommissioning
11. Factoring of transitional support for 'soft landing'

The adaptability of an assessment tool and resource allocation system will ensure that any findings from the common RAS project can be facilitated. Currently all resource allocation systems remain to a large extent untested. Those based on a simple assessment and resource allocation rely on quite crude methodology and the sustainability has not been tested. This is especially true in regards to all those resource allocation systems that have been carried out in pilots. It would seem from the feedback of the Putting People First measuring progress survey from ADASS that most councils have gone for a pilot approach, so other resource allocation systems remain untested to the full too. However it would seem that most resource allocation systems would be able to convert to outcomes focussed apportionment of money as this is in the support plan element. Unlike other resource allocation systems Pangolin is the only one that is not based on precedent of current budgetary awards which are inequitable. Pangolin is also the only model that provides an indicative budget with the expectation that during the support plan this is the maximum sum allowed.



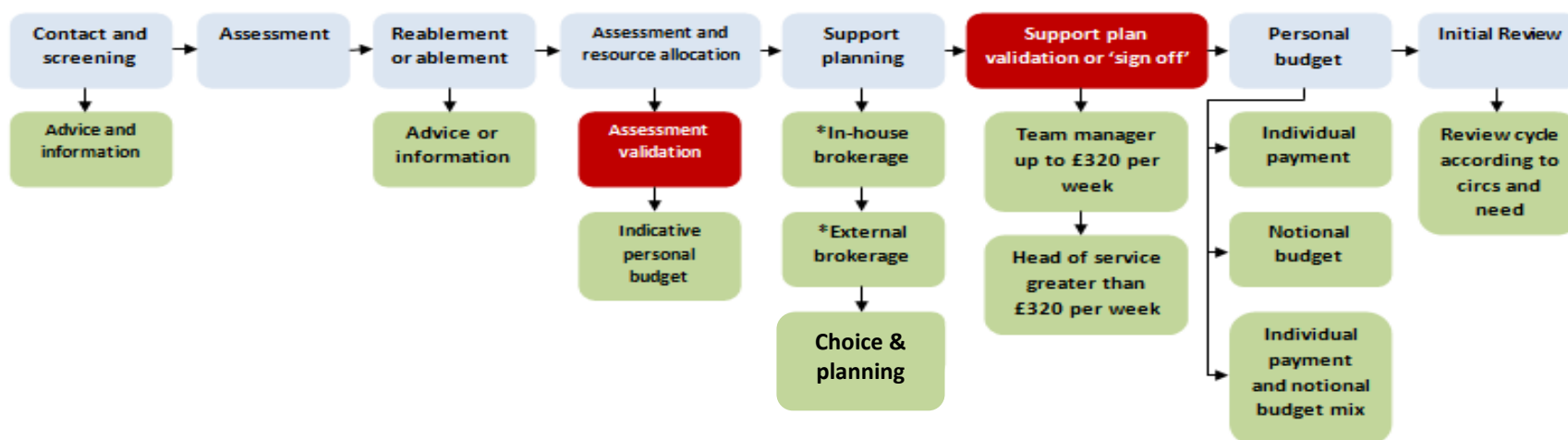
User Friendly

For assessment tools and resource allocation systems to work, practitioners need to understand why they are being asked to assess and record in the way that the format dictates.

- Simple assessment formats look seductively easy however their simplicity belies the need for highly skilled professionals to administer them. The lack of depth in the self assessment questionnaires results in practitioners to address need, risk to independence, informal support, safeguarding and frequency for support at the support planning stage. This requires a highly competent social care workforce. It also considerably weakens financial control as there will be little or no evidence to support the resource allocation. Managers will not be able to glean from looking at the assessment or support plan the accuracy of the assessment and therefore resource allocation.
- Pangolin has been built in Liquidlogic, and in this format is intuitive and proportionate and contains a range of assessments not just the overview. The copy forward facility enables information to be entered once and forwarded to each assessment/reassessment and review stage reducing duplication and time spent assessing. Internal moderation/validation functionality contained within Pangolin will dispense of panels which are time and cost intensive. It also ensures consistent approach that achieves quality assurance and supports improved professional practice.
- A simplified standalone version of Pangolin is available that will enable local authorities to implement a more sophisticated resource allocation system than has been available to date. This will enable councils to 'model' the financial complexities that surround the resource allocation pot and ensure that sufficient testing is completed.



SDS Practice route



Ophira Limited