

Report of: The Director of Adult Social Services

Report to: Executive Board

Date: 5th March 2014

Subject: Developing and Empowering Resources in Communities, Adult Social Care

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report describes Adult Social Care's involvement in a ground-breaking national initiative, 'Developing and Empowering Resources in Communities' (DERIC).
2. DERIC is a community interest company, established in May 2012 to find new ways of funding and providing social care in the current context of decreasing resources and increasing demand. DERIC will invest funding in community programmes designed to develop and enhance the non-statutory social care and support services available in communities.
3. Leeds is one of three Local Authorities (with Sandwell and Belfast) that have worked with the Stamford Forum, a national think/ do organisation, for the last three years to create a national investment fund, funded by Big Society Capital, and administered by DERIC.
4. This report advises Members on the implications, risks and mitigations associated with the Adult Social Care's involvement in this initiative – the first of its kind in the country.
5. To exemplify the expected outcomes of this initiative, a case example is included at Para 3.7 of this report and a longer case study at Appendix B.

Recommendations

6. This report recommends that Members:

- Endorse the involvement of Adult Social Care in Developing and Empowering Resources in Communities (DERIC).
- Approve the continuing involvement of Adult Social Care in the governance structure of the national DERIC Board. This will be subject to on-going monitoring by the Deputy Director of Adult Social Care, and subject to a six monthly review with the Executive Lead Member.
- Approve the holding of a contingency fund created from within the current funding base of Adult Social Care to enable Leeds City Council to guarantee the loan from DERIC to organisations in Leeds. Note that funding will be 'drawn down' rather than provided as a lump sum. Leeds City Council will, therefore, only need to ensure it holds sufficient funds to cover the amount that has been received.
- Approve the future expansion of the use of this fund in Leeds subject to additional funding being made available from DERIC.
- Approve the Council giving a guarantee to DERIC in respect of loans provided to organisations in Leeds and delegate authority to conclude the necessary agreements to the Director of Adult Social Services.

1 Purpose of this report

- 1.1 This report highlights the involvement of Adult Social Care in a ground breaking national initiative called Developing and Empowering Resources in Communities (DERIC). DERIC is a community interest company, established in May 2012 to find new ways of funding and providing social care in the current context of decreasing resources and increasing demand.
- 1.2 DERIC will invest funding in community programmes designed to develop and enhance the non-statutory social care and support services available in communities. Investment decisions will be based on the assumption that with the appropriate support, local organisations are uniquely, and in many instances better, placed than a Local Authority to develop and shape care solutions around the needs of individuals and their carers.

2 Background information

- 2.1 Members will be well aware of the local success and national media attention that has been generated by Leeds' 37 Leeds Neighborhood Network Schemes. The Schemes support more than 20,000 older and disabled people across the City. They are run by and for local people and communities and are uniquely placed to understand the needs of the population in their areas. This includes the needs of people with statutory social care needs, a group they do not customarily serve.
- 2.2 The introduction of Individual Budgets (IB) and Direct Payments (DP) has given people greater choice and control over the provision of their social care services. This has created an opportunity for local community groups act as brokers,

administering personal budgets and organising care and support on behalf of eligible individuals and their carers.

- 2.3 Work done to date has indicated that by administering services in this way, modest savings can be made over care arranged by traditional social care management. This is because of the significant amount of social capital (principally, but not exclusively, volunteers), that can be accessed by local organisations like the Neighbourhood Network Schemes and their ability to signpost people to local universal services.
- 2.4 In recognition of the current financial position of most Local Authorities and the difficult prospective outlook, for the past three years work has been on-going by officers to identify secure alternative funding streams that could be used to support the development of a wider range of sustainable care and support in communities. This work has formed one of Adult Social Care's key strategies within the 'Better Lives' programme.
- 2.5 In September 2013, after extensive due diligence, Big Society Capital (BSC) made over £1m available to DERIC to be invested in community programmes. BSC is a funding organisation, established by the current government. It has a funding base in excess of £15m, created from the dissolution of unused bank accounts. BSC lends money on a commercial basis to third parties; its constitution does not permit direct loans to end recipients. To date, loans from BSC have been used to fund commercial enterprises. The proposal from DERIC, with its focus on social care and support, is the first of its kind to have been accepted.
- 2.6 One of the conditions of BSC providing financial support to DERIC is that DERIC must obtain financial guarantees from the Council in respect of the loans which DERIC will be providing to organisations in Leeds.
- 2.7 Some of Leeds' Neighbourhood Network Schemes will benefit from the funds invested nationally by DERIC. Two are already preparing for the release of funding and have established community interest companies which are separate to their substantive charitable organisational arrangements. The money provided by DERIC will be used to fund a new and additional service to support people using DP or IB. This includes the recruitment of Support Planners to bridge the gap between community organisations and local integrated health and social care teams and to ensure that the organisations are supported to identify the individuals and carers they can best support.
- 2.8 Savings generated by arranging care in this way are expected to be modest, at least initially, but the model has huge potential. All savings will be shared; some will be retained by the community interest company to be reinvested in the local community, some will be retained by the Local Authority and the remainder will be returned to DERIC as loan repayment to fund the next tranche of national investment. DERIC is also seeking additional investment from other sources and ultimately plans to support 30 organisations nationwide.

3 Main issues

- 3.1 As a founding member, Adult Social Care is represented on DERIC's national Board, along with the other founding Local Authorities and non-executive members with skills and experience in social care and finance. Clearly, establishing a structure and means of funding that has not previously been tried has required the development of new structures of governance and accountability. It is essential that Adult Social Care's involvement in the governance of DERIC nationally is kept under review with the Executive Lead Member as the programme develops.
- 3.2 The model has been tested in Leeds both theoretically and practically (in Armley and Garforth) and there is confidence savings can be generated to repay the loan. However, there is a risk that savings are insufficient or not generated quickly enough to meet repayments. It is, therefore, recommended that the Local Authority acts as a guarantor to DERIC for the funds invested in local organisations in Leeds.
- 3.3 The organisations involved understand that they also bear an element of this risk in terms of the potential need for them to repay the Local Authority if their scheme does not generate the surpluses anticipated. Agreements will be put in place which fairly covers the relative risks held between the organisations and the Adult Social Care and any mitigating actions required.
- 3.4 Adult Social Care already invests significantly in the Neighbourhood Network Schemes (£2.3m) and has a good relationship with them developed over a number of years. Funding from DERIC is for a new, additional service and will be repaid through savings this service generates.
- 3.5 With additional support for the current social care model of assessment and care management, it is expected that capacity will be created to allow the transition into fully integrated health and social care teams. This represents a considerable shift in the way teams have operated over the last twenty years, since the implementation of Community Care legislation from 1993 onwards. Such a radical shift will take time and it is planned that the development of our existing teams to make the transition will form an essential part of the implementation of these arrangements.
- 3.6 It is worth emphasising that the prime focus of work in Leeds is more effective support planning and better outcomes for older and disabled people. Work to date has shown real benefits for older people, as shown by the following example.

- 3.7 *Elaine is 70 years old. She suffers mobility problems and has recently been bereaved. She now receives a range of voluntary support, including social activities, regular visits and help with her shopping. As a result she has reduced her home care support and, in consultation with her GP, has stopped taking anti-depressants.*
- 3.8 Appendix B contains a more detailed case study which exemplifies the aims of Local Links in the City

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Proposals to invest funding in Leeds, and particularly the potential to develop this approach, have been discussed with Citizen's@Leeds colleagues. The model has also been shared with the Enterprise Group and discussions are planned with Children's Services about the potential to support Child Friendly Leeds.
- 4.1.2 Proposals have also been subject to significant consultation within the localities receiving investment, including discussions with existing Neighbourhood Network Schemes, local people, other third sector and independent organisations and local and citywide health organisations.
- 4.1.3 Proposals have been presented and discussed at the Health and Social Care Integration Board, the Ageing Well Board, the Third Sector Partnership Board and Leeds Older People's Forum.
- 4.1.4 It is also worth noting that there is significant national interest in this development and that representatives from Adult Social Care have spoken at a number of national conferences and events. Several other Local Authorities, the Institute for Public Policy Research, Lyn Romeo (Chief Social Worker for Adults) and Liz Kendall MP (Shadow Minister for Care and Older People) have all visited Leeds recently and been briefed on the potential of these initiatives.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The equality screening tool has been completed and is attached. This demonstrates that the work that will be funded in Leeds by the investment from DERIC contributes to equality and diversity, cohesion and integration by promoting the take up of personal budgets by older people.
- 4.2.2 In addition, DERIC and the work developed in Leeds focus on community resources, in particular volunteers. This presents significant opportunities to achieve greater levels of community cohesion and integration.

4.3 Council policies and City Priorities

- 4.3.1 The approach set out in this report exemplifies the Council's vision to be both the best Council in the UK and specifically to demonstrate the primary principles of Civic enterprise, bringing together, as it does, commerce, the third sector and the Council, with the objective of providing better care and support for the citizens of Leeds.
- 4.3.2 Its purpose is reflected in the objectives of the Best Council plan under the 'Better Lives through Enterprise' strand. The drive to facilitate the provision of better quality, more locally available social care and support services also supports the delivery of targets in the Joint Health and Wellbeing strategy for Leeds and the requirements of the 2013 Care Bill.

4.4 Resources and value for money

- 4.4.1 The value of the sum invested in Leeds organisations is not expected to exceed £300,000 in total. Both cashable and non-cashable savings are expected as a result of the investment.
- 4.4.2 Initial modelling has indicated that modest savings will be achieved over traditional models of support planning and care management. These will be calculated using the indicative budget as a baseline and used to repay DERIC's investment with surplus shared between the community interest company and the Adult Social Care.
- 4.4.3 In addition, whole systems savings are likely as older people with long-term conditions are supported to manage their conditions and remain at home.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Leeds provides one of DERIC's Board members, a post currently filled by the Deputy Director of Adult Social Care. This position has been registered as an interest given that national money will be administered by this Board to organisations in Leeds.
- 4.5.2 The DERIC Board is independently chaired by Dr Adi Cooper, Corporate Director of Adult Social Services in the London Borough of Sutton. There is also an independent company secretary.
- 4.5.3 The rest of the Board is made up of non-executive members representing the range of stakeholders including officers from other Local Authorities, Business Leaders and others selected for their skill and experience within social care and finance.
- 4.5.4 These arrangements will be kept under review as the programme develops.
- 4.5.5 DERIC has requested that the Council provide guarantees in respect of the loans that it is proposing to give to organisations in Leeds. In the event that the recipients of the loans are unable to repay them, the Council will be liable to pay DERIC the amount outstanding (the amount drawn down to date and interest).
- 4.5.6 The total available as a loan, and Leeds City Council's maximum liability, is £300,000. However, it will become clear if the savings are insufficient or not generated quickly enough to meet repayments before the total loan is drawn down. Action can then be taken to avoid incurring the maximum liability.
- 4.5.7 Agreements will be put in place with the organisations concerned outlining Leeds City Council's responsibilities as a guarantor which will mean Adult Social Care can seek to recover any losses incurred on terms acceptable to both parties.

4.6 Risk Management

- 4.6.1 There is a risk to Leeds City Council that as a founder and Board member of DERIC, it would suffer reputational damage if the programme is unsuccessful. There is also a financial risk to the Council that the organisations will not be able to repay the loans from DERIC and that the Council will be required to indemnify DERIC in respect of its losses.

- 4.6.2 However, these risks are manageable and have to be balanced against the benefits of being involved in a unique initiative that is already attracting local support and national attention.
- 4.6.3 All reasonable steps have been taken to assure the programme. Big Society Capital have followed an independent due diligence process and it is difficult to contemplate that they would be prepared to invest such a large sum of money if they believed there was a significant risk of the programme not succeeding. The proposed guarantee will oblige DERIC to act prudently and in good faith, and not to make payments to the organisations where they are already in default of the loan agreement.
- 4.6.4 Project risks associated specifically with the implementation of the programme in Leeds have been identified. These are being managed by a Project Board within Leeds City Council's project management methodology and risk management policies.

5 Conclusions

- 5.1 DERIC represents a bold and exciting opportunity to reshape the way in which care and support can be provided to people using direct payments and individual budgets. It represents a significant first in the relationship between Local Authorities, commercial lenders and the Third Sector in a social care context. Finally, it opens the possibility of more effective and more efficient models of community care and support being provided by local people for local people.
- 5.2 The programme has taken three years to develop and over the last eighteen months has been the subject of extensive due diligence by Big Society Capital who have enthusiastically embraced the programme as their first venture into the social care field.
- 5.3 Leeds has played a key role in shaping the initiative and a range of stakeholders have contributed considerable amounts of time to bring the initiative to the point of implementation.
- 5.4 For Leeds citizens, the investment from DERIC represents a practical manifestation of the aspirations of our Civic Enterprise initiative.

6 Recommendations

- 6.1 The report recommends that Members:
- 6.2 Endorse the involvement of Leeds City Council in Developing and Empowering Resources in Communities or DERIC.
- 6.3 Approve the continuing involvement of Adult Social Care in the governance structure of the national DERIC Board. This will be subject to on-going monitoring by the Deputy Director of Adult Social Care, and subject to a six monthly review with the Executive Lead Member.
- 6.4 Approve the holding of a contingency fund created from within the current funding base of Adult Social Care to enable Leeds City Council to guarantee the loan from

DERIC to organisations in Leeds. Note that funding will be 'drawn down' rather than provided as a lump sum. Leeds City Council will, therefore, only need to ensure it holds sufficient funds to cover the amount that has been received.

6.5 Approve the future expansion of the use of this fund in Leeds subject to additional funding being made available from DERIC.

6.6 Approve the Council giving a guarantee to DERIC in respect of loans provided to organisations in Leeds and delegate authority to conclude the necessary agreements to the Director of Adult Social Services.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.