

<b>DECISION-MAKER:</b>	<b>GOVERNANCE COMMITTEE</b>
<b>SUBJECT:</b>	<b>Appointeeships Progress and Update Report</b>
<b>DATE OF DECISION:</b>	<b>22<sup>nd</sup> April 2024</b>
<b>REPORT OF:</b>	<b>INTERIM DIRECTOR OF FINANCE</b>

<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
Not applicable
<b>BRIEF SUMMARY</b>
1. On 2 <sup>nd</sup> October 2023, Governance Committee considered the Internal Audit Progress Report. This included the Executive Summary of the ‘no assurance’ Appointeeship report which was issued as part of the previous 22/23 audit plan.
2. The Committee requested that “given the historical context of the audit and the significant resources issues that the Executive Director of Corporate Services and the Director of Customer Experience attend the December meeting to discuss this item in detail.”
3. The December meeting of the Governance Committee was cancelled. Internal Audit then commenced a re-audit of the appointeeship service which was not complete in time for February Governance Committee. This report has been prepared for today’s meeting which is the first available to consider the findings of the most recent audit.
4. Recent organisational structure changes mean the Income and Expenditure Service is no longer part of Customer Experience, and is now aligned to the Finance function. The interim Director of Finance will therefore report on this item.
5. The most recent audit reviewed progress against the improvement actions on the last “no assurance” audit. This progress review was carried out with minimal testing and was primarily based on information provided by the service. The review recognised the comprehensive action plan developed and being progressed by the service and concluded that if implemented correctly, this would reduce the council’s risk exposure to limited assurance.
6. Discussions have been on-going about the resourcing pressures in the service and approval has been obtained to progress to consultation about introducing charges for the service. If approved, income will be used to cover the costs of the service, including staff costs and to provide a case management system.
7. Exploratory market testing is being carried out to assess the costs of procuring and implementing a case management system.

8. Discussions about changing the threshold at which clients are referred to Hampshire County Council for deputyship will also take place at a meeting scheduled for 13 <sup>th</sup> May.	
9. Service improvements will be carried out as part of the Ambitious Futures transformation programme.	
10. A follow up audit is not expected until further progress has been made.	
<b>RECOMMENDATIONS:</b>	
For Governance Committee to note:	
	(i) the service improvements and reduced likely risk exposure following the recent audit
	(ii) intention to review financial thresholds at which clients are referred to Hampshire County Council for deputyship
	(iii) the plans to introduce charging, and invest in a case management system, with consequent positive impact on capacity and quality of service
	(iv) that a follow up audit is not expected until further progress has been made
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	The previous internal audit assessed the Appointeeship Service as “no assurance” highlighting several risks. This report provides an update on progress and on plans to further improve the service.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
2.	None
<b>DETAIL (Including consultation carried out)</b>	
3.	The responsibility for the council’s appointeeship function currently sits within the Income and Expenditure Service. In the past, this responsibility has been within Corporate Finance or Adult Social Care.
4.	If a person is incapable of managing their own finances due to a physical or mental health incapacity and cannot cope with claiming benefits, paying bills or managing money, they may need an appointee to provide help. An appointee may be required on a temporary or permanent basis.
5.	Appointeeship is a term used by the Department for Work and Pensions (DWP) when they authorise an organisation or an individual to take on the legal responsibilities of receiving and managing a person’s welfare benefit entitlements.
6.	An appointee is responsible for making and maintaining benefit claims including spending the benefit (which is paid directly to them) in the claimant’s best interests and telling the DWP about any changes which would affect the level of benefit they receive.
7.	An appointee has to be aged 18 plus, and can be a family member or trusted friend or a specialist organisation. The local council can also act as the appointee.
8.	Appointeeship gives the council permission to receive DWP benefits and pensions. It does not extend to the management of private income or assets such as savings or property.

9.	Before the City Council can assume responsibility for an individual's financial affairs, it must consider the support that can be provided by friends and family members, etc. where appropriate. Only where support is unavailable from other sources, will the City Council consider seeking appointeeship responsibilities.
10.	The appointeeship service is currently supporting about 300 clients. The majority of these have been assessed as lacking mental capacity to manage their own finances by social care professionals. This could be, for example, because of a learning disability, or physical disability (e.g. following a stroke) or dementia. They range in age from 18 upwards. There are also a small number of clients supported by the team for safeguarding reasons, for example with drug or alcohol dependency, which means they struggle to manage their finances and are open to financial abuse. Some live in residential care, some in the community.
11.	In supporting these clients, the appointeeship officers undertake a range of functions, including: <ul style="list-style-type: none"> <li>• Collecting state benefits</li> <li>• Maximising benefit income</li> <li>• Making payments from these monies for care charges, personal allowances, and other bills; particularly where the individual continues to live in the community</li> <li>• Supporting individuals to save (although it does not allow the appointee to manage capital accrued)</li> </ul>
12.	Where clients have significant assets and the client is deemed as lacking mental capacity to make financial decisions, a court order is required from the Court of Protection to appoint a nominated person to act as a Deputy on behalf of the client.
13.	A deputy is put in place by the Court of Protection and undertakes the responsibility for the management of all of a person's financial affairs if they become incapable of doing so themselves. This may include managing savings, pensions and all other sources of income or assets including property and valuables.
14.	Southampton City Council has a contract with Hampshire County Council to provide the deputyship service.
15.	An appointee has a much smaller level of legal authority over someone's finances than a deputy as it is simply restricted to their welfare benefit payments.
16.	A deputy is supervised and regulated by the Office of the Public Guardian (OPG) whilst appointees are regulated by the Department of Work and Pensions (DWP).
17.	The core team is 2.6 FTE and is currently supplemented by 0.5 FTE from the wider Accounts Payable team. The caseload per FTE is therefore just over 96 clients. There is no bespoke case management system in use. The Team currently uses Care Director, complemented with use of tools including Excel spreadsheets and accessing files in the shared drive.
18.	As a comparator, Portsmouth City Council, which runs a combined appointeeship and deputyship service, has a case management system and, on average, supports 50 clients per FTE.

19.	<p>Since the 2023 Internal Audit, the service has delivered on several improvement actions, both within the Audit and additional activities. The Head of Income and Expenditure has worked with the team to identify opportunities to review and streamline processes. Details are at Appendix 1 and include reducing manual effort by using Care Director where possible, writing a procedure on Motability cars, identifying and progressing training needs to increase multi skilling of team members and updating information on 'staff stuff' for care practitioners.</p>
20.	<p>Internal Audit carried out a review recently. At the time of writing this report, the outcome of this review is awaited. However, Internal Audit indicated that in recognition of the work performed as present they are likely to say:</p> <p>“Following a no assurance audit the service established a comprehensive action plan to address the significant control failings observed. This action plan assumed development of Care Director to enhance record keeping and automate some of the processes, however, this has been impacted by the providers withdrawal from the market. In addition, it was also flagged that an increase in resource would be needed to provide the service required for the current number of clients supported. No additional resource has been identified; in fact the level of resource has decreased further. Support from PCC was explored, yet this has also proved fruitless as they too do not have the capacity to assist. That aside a number of the agreed actions have been implemented, these are however more structure/ framework related and are too recent to have shown any significant improvement with individual case management. Individual cases have therefore not been retested at this stage by Internal Audit. If implemented correctly the risk exposure to the council would be reduced to limited assurance.”</p>
21.	<p>The statement above demonstrates the improvements delivered by the existing team while still coping with high client numbers. The reference to decreased resources in the statement above relates to a member of the team gaining promotion to another service in the council and a gap filling this vacancy.</p>
22.	<p>Local authorities are permitted to charge for appointeeship services. There is no specific guidance in respect of how the fees should be calculated. However there is an overriding principle of charging in a proportionate and reasonable manner.</p>
23.	<p>Introducing fees was previously considered but not progressed due to the vulnerable nature of the client group and their level of income. Procurement activity for a case management system had commenced, but was ceased due to the essential spend regime.</p>
24.	<p>Portsmouth City Council has been approached to see if they could provide support with operational pressures. Unfortunately, they currently lack capacity to provide support at this moment in time.</p>
25.	<p>The pressures on staffing have led to a review of previous decisions about introducing charging and procuring a case management system.</p>
26.	<p>Introducing charging will require consultation and the legal advice is that this should be for a period of 12 weeks. The resource required to do this is currently being sized. Proposals will be brought forward for approval in due course, following the appropriate governance route. Due to the nature of the</p>

	client group, it is likely that not all will be able to participate in consultation. So in addition to involving clients, advocacy and other appropriate organisations (e.g. caring organisations) and appropriate representatives (e.g. care homes) will also be involved.
27.	In order to deliver a high-quality service for our appointeeship clients, it is no longer possible to continue to provide the service free of charge. However, it is recognised that appointeeship clients will be in receipt of state benefits and little other income, therefore the Council will seek to keep these fees as low as possible. Any income derived from charging will be used to cover the costs of the service
28.	Procurement activity to identify possible providers and costs of a case management system has recommenced.
29.	In addition there are plans to explore the financial threshold at which clients are referred to Hampshire County Council. The current threshold is £23,000 and the proposal would be to explore referring clients whose balances reach £16,000. This could reduce client numbers and therefore pressures on the service. Although client numbers vary, as an indicator at the end of March there were 55 clients whose balances fell between £16,000 and £23,000. An internal meeting is scheduled for 13 <sup>th</sup> May to discuss this further.
30.	Another option to reduce client numbers would be to explore whether appointees currently residing in care homes could be supported by their care home provider, rather than Southampton City Council. Advice has been sought from the DWP – who advises this should be a last resort – and from Legal Services – who advises that a risk assessment should be carried out, to assess the risk of conflict of interest and potential for financial abuse. This was recent advice, and the risk assessment has yet to be carried out.
31.	Progressing further improvements will be part of transformation activity supported by the Income and Expenditure Service as part of “business as usual” change as appropriate. A follow up audit is not expected until further progress has been made.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

32.	The financial implications of this report are linked to introducing charges with the aim of investing in the service to increase staffing and introduce a case management system. This will be based on the business needs of the service and be proportionate to the client base supported. It will also consider systems used by other local authorities including Portsmouth City Council.
33.	As procurement activity has only recently recommenced, costs of systems are not yet available.
34.	Short term resource will be required to carry out the consultation to introduce charging. A proposal has been developed and discussions are on-going about the timing of the consultation.
35.	The level of staffing required in the future will be determined by the type of case management system procured, the level of increased automation it delivers and the outcome of discussions about the referral point to Hampshire County Council. The costs therefore cannot be sized at this point and will form part of the planned options appraisal to introduce charging.

<b><u>Property/Other</u></b>	
36.	None
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
37.	Regulation 33 of the Social Security (Claims and Payments) Regulations 1987, SI 1987/1968 provides that an appointment can be made where 'a person is, or is alleged to be, entitled to benefit, whether or not a claim for benefit has been made by him or on his behalf; and that person is unable for the time being to act; and no deputy has been appointed by the Court of Protection with power to claim or, as the case may be, receive benefit on his behalf'
38.	Under <a href="#">section 1</a> of the Localism Act 2011 ( <a href="#">LA 2011</a> ), English local authorities have the power to do anything that individuals generally of full capacity may do. The Competence Power in <a href="#">LA 2011</a> enables authorities to charge on a cost recovery basis for new services where there is no pre-existing statutory authority.
<b><u>Other Legal Implications:</u></b>	
39.	There is no statutory duty to be an Appointee but there are duties under the Care Act that are relevant e.g. promotion of well-being, duty to prevent needs arising and escalating.
40.	The capital limit at which clients should be referred to Hampshire County Council for deputyship is £16,000, not the £23,000 threshold currently being used.
41.	An Equality and Safety Impact Assessment will need to be developed to support the proposals to introduce charging.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
42.	The recent review of the service by Internal Audit has recognised the improvements being delivered, which "if implemented correctly will reduce the risk exposure of the council to limited assurance".
43.	The intention is to build on this foundation to address the historic issues of resourcing levels and manual processes by consulting to introduce charging, exploring procurement of a case management system and reviewing the referral point to Hampshire County Council. These actions will further reduce the council's risk exposure.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
44.	Procurement activity will be carried out in line with the council's Contract Procedure Rules, Financial Procedure Rules and Officer Scheme of Delegation.
45.	Continuing to deliver service improvements aligns with Southampton City Council's Corporate Plan – 2022 – 2030 – a successful, sustainable organisation.

<b>KEY DECISION?</b>	<b>No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	<b>All</b>

<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	Improvement Action Tracker
<b>Documents In Members' Rooms</b>	
1.	None
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	<b>No</b>
<b>Data Protection Impact Assessment</b>	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	<b>No</b>
<b>Other Background Documents</b>	
<b>Other Background documents available for inspection at:</b>	
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	None