

Item No.	Classification: Open	Date: April 2 2009	Meeting Name: Executive Member for Health and Adult Care
Report title:		Allocation of funding to Southwark Circle	
Ward(s) or groups affected:		All	
From:		Susanna White, Strategic Director of Health and Community Services	

RECOMMENDATION(S)

1. That the executive member allocates grant funding of £1m to 'Southwark Circle Community Interest Company'¹, starting in 2009 to cover a three year period; to provide an innovative new service to the community that will improve the quality of life and wellbeing of older people and their families. This will be rolled out neighbourhood by neighbourhood, and ultimately cover the whole of the Borough.
2. That the executive member instructs officers to agree grant terms with the CIC suitable to the Council, and to monitor the outcomes and success of the project.
3. That the executive member notes that financial payments will be phased over three years and is dependent on progress and success of the project and the achievement of agreed milestones.

BACKGROUND INFORMATION

4. In July 2007, Southwark Council was invited to join a partnership with Participle (a not-for-profit company limited by guarantee), the Department for Work and Pensions (DWP) and BSkyB to undertake an innovative research and pilot project redesigning the way that social care for older people is delivered, particularly focusing on how to create and maintain the social relations that generate a good quality of life and wellbeing for older people who do not live close to their families.
5. Redesigning the way that social care is provided is essential because of the following national and local factors, which ultimately point towards the current system being unsustainable:
 - I. Demand increasing as the population ages: a dramatic increase in numbers is expected, especially in the over 75's where numbers are expected to double in the next 5 years alone. Nationally, the percentage of older people is projected to increase by 57% between 2001 and 2031. It is uncertain to know what effect this will have on Southwark at this time but the potential is for it to become an ever increasing strain.
 - II. Increasing complexity of need: the needs of older people are becoming more complex, connected with the prevalence of long term health conditions and vulnerability associated with the diversity of Southwark's population. Nationally this is expected to require an extra £6bn of funding over the next 20 years.

¹ A Community Interest Company is a not-for-profit limited liability company with the specific aim of providing benefit to a community.

- III. Limitations on government grant funding which is likely to continue in to the future - in the context of the economic situation and the four block formula for funding local authorities.
6. Working within the confines of the current system, the methods aimed at reducing these costs (finding savings and efficiencies) are limited. These include:
 - I. Raising income by increasing charges through the Fairer Charging system. This already forms part of the medium term financial strategy agreed by the Council.
 - II. Externalising services and commissioning carefully for both quality and value for money. This remains Council policy and has produced savings historically.
 - III. Modernising and transforming the way in which services are delivered to provide efficiencies by promoting independence in the community (rather than in residential care) and maximising rehabilitation. This has been achieved through integration with Southwark Primary Care Trust, innovative projects and ensuring spend on individual packages of care accurately reflects needs and risks.
 - IV. Restricting access to services through the nationally agreed FACS system by raising the level of need/risk at which people are able to receive services. The current policy, agreed in 2008, is that service users and carers whose needs and risks are assessed as being 'Substantial' or 'Critical' receive services.
 7. However, because these methods are within the current system, they have limitations and do not provide a coherent, sustainable response to the problem. It was in this context that the research was undertaken, with the aim of understanding what a sustainable response could be, with a particular focus on using the skills of older people and enhancing the network of preventative services, viewing older people as part of the solution.

Evidence base for the Proposal

8. Through working with older people over a period of twelve months on the 'Ageing: A Life Less Ordinary' project, it became evident that many older people were not living a meaningful third age² and instead were going straight from the second to the fourth age. Research over the 12-month period concentrated on understanding service user's needs and scoping potential options to meet these needs through alternative methods.
9. The proposal that is being recommended was driven by the people who are going to use the services. The proposal is not for delivery of a service which would be "bought" by the council. It was developed through an understanding of their experiences and ideas so that services are developed from their perspective, unlocking personal insights and motivations which are then applied to the systemic

² The term "Third Age" commonly refers to the developmental stage of life that begins at the end of one's working life through to dependency (known as the *fourth age*). Policymakers in the area of Ageing promote it as a fulfilling, productive period of life, which is accompanied by opportunities for learning, teaching and increased community involvement.

problems the project is seeking to answer. This means that the proposal that has been developed is practical and grounded in people's everyday lives and needs. This approach reduces risks and results in a new service that works for the people who use it.

10. Throughout the research process, it was found that:

- the eligibility criteria requires that people have a certain level of need to qualify for state-funded help. However, the system provides no incentive for people to leave and find alternative sources of support as reassessment is infrequent and, once someone leaves the system, it is difficult to regain support.
- older people principally have smaller, more episodic needs which current healthcare structures, with their focus on often serious or acute cases, do not support.
- many older people value practical help with their everyday tasks, and this help can support many to stay independent and feel positive.
- older people often do not ask for help because they don't want to be a burden, or they don't know who to ask, or they don't know what to ask.
- for many older people the quality of their care is the most important factor; another important factor is their relationships with the people who provide the help, support and care.
- a key element to getting positive results from care is having the trust of the people who are being provided this service. However, current structures often involve numerous agencies and professionals, each requiring a new relationship to be formed, which can make this element difficult to achieve.

KEY ISSUES FOR CONSIDERATION

The service model

11. The research undertaken in the 'Ageing: A Life Less Ordinary' project supported the development of an innovative model; 'Southwark Circle', that would address the challenges within the care system. The project is vital in attempting to deliver a much more co-ordinated safety net and the promotion of preventative care more holistically than previously possible.

12. It was proposed that Southwark Circle would be a membership organisation that helped older people and their families to be free from worry, live life with purpose and be socially connected. The key elements of the model are:

- the service has been designed to meet people's episodic needs, offering help in regular cycles and on demand, to meet fluctuating needs.
- a service that makes it easy for people to get help without asking for it.
- a membership organisation with built in opportunities for members to connect with other members.
- a focus on informal and local resources that provides little bits of practical help in a neighbourly way.
- a one-stop-shop approach, which means that Southwark Circle is the only place that members will have to go to.
- a service that provides as well as refers, it will broker relationships with other providers and make introductions and recommendations to services.

- Southwark Circle has been designed in a way to provide opportunities for members to 'give as well as get', as older people want to contribute and participate and be part of a wider society which can make them feel more valued.
13. Southwark Circle will be an innovative new service for older people and their families that bridges the gap between the lives they want to live and the lives they are able to live. It is a 'platform for Third Age.' Membership will be open to older people and/or their family members for a small fee, regardless of whether they are eligible for state-funded care or not. Southwark Circle will provide a single entry point to a wide range of services. It has been designed to be flexible so that members can use as many or as few services as they want. It is envisaged that Southwark Circle will offer:
- 'On Demand' help with life's practical matters through neighbourhood helpers.
 - Meet ups and other opportunities to meet like-minded people and build relationships in the community.
 - Reliable recommendations from members for services such as plumbers, electricians, cleaners, carers.
 - Expert advice and information on a range of practical issues, from personal finance to technology.
 - Opportunities to put experience to good use and help others.
14. Southwark Circle will offer support through neighbourhood areas, coordinated by a single organiser and providing opportunity for increasing employment in localities not only through the 'neighbourhood helpers' but also through opportunities for increased work for local contractors, supporting the local economy.
15. The service has been prototyped which has been able to identify the potential for benefits to be achieved. So far 20 members have joined the organisation. The purpose of prototyping is to be able to test a service 'live' in a small scale, lower risk way. Trials have begun in Camberwell, which has seen progress both in member growth, Helper recruitment and success in working with delivery partners to build the community. Early feedback suggests that the social impact outcomes in regards to quality of life and strengthened social networks have been achieved for current users.
16. Southwark Circle is generating national interest as a potential model for a new kind of support – a universal, preventative, well-being service that may improve people's lives and transform social care systems across Britain and as such is a major new innovative project.

Funding

17. Southwark Circle is considered as a contributing factor to dealing with the financial difficulties arising from the factors set out in paragraphs 5 and 6 above and the restraint required from the Council as a result of the difficult 3-year financial settlement from government. The business plan prepared by Southwark Circle shows that the total cost to the Council is £1m (and in effect this is considered to be an invest to save project), the business will, following the three years set up time be spread across the Borough and be self-sustaining (the table in paragraph 27 demonstrates targets for growth of Southwark Circle's membership).

18. It is not intended that members of Southwark Circle will receive, through Southwark Circle services to which they have a statutory entitlement under Council functions unless resources are directed through individual budgets or direct payments.

19. The payments will be phased quarterly over three years (apart from the upfront seed funding payment that will be required) and will be subject to the achievement of identified milestones which are set out in paragraphs 20, 27 and 28. Year one financing will be conditional upon agreement of the grant terms and conditions.

20. Resourcing plan:

Stage	Cost	Invoice Date
Seed Funding: - Enterprise Building - Launch - Roll Out - Building Partnerships with Local Organizations	£250,000	April 2009
Year One Financing	£250,000	April 2009 ³
Year Two	£350,000	01/04/2010
Year Three	£150,000	01/04/2011
Total Project Cost to Southwark Council	£1m	

21. The formation of Southwark Circle will be as a CIC – a not-for profit organisation that will protect users’ interests. The grant will aid in setting up a self sustaining social enterprise which complements, and makes more visible, existing services and works to achieve a greater sum than the parts of existing service provision.

Governance

22. Southwark Circle is structured as a Community Interest Company (CIC). The CIC will be managed through directors who retain a ‘golden share’. The company will be monitored by the Community Benefit Test for its adherence to the social mission of the CIC which will be administered on an ongoing basis by the CIC Regulator in the UK.

23. Southwark Circle CIC will be governed on a day-to-day basis by its board of directors, which will include outside executives with relevant experience delivering services and other assets that will support the enterprise to achieve its goals. The expertise of the directors will include experience in relevant areas such as: ageing policy; public service innovation; social-enterprise ventures; and experienced people from the legal and financial sectors. As a privately-held Community Interest Company (CIC), directors will be appointed in strict accordance with best practice

³ Following agreement of grant terms and conditions at the first steering group then quarterly payments of £67,500 will be allocated thereafter, monitored through the steering group.

processes of good governance in the social enterprise sector and will be subject to consultation with the steering group.

24. Southwark Circle's performance and strategic decisions will be monitored and evaluated by a steering group, which meets on a quarterly basis. This group will include the Chief Executive (Southwark Council) as well as the Head of Commissioning from Adult Services and the directors of the CIC - there is also scope for any other key actors to be involved in the steering group that would add strategic value and direction to Southwark Circle as the CIC grows over time.
25. In order to permit future expansion via investment by social investors, the company will be limited by shares. In order to safeguard the CIC, an additional measure has been created to ensure adherence to the social mission should investors come forward; the Memorandum and Articles of Association of Southwark Circle will include one "golden share", valued at 1% of the company. This will be held in perpetuity by "the Directors." In accordance with the memorandum and articles of the company, this "golden share" cannot be bought or sold. This share then gives veto rights to any proposal that, it believes, deviates from Southwark Circle's founding mission.

Contract outcomes

The most important outcomes, or social impact, of Southwark Circle's work can be segmented in the following categories:

	Outcomes for:	Measure using:
	People	
1.	<i>Increase in health and well being reported by older people</i>	<i>Member Assessment</i>
2.	<i>Improved perceptions by service users of control and influence over own life.</i>	<i>Member Feedback Surveys</i>
	Community	
3.	<i>Increased neighbourhood participation, including volunteer activity and paid helper work (increase in social capital = decreased expenditure)</i>	<i>Member Interaction Data</i>
	Costs to Southwark	
4.	<i>Reduction in the future costs of non-preventative services</i>	<i>ASC and PCT data</i>
5.	<i>Cost Savings of improved coordination and focus among commissioned preventative services</i>	<i>ASC and PCT Data</i>

26. For Southwark Circle as a social enterprise there will be outcomes related to its own financial sustainability, i.e. growth in membership and *Helper* community in line with the business plan and also the strength of partner networks. The following table details the enterprise's targets in these areas:

Month	Community Members	Delivery Partners ⁴	Neighbourhood Helpers
6	100	5	50
12	300	10	150
24	1000	20	500
36	2000	Entire Borough	1000

Policy implications

27. One of the key challenges for health & social care is that of dependency - service models which take account of an individuals' own capacity to manage their own needs and manage the support they require to lead an independent life. This requires new innovations, and ones which provide a new set of relationships between the service users and the community, public service providers, the voluntary sector and the private sector; and a shift in resources going into supporting individuals and providing them with the tools to create solutions themselves, where they are able to. The initiative seeks to support the move towards providing services which explicitly promote independence and help to build self resilience; addressing the challenge of dependency.
28. The Southwark Alliance Plan for Older People 2006-2010 identifies three wide ranging problems:
- Social Isolation
 - Poverty
 - Services which fail to respond to changing needs
29. The Plan for Older People also identifies four key action areas to work on these three problems:
- The opportunity to actively enjoy life – a positive approach to ageing
 - Independence and safety in the home and community
 - Economic well being and opportunities in later years
 - Health and care services that people need to maintain independence and well-being.
30. Southwark Circle will specifically help to address the first and third of these problems by working in the action areas of positive approaches to ageing, independence, and health and care services focused on maintaining independence and well being.
31. Early involvement in innovative approaches, in this case supported by a key central government department, will put Southwark in a strong position to be delivering the most modern, efficient and effective services to its residents in the future

Community Impact Statement

32. Southwark Circle is working without boundaries across the borough. Older

⁴ Older people will be sign up to the service through a network of partners and it is anticipated that this will lead to faster expansion of the service and partners' scaling and is essential top the business plan.

people from all communities constitute a significantly excluded group and this project specifically aims to improve their well-being by acting as a trusted 'platform for Third Age.' With almost 54,000 people living in Southwark aged over 50, all services to older people need to consider the diversity and complexity within this group and this project gives an opportunity of reappraising the design of services in the context of considerable change within the system and a move towards personalization.

33. In line with the Southwark Plan for Older People, officers will judge the ability of the project to make a difference for the most vulnerable groups of older people including the frail, those in care homes, people with disabilities, people of diverse faith, lesbian, gay, bisexual or transgender people and black and minority ethnic communities.

Resource implications

34. The total cost to Southwark from involvement in this project is £1million over three years at which point the project will be a self sustaining social enterprise.
35. As networks grow, there will be increased opportunities for employment in local communities, paid '*Helpers*' will be needed to support them and the recommendation of local contractors by word of mouth through social networks will support the local economy.

Consultation

36. Southwark Circle has been founded through co-design, co-evaluation and co-creation of the social enterprise with older people, this underpins the whole project and the development of Southwark Circle will continue to be driven by it's members. Therefore, consultation with the very community using the service is paramount to its success. The enterprise will also work with a diverse network of partners, brokers and referral channels to reach potential community members.
37. Southwark Circle will work with Southwark Council services and build upon existing resources in adult social services, PCT and other areas such as the Freedom Pass programme, Customer Services and 'One-Stop Shops', the Handy Person Scheme. As part of its delivery partnerships, Southwark Circle will also enter into win/win partnership agreements with voluntary sector and other community-based entities. Southwark Circle will also work with private sector business interests that are similarly aligned to reach the significant number of older people in Southwark who do not come into contact with Adult Social Services or Third sector services.
38. Southwark Circle's intention is not to duplicate the range of preventative and support services that are already commissioned by the Council but to act as an introductory organisation for members to be able to gain access to those services already provided.

Legal Implications

39. In relation to specific issues regarding state aid, Southwark Circle has retained lawyers with specific expertise assisting Community Interest Companies (CICs) and other social enterprises. They have considered the issue of potential State

Aid issues, having worked with many social enterprises that received grant funding from local authorities. In their view, provision of this funding does not constitute State Aid, as per Article 87 of the Treaty of Rome. It is not considered that the provision of this grant will distort competition or affect trade between member states.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director for Legal and Democratic Services

40. It is proposed to make a grant to Southwark Circle Community Interest Company in the terms set out in the report. The Council has powers to make grants, and the report sets out how the outcomes anticipated from the use of the grant will support the council's outcomes and thus come within the wellbeing powers available to the council. The report refers to the issue of whether the provision of this grant resource might constitute State Aid, as per Article 87 of the Treaty of Rome. The report contains information about the effect on the market, and in the circumstances set out it is agreed that the provision of this grant does not constitute provision of State Aid. The work to be done by Southwark Circle Community Interest Company does not, in the circumstances set out in the report, constitute the provision of a service or supply to the council.

Finance Director

41. The Finance Director notes the continual pressures on Council social care budgets that have arisen especially in the context of the ageing population and the complexities that this creates. Given restrictions on government funding to manage the resourcing of this demand, it is also noted that this proposal seeks to counter these pressures and that investment is required to find new ways of controlling expenditure in future years. Funding requirements over three years totalling £1m are required to make this happen, after which the Council will no longer be required to provide any further funding to Southwark Circle as it will be operating as a self sufficient social enterprise. It is proposed to fund the investment from earmarked reserves (Financial Risk Reserves) given the risk to the Council's ongoing revenue budget that this initiative seeks to address.

REASONS FOR URGENCY

Not applicable

REASONS FOR LATENESS

Not applicable

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Authorisation to initiate research and development of a partnership to deliver the project Ageing a Life Less Ordinary – delegated decision	Chief Executive's Office	Tom Branton 020 7525 5321

AUDIT TRAIL

Lead Officer	Susanna White, Strategic Director of Health and Community Services	
Report Author	Tom Branton, Chief Executive's Office	
Version	FINAL	
Dated	April 2 2009	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director for Legal and Democratic Services	Yes	Yes
Finance Director	Yes	Yes
Executive Member	Yes	No
Date final report sent to Constitutional/Community Council/Scrutiny Team	April 2 2009	