

**A BUSINESS CASE  
FOR SHARED LIVES**

**SEPTEMBER 2009**

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# **SUMMARY OF BUSINESS CASE**

## **Research evidence underpinning the business case**

Between September 2008 and May 2009 NAAPS and Improvement and Efficiency South East (IESE) undertook a joint research project concerning Shared Lives services in South East England<sup>1</sup>.

## **High quality, personalised and cost-effective support**

The research project has shown that Shared Lives services provide care and support that is good quality, produce high levels of satisfaction amongst all stakeholders, deliver positive outcomes for service users and others, and offer good value for money.

## **Helping to deliver ‘Putting People First’**

The research project has shown that Shared Lives is already well positioned for the reforms outlined in ‘Putting People First’<sup>2</sup>, in particular its focus on prevention, early intervention, enablement and high quality personally tailored services, and its aim of giving people choice and control in their lives, within a context of social justice and strengthening communities. Shared Lives services also fit with other current social care policy drivers, such as the 7 wellbeing outcomes identified by the Department of Health (DoH) in ‘Our Health, Our Care, Our Say’<sup>3</sup>.

## **Helping Local Authorities meet national indicators and full responsibilities**

Shared Lives services can help to meet objectives for local government, and contribute to targets and performance indicators that are relevant to Public Service Agreements and Local Area Agreements. They can also help local authorities to meet their responsibilities, including new ones such as place shaping<sup>4</sup> and market shaping, and building communities<sup>5</sup>.

## **Value for money and cost-effectiveness**

The research project has indicated there may be a scheme size below which it is difficult to deliver high quality services and successful outcomes – i.e. that cost-effectiveness is greater in the larger schemes. Greater efficiencies can be achieved when tasks such as planning and delivering training, recruiting and maintaining an independent Approval Panel, or developing quality assurance systems can be for the benefit of many service users, rather than a few. Schemes rated as ‘excellent’ by the Commission for Social Care Inspection (CSCI) were well-resourced ones, with levels of staffing that were above the average for the region. They were also differentiated by having satisfactory quality assurance systems in place, thereby enabling managers and others to know what was happening within the service, and to be responsive to feedback from service users and other stakeholders.

Payments to Shared Lives carers varied considerably, both within and between schemes. The payment structures were not transparent or easily benchmarked, so this issue requires attention from schemes, their line managers and others – see risk analysis, below. Lack of clarity means that schemes do not fully understand their costs, which puts barriers in the way of efficiency. Despite these difficulties, the research project has nevertheless provided evidence that costs in Shared Lives services are significantly less than in other support services with similar objectives.

## **Investment in Shared Lives**

It takes between 11 and 16 months to establish the structure of a new Shared Lives scheme, before it can recruit Shared Lives carers and become operational. To develop a scheme that could support 85 service users would require investment of £620,000 for staffing over a 5-year period. Over the same period it could generate net savings of up to £12,988,000 by reducing the need for alternative, costlier services, and so result in significant cost savings for local authorities.

There is also scope for existing Shared Lives schemes to improve their quality and effectiveness, to drive development, and to achieve efficiencies for their local authorities. In some cases this could be achieved without the need for further investment, but in others it would require investment in additional Shared Lives carers and/or scheme staffing, or investment in particular aspects such as IT or financial systems, and the skills to utilise them.

Potential sources of investment funding include Area Based Grants and the Social Reform Grant, as well as alternative ways of using existing funding in order to invest to save. Examples relevant to Shared Lives that have been given by the DoH<sup>6</sup> include shifting resources and the focus of care away from points of crises towards a more pro-active, early intervention approach, or working to shape and develop a mixed economy of care. There is also scope for private or business investment in Shared Lives.

## **Risk analysis**

Analysis of risks and opportunities indicates that the main weaknesses of Shared Lives services are around financial issues – e.g. problems around calculating unit costs, or with transparency and fairness of tariffs for payments and charges. However some of these could be addressed through application of good practice models that have been developed by NAAPS. Even if these good practice models bring additional costs to light, or increase the cost of each placement slightly, the margins for savings are large enough to absorb these, and still enable local authorities to achieve significant savings.

Difficulties around financial issues have a negative effect on the recruitment and retention of Shared Lives carers, so limiting the development of schemes, and will potentially discourage individual budget holders and other purchasers or brokers from exploring this option in the future. Addressing these issues will require co-ordinated effort from schemes, their line managers, and purchasing and partner agencies.

Overall, the strengths and opportunities within Shared Lives services appear to outweigh the weaknesses and threats.

## **Conclusions**

Shared Lives services can deliver high quality care at relatively low cost. They have potential to deliver savings to local authorities, whilst still meeting desired objectives and outcomes for service users. Wherever financial investment can be made in new or existing Shared Lives services, it is likely to reap dividends within a five-year time scale. There are also longer-term dividends to be had through prevention and early intervention, through supporting different approaches to service delivery, and through lessening the predicted impacts of rising social care costs.

## **Report outline**

This report draws together the information and evidence that explains the case for developing Shared Lives services.

Unless referenced otherwise, all the information and evidence contained here has been derived from a research project undertaken by NAAPS and IESE between September 2008 and May 2009, which evaluated the quality, outcomes and cost-effectiveness of Shared Lives services in South East England<sup>7</sup>.

Where financial information or statistical data have been quoted, the mean figures from the research project have been utilised, for the sake of simplicity of illustration. However in some instances the data from the project was not robust enough to permit derivation of a mean figure, in which case the items have been listed, but not quantified here. It is anticipated that Shared Lives schemes should be able to use this as a model for their own business development plans, and so insert their own local data wherever possible, including those instances when mean data have not been available.

The full report on the research project is available from NAAPS, [www.naaps.org.uk](http://www.naaps.org.uk) or tel 0151 227 3499, as is a summary report and easy-to-read summary.

This sample business case has been divided into 5 sections:

1. Current situation
2. External environment
3. Financial analysis
4. Risk analysis
5. Conclusions.

# SECTION ONE

## CURRENT SITUATION

### Introduction to Shared Lives

Shared Lives (formerly known as ‘Adult Placement’) is a service provided by individuals and families (Shared Lives carers) in local communities, which is distinguished by the following features<sup>8</sup>:

- Placements are part of organised Shared Lives schemes that approve and train the Shared Lives carers, receive referrals, match the needs of service users with Shared Lives carers, and monitor the placements.
- People using Shared Lives services have the opportunity to be part of the Shared Lives carer’s family and social networks.
- Shared Lives carers can use their family home as a resource.
- Placements provide committed and consistent relationships.
- The relationship between the Shared Lives carer and the person placed with them is of mutual benefit.
- Shared Lives carers can support up to three people at any one time (up to two people in Wales).
- Shared Lives carers do not employ staff to provide care to the people placed with them.

Shared Lives carers can provide:

- Long-term accommodation and support;
- Short breaks;
- Daytime support;
- Rehabilitative or intermediate support;
- Kinship (outreach) support where the carer acts as ‘extended family’ to someone living in their own home.

### Current usage

There are approximately 130 Shared Lives schemes in England<sup>9</sup>, with 18 currently registered in South East England. They vary widely in numbers of service users supported (ranging from 9 to 185 in the South East) and most have mixed user groups. People with learning disabilities make up the largest user group, but Shared Lives services also support older people, or those with mental health disorders, physical disabilities, sensory impairments, acquired brain damage, dementia, autism, alcohol and drugs misuse, or who are parents with disabilities.

The concept of care in the homes of non-relatives is not new, as it has been documented since the Middle Ages<sup>10</sup>. However it is only in the last 30 years or so that Shared Lives services have come to be used to any extent in England. They have fitted well with social care policies throughout this time, and been actively promoted by successive governments<sup>11</sup>, but the 2008 Community Care Statistics<sup>12</sup> record only 2900 supported residents in adult placements, with admissions representing 4% of temporary admissions overall, and 1% of permanent ones.

There are a number of possible reasons why Shared Lives services have been under-utilised:

- Low levels of knowledge and awareness of this type of service;
- Little previous research undertaken within this country, to provide underpinning evidence of relevance, quality and outcomes;
- Under-resourcing of schemes, which generates reluctance to create greater demand;
- Lack of skills or resources to market these services effectively to care purchasers, and to potential Shared Lives carers, or service users and their families;
- Assumptions that services are ineffective / high risk / not good quality;
- Line management of services within residential and/or learning disability specialisms, which prevents wider access and application and/or causes potential relevance to others to be overlooked. It can also mean there are potential conflicts of interest when it comes to decisions about promoting, developing or expanding Shared Lives services.

## **Nutshell Summary of NAAPS / IESE research project**

Findings from the research project have been listed below under cross-cutting strategic objectives that feed into the Public Service Agreements (see section entitled 'External Environment', below), and that are relevant to Shared Lives:

- Better care for all
- Better health and wellbeing for all
- Fairness and opportunity for all
- Better value for all.

The findings are illustrated by direct quotes from service users, Shared Lives carers and scheme workers who took part in focus group discussions.

### **Better care for all**

Shared Lives services are embedded in the community. They enable people to lead ordinary lives in the community, with service users feeling part of the Shared Lives carer's family, having access to wider social networks, and being integrated in the community.

*"I'm normal, doing my life and getting on very well." (service user)*

*"He is part of my family. We are important to each other." (Shared Lives carer)*

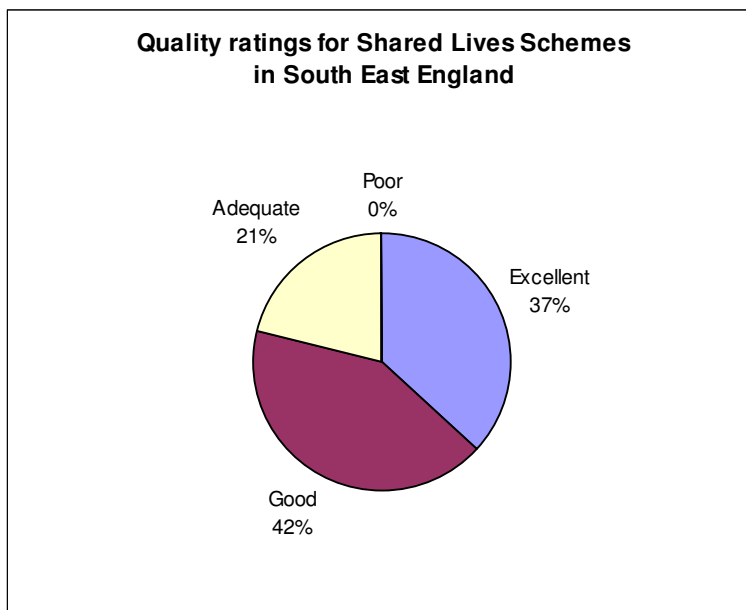
***"There's more to do where I am now. I like being part of a family and supporting a football team and going to the pub." (service user)***

*"The whole village is contributing, but in a natural way." (scheme worker)*

Most Shared Lives schemes (79%<sup>13</sup> and 86%<sup>14</sup>) provide care that has been rated excellent or good by the Commission for Social Care Inspection (CSCI - now superseded by the Care Quality Commission, CQC). This is a higher proportion than

for any other type of registered service<sup>15</sup>, and for care homes in South East England, whether taken as a whole, or subdivided according to user groups<sup>16</sup>. Figure 1 illustrates the quality ratings for Shared Lives services in the South East, and Table 1 the comparisons and subdivisions for this same region.

**Figure 1: Quality ratings for Shared Lives schemes in South East England**



**Table 1: Quality ratings for Shared Lives schemes, care homes, and a systematic matching sample in South East England**

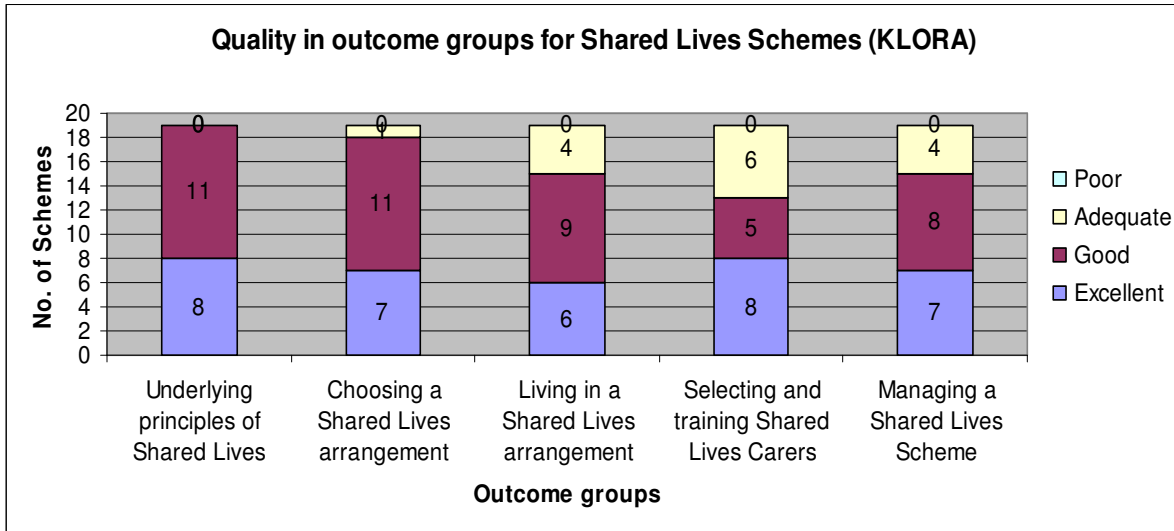
	% Excellent	% Good	% Good & Excellent combined	% Adequate	% Poor	% 'not yet rated'	Sample size
Shared Lives Schemes	37	42	79	21	0		19
All Care Homes	13	53	66	7	1	26	3603
LD Care Homes	15	54	69	8	0	23	1442
MH Care Homes	7	55	62	8	1	28	478
PD Care Homes	15	60	75	0	0	25	622
OP Care Homes	12	53	65	7	1	27	1703
Dementia Care Homes	8	54	62	8	1	28	1013
Systematic matching sample	21	47	68	32	0		19

(NB: Dual registration can mean there are overlaps in sample sizes.)

Most service users describe their experiences in positive terms, and are satisfied with the support they receive (98%). This is also true for other stakeholders, such as their relatives, or supporting professionals, or Shared Lives carers.

CSCI inspection reports confirm that national minimum standards are being met or exceeded in 83% of instances. Desirable outcomes, as defined in CSCI's Key Lines of Regulatory Assessment<sup>17</sup> (KLORA), are also all met (see Figure 2).

**Figure 2: Quality in outcome groups for Shared Lives schemes**



**Better health and wellbeing for all**

These are positive outcomes experienced by service users:

- Living the life the person wants
- Developing the person’s confidence / skills / independence
- Ongoing relationship between the person and the Shared Lives carer
- Having choices and being in control
- Having different experiences
- Having wider social networks
- Increase in self esteem
- Being part of the Shared Lives carer’s family and networks
- Integration in the community
- Physical and emotional wellbeing
- Meeting the person’s needs
- Being safe
- Being able to build their own relationships
- Sustaining relationships with relatives
- Having a job.

Having real choices was seen as one of the major differences between Shared Lives and other forms of support services. The link between having choices and being in

control of one's life is recognised in the standards<sup>18</sup> and methodology<sup>19 20</sup> for CSCI inspections, and inspection reports noted that most schemes enabled people to have choices, and to be in control of their lives.

*"I can do what I like. I have a nice room and nice food and I'm not rushed to get up and I can do drama and different things." (service user)*

The flexibility and individualisation of Shared Lives services enables support to be tailored to an individual through the person's active participation in shaping it.

*"Carers grow with the individuals." (scheme worker)*

*"They bring you up too, and make you think about what you're doing." (Shared Lives carer)*

*"The support can be adapted to the individual's changing needs. We've moved from 24 hours a day to 5 hours a week for one person." (scheme worker)*

***"It's always tailored to the person. In the feedback from one of the care managers she said "you made a good match, not a "placement" or "arrangement" ". (scheme worker)***

Shared Lives carers provide consistent care, so are especially well placed to support people in monitoring their health and taking action when necessary. They can also advocate effectively with or on behalf of a person.

*"Sometimes you have to push things. The medics rely on us to tell them what's wrong." (Shared Lives carer)*

*"Carers pick up on health issues and are good at following through. They are on the ball because they can't just leave it until the next shift." (scheme worker)*

Shared Lives schemes recognised the importance of developing and maintaining confidence, skills and independence, and CSCI inspections confirmed this was happening in 79% of schemes. The flexibility of services enables them to adapt the support to a person's changing needs and preferences, and to provide support through a variety of forms and pathways, including preventative ones that reduce the need for costlier interventions.

*"I'm better now. I'll be moving on. I'm thinking about what I'll be doing in the future, what's best for me." (service user)*

*"A mother mollycoddles you more than your carer. Parents don't want you to grow up." (service user)*

*"Carers enjoy seeing people develop over time." (scheme worker)*

***"It was really useful that we could carry on supporting him when he moved on to his own place." (Shared Lives carer)***

The research project confirmed that risk management was satisfactory in most schemes, and safeguarding incidents were dealt with appropriately. The reciprocal

nature of the relationship between service users and carers, and understanding of rights may reduce the likelihood of abuse.

*“I look after my carer when she’s poorly.” (service user)*

*“Making meaningful relationships is another part of supporting people to have greater equality, and that’s our goal.” (scheme worker)*

*“We know the carers inside out before we arrange for anyone to stay, and we double-check by visiting a referee, not just reading letters.” (scheme worker)*

*“We have to stand in their corner.” (Shared Lives carer)*

*“It’s more updated than (name of residential care home). I don’t get treated like a nobody.” (service user)*

*“I don’t get things like people pocketing my money now.” (service user)*

Shared Lives carers are well supported by scheme workers, and had a good understanding of their role and responsibilities. However there were some significant problems with external working relationships, particularly with care management.

*“We need more input and partnership. The risk to us and our families isn’t always shared.” (Shared Lives carer)*

*“You have to be supported to do your job or else you can’t continue.” (Shared Lives carer)*

*“You need to be assertive about your own needs, and get the scheme on board with you, if necessary, to fight for recognition that this is a 24/7 job.” (Shared Lives carer)*

***“If the care manager is good they will see the payback they get from supporting the continuation of a placement.” (scheme worker)***

### **Fairness and opportunity for all**

The research project illustrated some of the benefits for society and communities, such as tackling stereotypes and reducing stigma, reducing isolation, and helping to strengthen communities.

*“It’s good for society as a whole because it starts to break down barriers.” (scheme worker)*

*“It breaks down the taboos and stigmas. They see the person first, not the label.” (Shared Lives carer)*

*“Your family and friends benefit too. In fact the whole community benefits from knowing people they wouldn’t normally come into contact with.” (Shared Lives carer)*

These examples show that Shared Lives services can also help local authorities to fulfil new responsibilities such as place shaping – i.e. promoting the general well-being of a community and its citizens<sup>21</sup>. The following quote sums up and

emphasises recurring themes about inclusivity and the role of Shared Lives in building community capacity:

***“The whole village is contributing, but in a natural way.” (scheme worker)***

### **Better value for all**

The research project confirmed that Shared Lives services offer good value for money as they deliver high quality support at a relatively low price. Costs and outcomes can vary substantially between individuals, a characteristic of flexible services.

***“It’s great value for money. There is a huge gap between what carers receive as payment, and what customers receive as a service from the carers.” (scheme worker)***

Only 61% of schemes had received any new financial investment since the introduction of the Care Standards Act 2000, despite the additional demands placed on services.

There were significant problems with financial systems and the transparency and fairness of tariffs for costs and charges. These were problems that all Shared Lives schemes were aware of, although sometimes felt overwhelmed by the scale of the endeavour needed to address the issues, as they involve so many other stakeholders and decision-makers. Further work will be needed to test and adopt good practice models drawn up by NAAPS.

*“We should get paid the same, and on time, and not in dribs and drabs from all sorts of different places.” (Shared Lives carer)*

*“It’s stressful. The hassle is putting carers off.” (Shared Lives carer)*

*“I got paid £25 a week to arrange my own respite care, but it would have cost much more than that for someone with dementia so it never happened.” (Shared Lives carer)*

***“It doesn’t have to be like this. At the other scheme I work for the cheque is just there every 4 weeks, through the scheme.” (Shared Lives carer)***

The factors that affect quality and outcomes in Shared Lives services are listed at Annex 1. However the factors that characterised an effective scheme were:

- Investing in raising awareness of Shared Lives – within communities, and amongst supporting professionals, care purchasers, senior managers, and politicians.
- Having ability to respond flexibly to a person’s needs and preferences, involving them in co-production and personalisation of outcomes.
- Selecting the right Shared Lives carers and scheme workers.
- Having quality assurance systems in place.
- Seeking and responding to the views of service users and Shared Lives carers.

## SECTION TWO

### EXTERNAL ENVIRONMENT

#### Economic and political considerations

Current policy drivers are set out in Public Service Agreements (PSA)<sup>22</sup>. These are the key priority outcomes the government wants to achieve across all its departments and in conjunction with delivery partners and frontline workers.

A single set of 188 national indicators now measures progress towards PSAs and resultant Local Area Agreements (LAA) set up by Local Strategic Partnerships. The research project has shown that Shared Lives services can provide evidence for a number of national indicators, thereby helping local authorities to meet the performance indicators in their LAAs. The 31 indicators that are relevant to Shared Lives are listed in Annex 2.

The economic downturn brings with it a need to increase employment. This is an ideal time to develop or expand Shared Lives services, as it creates opportunities to recruit new Shared Lives carers – for example from amongst people who have been made redundant, or who are looking to work from home, or looking for ways to supplement their income.

PSAs stress the importance of encouraging business growth, and of enabling new businesses to start up in all regions, and local authorities are expected to use their purchasing power and long-term perspective to shape markets<sup>23</sup>. There are benefits to the economy of having vibrant start-up markets, as well as a variety of services. It is important to note that Shared Lives carers are self-employed and effectively run their own micro businesses, albeit as part of Shared Lives services, so they contribute directly to business growth, local enterprise, and a reduction in worklessness.

Shared Lives can also help local authorities to meet other new responsibilities such as place shaping<sup>24</sup>, and building communities<sup>25</sup>. Shared Lives carers and their families provide opportunities and encouragement for other people to become involved with the person they are supporting, with positive consequences for the wider community. They provide models of ways that communities can support more vulnerable individuals in their midst, and encourage others to consider a career in social care too.

Shared Lives services have still further potential to contribute to enterprise, employment, and a mixed local economy. While local authorities have traditionally been the organisations setting up Shared Lives schemes, this need not be the case. The field is already open to independent providers (14% in a national survey in 2004<sup>26</sup>, and 11% in the NAAPS/IESE research project, all of these being charities). This contrasts with PriceWaterhouseCooper's research<sup>27</sup> for the Department of Education and Science which showed that non-local authority agencies have been the main drivers for increased capacity in the fostering sector, and “the ability to generate strong returns continues attracting expansion strategies and investment from private equity houses” (p.7).

Failing to support independent living imposes social and economic opportunity costs on individuals, and unnecessary burdens on public services<sup>28</sup>. Further parallels with fostering can be seen, where demand for foster homes has been driven by economic factors, as well as outcomes<sup>29</sup>. Just as fostering offers better value than residential care when placements are appropriately matched, the NAAPS/IESE research project has shown the same is true for Shared Lives. It is therefore possible that timely investment in this form of care will reap satisfactory returns, whether for local authorities, profit-making or non-profit-making organisations.

Local Strategic Partnerships are expected to work together to provide an environment for a thriving 3<sup>rd</sup> sector<sup>30</sup>. Amongst other options, local authorities could offer prime-pump funding to 3<sup>rd</sup> sector agencies to encourage Shared Lives schemes to set up in areas where none currently exist.

Cost-effective Shared Lives services have potential for growth within the current economic and political context, when there are increasing pressures and rising costs in social welfare provision. Market dynamics will also change with growing numbers of individual purchasers, some paying from their own resources, and some using public funds. The cost-effectiveness of Shared Lives services means they can contribute directly to the 3% per year value for money savings target imposed in the latest Comprehensive Spending Review<sup>31</sup>. The financial analysis, below, provides more information about how this can be achieved.

## SECTION THREE

### FINANCIAL ANALYSIS

#### Setting up a scheme: staff costs

The NAAPS / IESE research project found a correlation between size of scheme and quality of service, with cost-effectiveness being maximised when schemes employed a staff team equivalent to or greater than the averages for the area -- i.e. 0.8FTE for managers, 3.3 FTE for placement workers, and 0.7FTE for administrators.

The research project also found that one Shared Lives team member (including management and administrative time) could support an average of 11 Shared Lives carers, 17 service users and 24 placements – i.e. a ratio of 1:11:17:24.

Using these figures, and mean staffing costs, Table 2 shows what the staff costs would be in setting up a new Shared Lives service. The average salary (including on-costs) for managers is £42,000 p.a. However from Year 2 when there would be a mixture of staff and pay levels, the average salary per team member (including manager) becomes £34,000 p.a.

**Table 2: Staff costs over 5 years**

Year	Manager	Placement workers + admin	Nos. of Shared Lives carers	Nos. of service users	Nos. of placements	Staff Costs
1	1	0	0	0	0	£42K
2	1	2	16	25	36	£102K
3	1	3	44	68	96	£136K
4	1	4	55	85	120	£170K
5	1	4	55	85	120	£170K

Other infrastructure costs could not be quantified from the research project, but would need to be factored in too -- such as accommodation, insurance, office equipment and supplies, operational costs and travel.

#### Setting up a scheme: care costs

Flexible services require differential payments to Shared Lives carers, in order to reflect the varying responsibilities, tasks and skills being asked of carers. Shared Lives carers providing long-term placements hold 24-hour responsibility, regardless of how much time the Shared Lives carer and service user spend together. Criteria for determining payment levels need to be transparent and fair. Most schemes have 3 bands, although they can pay outside these when the service user has exceptional needs. Table 3 gives the range of payment levels and averages in the South East, while Annex 3 gives fuller details.

In making decisions about the basic level for payments, schemes should take into consideration the Household Expenditure survey figures, which describe how much it costs for each additional adult in a household. NAAPS<sup>32</sup> has calculated the additional costs for vulnerable adults would have been £220.28 per week in 2006. Uprated for inflation, the figure for 2008 would come to £238.94 This takes no account of specific costs associated with disability or additional care needs, or the time/support provided by the Shared Lives carer, or of any reward element for the work entailed or the skills and experience required.

To arrive at a unit cost for a placement, a management charge (covering the cost of running the scheme) needs to be added to the payment for the Shared Lives carer. The research project indicated this ranged from £46 to £65 per week for long-term placements, with an average of £58 per week. However there was insufficient information to reach any conclusions about management charges for short breaks, daytime support or kinship support. For these it may be appropriate to charge a set-up and/or annual fee, or to charge a higher percentage than for long-term placements. The time spent matching, making, supporting and reviewing placements is similar, regardless of the form of care or support, its pathway, and the amount of time spent in placement.

**Table 3: Range of payments to Shared Lives carers.**

	Range		Overall mean care cost	Management charge (mean)	Unit cost for Shared Lives (mean)
	Min	Max			
<b>‘All-in’ price for long-term placement, including board and lodging (£ per week)</b>	267	653	361	58	419
<b>Support in long-term (£ per week)</b>	151	430	235	58	293
<b>Board and lodging (£ per week)</b>	105	189	125	n/a	
<b>Short breaks (£ per week)</b>	159	550	345	?	
<b>Daytime support (£ per 6hr day)</b>	23	57	42	?	
<b>Kinship support (£ per 6hr day)</b>	15	71	39	?	

A new scheme, or one wishing to review and develop its service, would also need to consider how each of the following costs should be met:

- Respite provision for Shared Lives carers providing long-term arrangements (i.e. how will entitlement be calculated, will Shared Lives carers receive full or partial payment during that time, and how will alternative care costs be met?);

- Daytime support for people in long-term arrangements (i.e. will alternative services be purchased, or the Shared Lives carer be paid extra, if necessary?);
- Payments for transport required by the service user;
- Costs of supporting a person in their choice of activities;
- Late cancellations;
- Temporary absences (e.g. when the service user is in hospital or on holiday);
- Special equipment or adaptations.

The research project showed considerable variation in scheme practices around these costs, and further information is available in the main research report.

No recent research has been undertaken regarding the motivations of Shared Lives carers in England. However once again parallels with fostering may be useful. The Social Care Institute for Excellence (SCIE) fostering guide<sup>33</sup> identifies a number of factors that keep foster carers caring. These included good levels of remuneration and payment systems; good training and support and access to out-of-hours help; and guaranteed respite provision. PriceWaterhouseCoopers noted that although foster carers were not typically motivated by money, higher payments enabled some people to replace part or all of their family income, so freeing them up to take on a caring role. Fostering agencies could also recruit effectively from a larger pool of potential carers, when payments were high enough. There were other benefits beyond payments that could be offered to attract carers too. These are all factors that could helpfully be taken into account when Shared Lives schemes decide on amounts and structures for payments to Shared Lives carers.

## Potential savings

Table 4 gives the average savings that can be achieved for each person placed in a Shared Lives arrangement instead of other more traditional types of care:

**Table 4: Average potential savings in Shared Lives**

<b>Type of care or support</b>	<b>Amount</b>	<b>Unit</b>
Potential savings for a person in Shared Lives instead of LD residential care	£640	per week
Potential savings for a person in Shared Lives instead of OP residential care	£46	per week
Potential savings for a person in Shared Lives instead of PD residential care	£361	per week
Potential savings for a person in Shared Lives instead of MH residential care	£183	per week
Potential savings for a person in Shared Lives, instead of LD supported living	£995	per week
Potential savings for a person in Shared Lives instead of LD daytime support	< £35	per day
Potential savings for a person in Shared Lives instead of OP daytime support	< £5	per day
Potential savings for a person in Shared Lives instead of PD daytime support	< £33	per day
Potential savings for a person in Shared Lives instead of MH daytime support	< £10	per day
Potential savings for a person in Shared Lives instead of Home Care	< £57	per day
Potential savings for a person in Shared Lives instead of Family Support worker	< £93	per day
Potential savings for a person in Shared Lives instead of floating/outreach support	< £31	per day

Table 5 provides a breakdown of how those figures were reached, based on that evidence:

**Table 5: Potential savings - overview**

	Unit	National unit cost PSSEX PSSRU £	Shared Lives unit cost (overall mean)	Shared Lives care cost (overall mean) <b>NB: does not include a management charge</b>	Potential savings per unit, if person is supported in Shared Lives rather than elsewhere	Potential savings %
<b>LD residential care</b>	per week	1059	419	-	640	60%
<b>OP residential care</b>	per week	465	419	-	46	10%
<b>PD residential care</b>	per week	780	419	-	361	46%
<b>MH residential care</b>	per week	602	419	-	183	30%
<b>LD supported living</b>	per week	1288	293	-	995	77%
<b>Short breaks</b>	per week	Not known	-	349	Assume similar to residential	Assume similar to residential
<b>LD daytime support</b>	per 6 hr day	77	-	42	< 35	< 45%
<b>OP daytime support</b>	per 6 hr day	47	-	42	< 5	< 10%
<b>PD daytime support</b>	per 6 hr day	75	-	42	< 33	< 44%
<b>MH daytime support</b>	per 6 hr day	52	-	42	< 10	< 19%
<b>Home Care</b>	per 6 hr day	96	-	39	< 57	< 59%
<b>Family support worker</b>	per 6 hr day	132	-	39	< 93	< 70%
<b>Care Funding Calculator (CFC) floating support</b>	per 6 hr day	70	-	39	< 31	< 44%

Further illustrative charts are available at Annex 4.

Schemes that make a successful case for development and are able as a result of this to provide ten new long-term placements will each make an annual saving of between £23,400 (for older people) and £517,400 (for people with learning disabilities in supported living) for each local authority. Depending on the level of investment, the number of placements will increase year on year, and with that the cost saving to the local authority.

For a new scheme the savings per person will not be realised until Year 2, as it takes between 11 months (for a local authority) and 16 months (for an independent organisation) to set up a scheme and become operational<sup>34</sup>. Table 6 shows how net savings can be achieved over a 5-year period.

**Table 6: Potential savings for long-term placements over a 5-year period**

Year	No of users (from Table 2)	Average savings generated for no. of users*		Staff costs (from Table 2) (000s)	Net savings	
		Min (000s)	Max (000s)		Min (000s)	Max (000s)
1	0			£42	-£42	-£42
2	25	£60	£1,294	£102	-£42	£1,192
3	68	£163	£3,518	£136	£27	£3,382
4	85	£203	£4,398	£170	£33	£4,228
5	85	£203	£4,398	£170	£33	£4,228
<b>Totals</b>		<b>£629</b>	<b>£13,608</b>	<b>£620</b>	<b>£9</b>	<b>£12,988</b>

\*(Min assumes all are OP; Max assumes all are LD in supported living)

It can be seen from Table 5 that the greatest potential savings are to be made by supplying long-term placements for people with learning disabilities who would otherwise use more traditional types of residential or supported living services. However a diverse service that can respond to differing needs, differing service users, and differing care pathways has the following advantages:

1. Avoidance of artificial service-led barriers that can prevent people accessing appropriate services, and in appropriate ways.
2. Enabling the service to be truly personalised, with service users as co-producers of the service and its outcomes.
3. Flexibility and adaptability of provision, offering different amounts, types and pathways of support according to a person's changing needs and preferences, whilst still maintaining a consistent relationship with his/her Shared Lives carer.

For example, support can be stepped up or down for a person with cyclical health problems, varying between occasional outreach support when the

person's health is stable, to more intensive support (possibly including overnight stays) when unwell.

Other examples are Shared Lives carers who support people in developing independent living skills, and then continue to offer outreach support after they have moved on to their own accommodation. Or Shared Lives carers contributing to rehabilitation and support for a person after discharge from hospital, developing the person's confidence and ability to return home, and then supporting them in situ during the early stages of their return.

4. Ability to attract Shared Lives carers for one area of work, support them in building up their confidence, skills and experiences, and gradually extend their roles and specialisms. For example, potential carers may be more willing to try their hand at short-term and less intrusive forms of support such as daytime support, before committing themselves to long-term arrangements. They may also prefer to start with a user group they are already familiar with, but become interested and confident in working with other groups in due course.

## **Investment in Shared Lives services**

Over a 5-year period there will be significant savings to be made via a Shared Lives scheme. However there needs to be a financial commitment to develop and/or expand a scheme.

A critical decision will be whether the scheme can be run by the local authority, or an independent organisation, or a partnership between the two -- for example where the local authority supports the development of a stand-alone scheme.

There are benefits and challenges in all these situations<sup>35 36</sup>, and judgements will depend on the perceived balances for the following aspects:

- Potential conflict of interest when commissioning and provision of a service take place within the same organisation;
- Retention of control within a local authority;
- Local authority ownership possibly giving credibility and status within the wider social care and housing sectors;
- Degree of job security, and working conditions and pensions for staff;
- Whether being part of a large and potentially bureaucratic organisation can restrict ability to develop or diversify;
- Having ability and autonomy to respond flexibly to changes, challenges and opportunities;
- The closeness of working partnerships between Shared Lives schemes and potential purchasers.

Before a scheme can become operational a manager needs to be recruited and involved in set-up tasks such as:

- Determining principles and practices, including tariffs for payments and charges;
- Establishing a Statement of Purpose, policies and procedures, staff and carers' handbooks, carers' agreements, and placement agreements;

- Disseminating information to potential users, referrers, purchasers, and supporting professionals;
- Registering both the manager and the scheme with the Carer Quality Commission (CQC);
- Developing training for Shared Lives carers to meet required content and standards, or commissioning this externally;
- Setting up an independent Approval Panel;
- Recruiting, assessing and training Shared Lives carers.

Sufficient time must be taken to establish the structure of a scheme, before it can recruit and support Shared Lives carers, and ensure appropriate matches between service users and Shared Lives carers. The following costs will be associated with the first year's set-up – i.e. prior to the generation of any savings:

- Manager's salary;
- CQC registration fees;
- Marketing costs;
- Recruitment costs for carers;
- Training costs;
- Membership of NAAPS (as a source of specialist information and advice);
- Purchasing resources from NAAPS – e.g. training resources, sample policies and procedures.

### **Sources of funding for investment in Shared Lives services**

Given that Shared Lives services can contribute to targets and achievements within LAAs, the Area Based Grants provide a source of potential investment. This includes access to the Learning and Disability Development Fund, the Carers Grant, and Supporting People Grant.

The Social Reform Grant is another possible source of investment funding, as it is intended to support the transformation of social care. The NAAPS/IESE research project has demonstrated that Shared Lives services are already well positioned for this transformation, with their emphasis on personally tailored services, developing independence, and enabling people to have choice and control and self-determination in their lives.

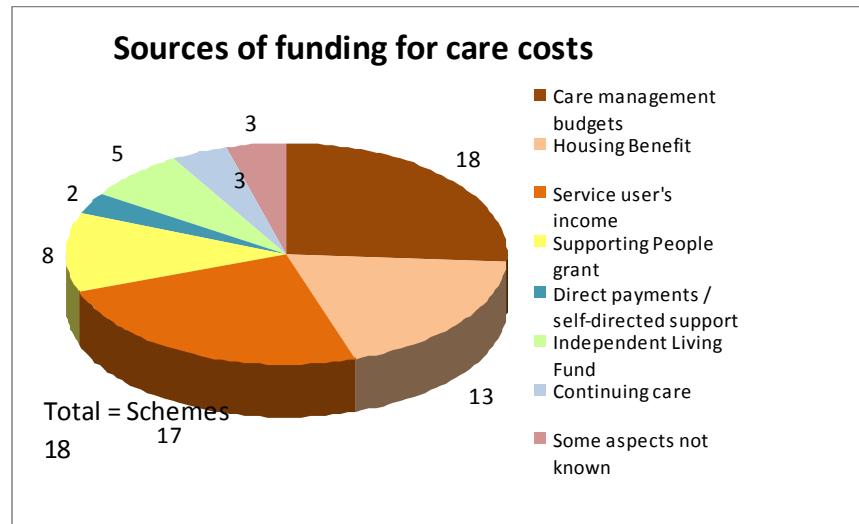
The ministerial concordat 'Putting People First'<sup>37</sup> has also recognised that local governments will need to spend existing resources differently, in order to invest to save. Examples relevant to Shared Lives that have been given by the DoH<sup>38</sup> include shifting resources and the focus of care away from points of crises towards a more pro-active, early intervention approach, or working to shape and develop a mixed economy of care.

Parallels that can be drawn between Shared Lives and fostering services<sup>35</sup> also suggest there is scope for private or business investment in Shared Lives services too.

## Sources of funding to meet care costs

Figure 3 illustrates findings from the research project regarding sources of funding for the purchase of care or support from Shared Lives carers:

**Figure 3: Sources of funding for purchasing care or support**



## Service users' financial contributions

For daytime support, kinship support and long-term placements in Shared Lives services, service users should contribute to their care packages according to Fairer Charging (FC) rules.

However the NAAPS/IESE research project has shown there is inconsistency in charging for long-term placements, with a number of local authorities continuing to charge improperly under the Charging for Residential Accommodation Guidance (CRAG) rules. This prevents service users from claiming their correct entitlement to welfare benefits, which in turn impacts on their quality of life.

Service users in long-term placements also have license agreements with their Shared Lives carers, which cover the rental/accommodation element (eligible for Housing Benefit), and other services such as meals, fuel, laundry, etc (that are ineligible for Housing Benefit). These are all met by the service user, either from their own resources, or through claiming Housing Benefit, when applicable.

There was a confused picture about charging arrangements for short breaks. Department of Health guidance on this has proved to be complicated, so fuller information can be obtained directly from NAAPS<sup>39</sup>.

## Potential for more

The NAAPS/IESE research project has shown that there is scope for Shared Lives schemes to improve their quality and effectiveness, to drive development, and to achieve efficiencies for their local authorities. In some cases this could be achieved without the need for further investment, but in others it would require investment in additional Shared Lives carers and/or scheme staffing, or investment in particular aspects such as IT or financial systems, and the skills to utilise them.

These are some of the opportunities that are as yet largely untapped:

1. Provision of daytime support and kinship support. Only 56% of Shared Lives services in South East England are providing daytime support, and 44 % are providing kinship support. Yet these were highly valued by users, Shared Lives carers and workers who have experience of them.
2. Placements for people with complex and multiple needs, or who challenge services. Payment of a premium and/or other forms of additional incentives can facilitate recruitment of Shared Lives carers with the necessary skills, and still be cost-effective to the local authority.
3. Step up / step down services, where the type and intensity of support can vary in line with a person's fluctuating needs, or progress with rehabilitation, or their growing confidence and skills. (Examples have been described previously in this report.)
4. Provision of holiday stays, not just short breaks.
5. Meeting the needs of care leavers who have disabilities or mental health problems, in their transition from children's services towards adulthood and independence.
6. Supporting parents who have disabilities or mental health problems to fulfill their parenting role, while the parent continues to hold the direct caring role for the child/ren. This reduces the likelihood of those children becoming 'children in need' or young carers, so has financial and outcome benefits for children's services as well as adult services.
7. The merging of schemes in order to improve cost-effectiveness, or to increase efficiencies through expansion or development of the service, and/or the sharing of resources (such as training, Approval Panels, or Shared Lives carers).

## SECTION FOUR

### RISK ANALYSIS

#### SWOT Analysis

Strengths, weaknesses, opportunities and threats are explained in Table 7.

**Table 7: SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• High quality services</li> <li>• High satisfaction levels amongst all stakeholders</li> <li>• Good fit with social care policies</li> <li>• Flexible provision, delivered through different care pathways, to different user groups, and meeting differing needs.</li> <li>• Personalisation of support.</li> <li>• Good value for money, with desirable outcomes being achieved at relatively low cost</li> </ul>	<ul style="list-style-type: none"> <li>• Low profile / no market presence</li> <li>• Not all suitable referrals can be met, because matching between potential user and Shared Lives carer is critical to successful outcomes.</li> <li>• Problems with financial systems and information, including difficulties in calculating some unit costs.</li> <li>• Problems with transparency and fairness in tariffs for payments and charges.</li> <li>• Untested application of good practice models for determining payments, and of costing services.</li> <li>• Degree of dependence on others - e.g. local authority financial systems, care management systems.</li> </ul>
<ul style="list-style-type: none"> <li>• Economic environment – increases opportunities for recruiting Shared Lives carers</li> <li>• Can contribute to 3% value for money savings target</li> <li>• Fits with the agenda for reform of social care</li> <li>• Increasing emphasis on prevention and early intervention</li> <li>• Increasing numbers of individual purchasers</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of knowledge and awareness of Shared Lives, and its differences from other types of support services.</li> <li>• Changes in regulatory activity to be introduced by CQC may impact on ‘ordinary life’ principles within Shared Lives.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>

A number of weaknesses in Shared Lives services centre around financial issues. It has not been possible to reach conclusions about all the costs involved in running Shared Lives services, including unit costs. NAAPS has good practice models that could address problems around this, and around the transparency and fairness of payments and charges, but these have not yet been tested by operational services in the South East.

Nevertheless, even if utilisation of these good practice models raises the cost of individual Shared Lives placements, this disincentive may be outweighed by the introduction of a consistent and transparent approach. This would have positive benefits on carer recruitment and retention, and on the marketability of services to potential users and other purchasers. Even if the cost of individual placements is slightly increased, the availability of more Shared Lives placements will allow more people to choose this cost-effective option for support in their daily lives, and to move from expensive residential care and supported living. A reduction in the need for alternative, costlier services will result in a significant overall cost saving for local authorities. The margin for generating savings (see Table 5) is sufficiently great that it allows schemes room to identify their own costs, in addition to ones that have been quantified here. Overall, the strengths and opportunities within Shared Lives appear to outweigh the weaknesses and threats.

## **SECTION FIVE**

### **CONCLUSIONS**

Evidence from the NAAPS/IESE research project has been summarised and has shown that Shared Lives services can deliver high quality care at relatively low cost. This evidence has been brought together with other information in order to demonstrate the potential of Shared Lives to deliver savings to local authorities, whilst still meeting desired objectives and outcomes for service users.

The development of existing services is not necessarily dependent on financial investment. However where financial investment can be made in new or existing Shared Lives services, it is likely to reap dividends within a five-year time scale. There are also longer-term dividends to be had through prevention and early intervention, through supporting different approaches to service delivery, and through lessening the predicted impacts of rising social care costs.

## Annex 1

### Factors affecting quality in Shared Lives services

	Service Users				Carers				Workers				N = 12
	A	B	C	D	A	B	C	D	A	B	C	D	
Scheme													
Ability to meet all sorts of needs				x		x			x		x	x	5
Flexibility and individualisation of support		x		x	x		x	x				x	6
Relationship between carer and user		x	x	x									3
Consistency and continuity of care				x			x				x		3
Stability of arrangement				x		x	x						3
Scheme workers having good knowledge of carers and the people they are supporting		x		x			x		x	x			5
People doing what they say they will / being reliable				x	x		x		x				4
Selecting the right carers	x	x	x	x	x	x	x		x	x	x		10
Confidence and self-reliance of carers						x	x		x				3
Regular contact between workers and carers							x		x	x	x		4
Attitude of carers and workers		x		x	x					x			4
Supportive / helpful / responsive team	x			x	x		x		x	x	x	x	8
Enjoying the work					x	x	x			x			4
Good communication		x	x		x		x		x	x		x	7
Having adequate, accurate, and up-to-date information	x				x	x		x	x				5
NAAPS membership / support									x	x	x		3
Autonomous decision-making for scheme							x		x			x	3
Consistency of working practices						x	x			x	x	x	5
Having choices	x	x	x	x	x	x		x					7
Having fun			x	x							x		3
Disposable income for user	x	x	x	x	x	x	x	x		x	x	x	11
Level of payments to carers	x				x	x	x	x	x	x	x	x	9
Availability of additional support for carers						x		x	x	x	x	x	6
Selecting the right workers	x	x	x	x	x		x		x	x	x	x	10
Staffing ratios							x		x	x	x	x	5
Value for money	x				x	x	x	x	x	x	x	x	9
Financial systems and/or fragmented funding						x	x	x	x	x	x	x	7
Investing in raising awareness of service	x	x		x	x	x	x	x	x	x	x	x	11
Role of senior managers		x		x		x	x	x	x	x	x	x	9
Being valued within organisation							x	x	x	x		x	5
Investing in improvements and service developments		x		x	x		x	x		x	x	x	8
Involvement of local politicians					x		x	x		x			4
Care management involvement	x	x			x	x	x		x	x	x	x	9

Planning ahead with the person					x	x	x							3
Training and development for carers and workers		x		x	x	x	x		x	x	x	x		9
Opportunities to comment / influence	x	x	x	x		x	x	x		x	x	x		10
All stakeholders being listened to	x	x	x	x		x	x	x		x	x			9
Understanding and promoting rights				x		x		x				x		4
Knowing what's going on in the service /quality assurance systems										x	x	x		3
Strong working relationships within and outside service			x	x				x	x	x			x	6

## Annex 2

### National Indicators relevant to Shared Lives

<b>NI number</b>	<b>National Indicator</b>
1	% of people who believe people from different backgrounds get on well together in their local area
2	% of people who feel they belong to their neighbourhood
6	Participation in regular volunteering
7	Environment for a thriving 3rd sector
23	Perceptions that people in the area treat one another with respect and consideration
119	Self reported measure of people's overall health and wellbeing
124	People with a long-term condition supported to be independent and in control of their situation
125	Achieving independence for older people through rehabilitation/intermediate care
127	Self reported experience of social care users
128	User reported measure of respect and dignity in their treatment
129	End of life care - access to appropriate care enabling people to be able to choose to die at home
130	Social care clients receiving Self Directed Support (DP's and IB's)
131	Delayed transfers of care
135	Carers receiving needs assessment or review and a specific carer's service, or advice and information
136	People supported to live independently through social services (all ages)
137	Healthy life expectancy (HLE) at age 65
138	Satisfaction of people over 65 with both home and neighbourhood
139	The extent to which older people receive the support they need to live independently at home
140	Fair treatment by local services
141	% of vulnerable people achieving independent living
142	% of vulnerable people who are supported to maintain independent living
145	Adults with learning disabilities in settled accommodation
146	Adults with learning disabilities in employment
147	Care leavers in suitable accommodation
149	Adults in contact with secondary mental health services in settled accommodation
150	Adults in contact with secondary mental health services in employment
151	Overall employment rate
152	Working age people on out of work benefits
153	Working age people on out of work benefits in worst performing neighbourhoods
171	New business registration rate
179	Value for money - total net value of ongoing cash-releasing value for money gains

## Annex 3

### Payments to Shared Lives Carers

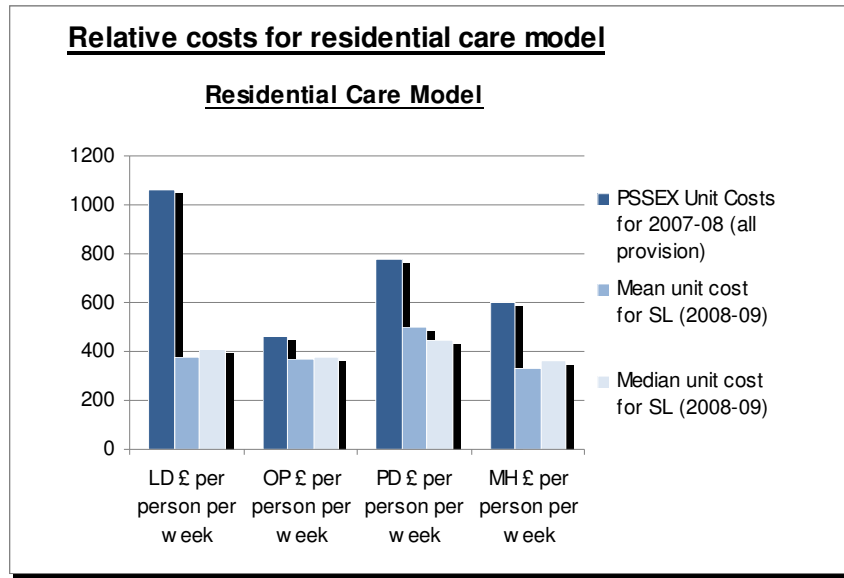
	MINIMUM	MAXIMUM	MEAN	MEDIAN	N = 18
<b>Long-term accommodation and support (residential care model, all in)</b>					
Band 1	267.29	340.59	312.29	311.50	11
Band 2	312.41	450.00	363.09	370.00	13
Band 3	364.94	550.00	420.08	420.00	8
Band 4	424.58	490.00	443.36	452.29	3
LD	257.25	343.35	322.33	343.35	2
OP	266.65	329.70	310.13	314.05	2
PD	285.60	653.10	441.79	386.68	2
MH	231.00	300.30	276.64	299.46	2
<b>Overall mean</b>			<b>361.21</b>		
<b>License agreements</b>					
Rental element in license agreement (eligible for Housing Benefit)	55.00	120.00	75.64	70.00	13
Meals and other services (ineligible for Housing Benefit)	21.10	68.78	48.04	50.00	13
Board and lodging combined	105.00	188.78	126.42	119.00	12
<b>Overall mean</b>			<b>125.05</b>		
<b>Support payment in long-term accommodation and support (supported living model)</b>					
Band 1	150.97	246.36	198.62	205.69	10
Band 2	194.41	330.00	238.90	236.00	9
Band 3	262.15	430.00	302.64	285.26	7
Band 4	297.25	365.00	331.03	314.58	3
LD	129.15	227.62	198.93	227.62	3
OP	158.55	244.05	199.56	177.82	2
PD	157.50	316.68	250.84	264.59	2
MH	102.90	228.62	159.58	172.20	3
<b>Overall mean</b>			<b>235.01</b>		
<b>Short breaks</b>					
Band1	159.32	371.00	308.92	308.70	9
Band 2	269.01	389.90	379.61	375.00	12
Band 3	312.41	550.00	426.22	420.00	7
Band 4	480.00				1
LD	350.00	366.40	358.20	358.20	
OP	314.05				1
PD	386.68				1
MH	250.00	298.62	274.31	274.31	2
Holidays	441.26				1
<b>Overall mean</b>			<b>348.85</b>		

	MINIMUM	MAXIMUM	MEAN	MEDIAN	N = 18
<b>Daytime support (per 6 hr day)</b>					
Band 1	22.76	55.80	36.58	35.23	10
Band 2	33.04	39.00	36.82	38.43	3
Band 3	38.13	71.42	50.08	45.39	4
Band 4	56.88				1
<b>Overall mean</b>			<b>41.60</b>		
<b>Kinship support / outreach (per 6 hr day)</b>					
Band 1	22.76	42.85	28.20	27.96	5
Band 2	33.04	45.00	38.69	38.36	4
Band 3	38.13	71.42	51.39	44.63	3
Band 4					
<b>Overall mean</b>			<b>39.42</b>		
<b>Most frequently used long-term placement cost (residential care model, all in)</b>					
LD / or all user groups	257.25	450.00	341.05	335.51	11
OP	306.39	381.28	345.85	347.87	4
PD	366.04	408.52	388.39	390.60	3
MH	306.39	380.00	345.71	348.23	4
<b>Overall mean</b>			<b>355.25</b>		

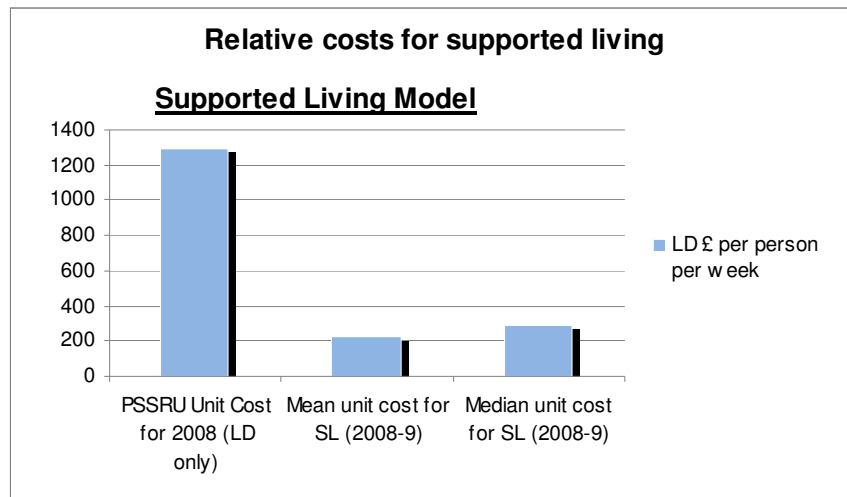
## Annex 4

### Figures illustrating relative savings

**Figure 4: Relative costs for residential care model – PSSEX<sup>40</sup> unit costs 2007-08 and Shared Lives 2008-09**

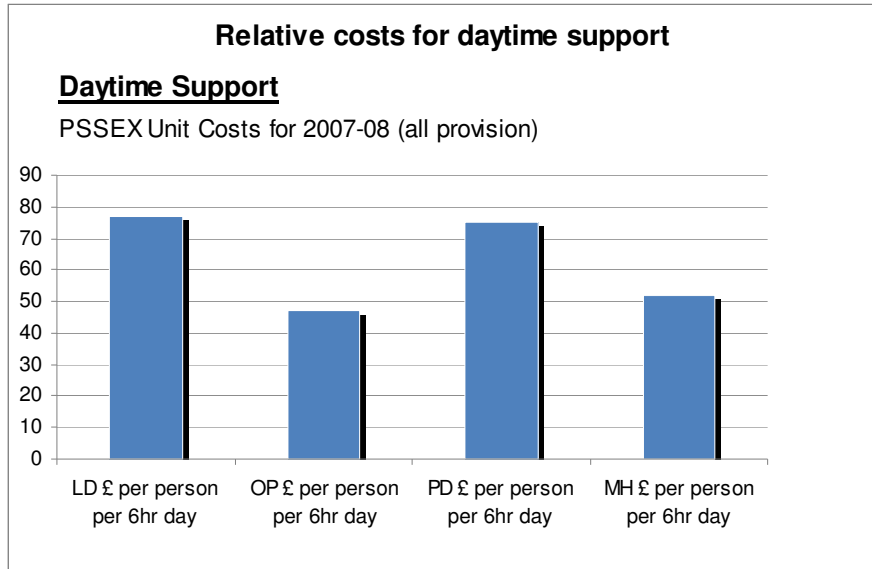


**Figure 5: Relative costs for supported living model – PSSRU<sup>41</sup> unit cost 2008 and Shared Lives 2008-09**

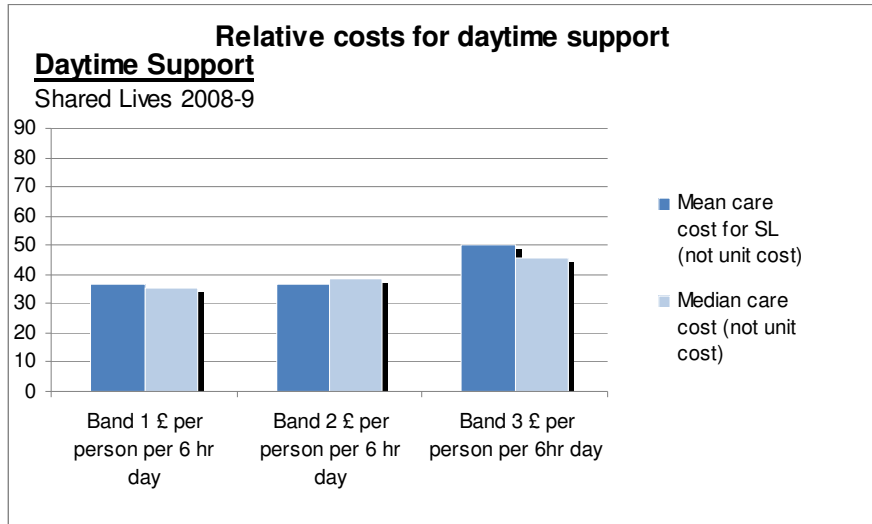


## Annex 4 (continued)

**Figure 6: Relative costs for daytime support – PSSEX<sup>42</sup> unit costs for 2007-08**

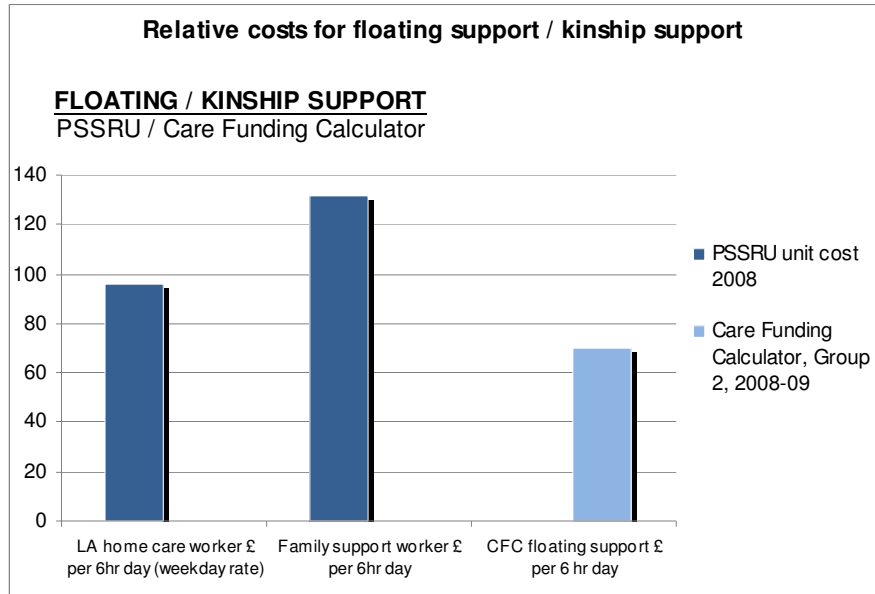


**Figure 7: Relative costs for daytime support – Shared Lives 2008-09**

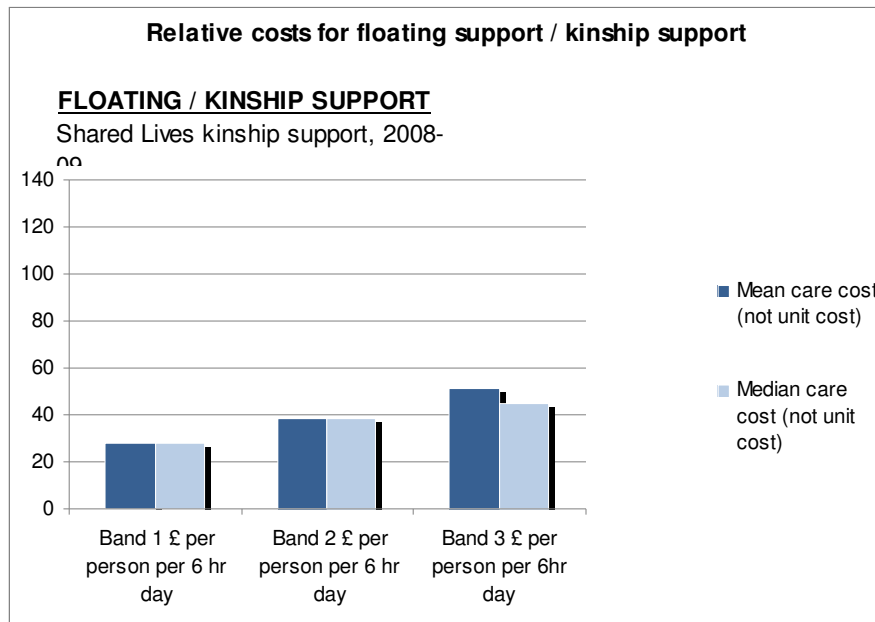


## Annex 4 (continued)

**Figure 8: Relative costs for floating support / kinship support – PSSRU<sup>43</sup> unit costs 2007-08, and Care Funding Calculator<sup>44</sup> cost for floating support 2008-09**



**Figure 9: Relative costs for floating support / kinship support – Shared Lives kinship support, 2008-09**



## **Annex 5**

### **List of abbreviations**

CFC	Care Funding Calculator
CRAG	Charging for Residential Accommodation Guidance
CSCI	Commission for Social Care Inspection
CQC	Care Quality Commission
DoH	Department of Health
DP	Direct Payment
FC	Fairer Charging
IB	Individual budget
IESE	Improvement and Efficiency South East
ILF	Independent Living Fund
KLORA	Key Lines of Regulatory Assessment
LA	Local Authority
LAA	Local Area Agreement
LD	Learning Disability
MH	Mental Health
NAAPS	A UK charity representing Shared Lives
OP	Older People
PD	Physical Disability
PSA	Public Service Agreement
SCIE	Social Care Institute for Excellence

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