

# Southend-on-Sea Borough Council

**Report of Group Manager, Business Support Department  
for People**

**To  
Audit Committee**

**28 June 2017**

Report prepared by:  
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## Mental Health Direct Payments

### 1. Purpose of Report

To update the Audit Committee on progress following the audit report for Mental Health Direct Payments that was commenced in June 2014, with additional actions identified in June 2015. Following a review in October 2016 a revised completion date was agreed for 31st May 2017.

### 2. Audit Objective

- 2.1 To identify any control weaknesses that may lead or did lead to fraud occurring when making direct payments to clients with mental health difficulties.
- 2.2 This focused on the arrangements between Southend on Sea Borough Council, South Essex Partnership University NHS Foundation Trust (now Essex Partnership University Trust) and Vibrance<sup>1</sup>.
- 2.3 A subsequent proven direct payment fraud identified in January 2015, resulted in the dismissal and prosecution of a Council employee. This fraud related to the misappropriation of surplus monies on client accounts held by Vibrance.
- 2.4 The follow up work undertaken to assess the progress made in implementing recommendations from the original allegations of fraud, was extended to include the actions required to strengthen controls relating to the recovery of surplus funds managed by Vibrance (June 2015).

### 3. Audit Recommendations

- 3.1 The broad recommendation was that the day to day operational arrangements between Southend on Sea Borough Council, South Essex Partnership University NHS Foundation Trust (now Essex Partnership University Trust) and Vibrance<sup>1</sup> require formal governance to reduce the risk of the Council being exposed to fraud and/or error.

<sup>1</sup> Vibrance; a registered charity that Southend-on-Sea Borough Council engaged to provide advice, support and payroll services to clients who express an interest in, and have been assessed as meeting the eligibility criteria for a Direct Payment.

3.2 There were 17 recommendations made in total.

#### **4. Background**

4.1 Southend on Sea Borough Council Adult Social Care has a statutory responsibility according to the Care Act 2014 to ensure that adults and older people who have been assessed as having eligible needs are provided with a Direct Payment when it is appropriate to do so according to the Act.

4.2 A direct payment (DP) is money given to individuals by adult social care to buy the support they have been assessed as needing.

4.3 Support is provided to adults and older people to self manage and/or they can access an employment and payroll service offered by Vibrance which is a not for profit organisation contracted to the Council solely for this purpose.

4.4 For 2016/17 we are administering just over £5.1 million per annum across all adults and older people.

#### **5. Current position**

5.1 The audit review completed in October 2016 identified that out of the 16 actions: - 2 Completed; 1 closed; 1 partially completed and 12 required completion.

5.2 An audit review is scheduled for the week of 26<sup>th</sup> July 2017.

5.3 The key improvements that we have implemented are:

- A revised SBC Panel Terms of Reference that outlines the panel process; Carefirst process; signatory requirements; compliance; and authorisation; requirements has been approved by the SBC/EPUT Mental Health Joint Operational Board on 23/12/2016.
- Defined a procedure for vetting and validating new care providers prior to inclusion on the Vibrance list of providers to local residents.
- Developed a report that highlights instances where a staff member has entered and authorised a care package on Carefirst.
- Produced procedure notes on the process to be followed when approving a care package on Care First that includes checks to be undertaken by a senior independent officer.
- Improved the Finance Authorisation Meeting's Panel Decision Sheet to enable greater clarity over what has been approved by the Panel

- Formalised reporting and claw back arrangements for surplus funds on client accounts held by Vibrance.
- Improved contract management processes with Vibrance.

#### 5.4 Detailed update:

##### **February 2017:**

Fully implemented	Substantially implemented	Partially implemented	Not implemented	Recommendation closed
2	0	1	12	1

##### **June 2017:**

Fully implemented	Substantially implemented	Partially implemented	Not implemented	Recommendation closed
10	0	6	0	1

Recommendation 1;2;4;6;7;8;9;12;14;17                      Complete

Recommendation 5    Closed

Recommendation 3    Part Implemented

- Procedure notes have been devised and implemented with finance officers. A corresponding electronic process needs to be implemented in Civica.

Recommendation 10    Part Implemented

- A contract variation schedule has been devised and forwarded to Vibrance for signature and return. Vibrance CEO is on annual leave and we do not anticipate any issues with this variation agreement.

Recommendation 11    Part Implemented

- Reclaim of Direct Payments commenced June 2017. Full review and verification process to be implemented in July 2017

Recommendation 13    Part Implemented

- Contract Monitoring arrangements extended to include a standing item for financial monitoring for next contractual monitoring meeting in July 2017.

1 Vibrance; a registered charity that Southend-on-Sea Borough Council engaged to provide advice, support and payroll services to clients who express an interest in, and have been assessed as meeting the eligibility criteria for a Direct Payment.

Recommendation 15

Part Implemented

- Finance Procedure notes have been completed. A corresponding electronic process needs to be implemented in Civica.

Recommendation 16

Part Implemented

- Finance Procedure notes have been developed. Corresponding audit process to commence July 2017.

5.5 We estimate that we are currently on course to have this audit fully completed by September 2017.

## **6. Financial Implications**

Direct Payments for Adults

Managed by Vibrance      £5,036,637

## **7. Legal Implications**

None

## **8. People Implications**

None

## **9 Property Implications**

None

## **10. Consultation**

None

## **11 Equalities Impact Assessment**

None.

## **12 Value for Money**

N/A

## **13 Community Safety Implications**

None

## **14. Environmental Impact**

None.

## **15. Background Papers**

None