



A SOCIAL FINANCE REPORT  
PRODUCED IN PARTNERSHIP  
WITH SHARED LIVES PLUS,  
COMMUNITY CATALYSTS,  
MACINTYRE AND RSA 2020  
PUBLIC SERVICES



## FOREWORD

The demography of our society is changing. So too are its values. It is clear that the way we support and include disabled adults and older people today is no longer sustainable nor desirable. Yet innovation in services for these vulnerable groups can be risky. As the failure of private care provider Southern Cross illustrated, these risks sometimes fall directly on service users themselves, jeopardising their access to care and eroding trust in alternative provision of social care.

Even in challenging times such as ours, changes to the way we provide adult social care must be carefully planned, designed to support inclusion and subjected to thorough scrutiny. For this reason RSA 2020 Public Services is delighted to welcome this measured and detailed report by Social Finance looking at how greater use of Shared Lives care could deliver higher quality of care at a lower cost, and how Shared Lives services could be expanded. We believe it will be immensely useful to commissioners and senior service managers responsible for social care services as they look for alternatives to conventional care provision.

But we also believe that it has a wider significance and should be of interest to a broader group of public service professionals. A measurable increase in Shared Lives services could mark a shift in our approach to public service provision which may be as profound as the shift in our perception of citizen rights that led to the founding of modern public services a generation ago. It was disability activists who began to challenge top-down forms of provision across public services. This was to prove enormously influential across a wide range of public services, from education to drug and alcohol services. In place of top-down public services, cut from a standard template, the demand was for services over which individuals have greater control and which can be

shaped to their own needs and aspirations. Personalisation was born. As Charles Leadbeater famously remarked, personalisation through participation was to be ‘a new script for public services’.

Finding convincing ways of staging the script has proved difficult, however. Instead of personalisation embedded within participation, we have often seen personalisation enacted as individualised consumer choice. As Alex Fox, CEO of Shared Lives Plus, argued in a recent report for RSA 2020 Public Services, the achievements of personalisation have been essential, but services have not consistently been designed – as they should have been – to make the most of the existing abilities, contributions and capacity of families and communities. The Shared Lives approach is a step towards genuinely socialised public service solutions, in which value in public services is created by the relationships between citizen, state, service and society. RSA 2020 Public Services believes that this should be a basic design principle of all public services. We call this principle ‘social productivity’.

If Shared Lives services can work on a much larger scale, as this report indicates that they can, and if they can be applied or adapted to a wider range of settings, as this report tentatively suggests they could be, the character of our public service settlement will change radically. Looking across public services, people are starting to pool their personal budgets, micro-enterprises are setting up as vehicles for mutual support and Home Share schemes are opening the door to cross generational housing. The movement towards socialised public services may have already begun.

**Paul Buddery**  
**Partner, RSA 2020 Public Services**

# 1 Executive Summary

Shared Lives is a little known, but important, alternative to home care and care homes for people in need of support. Shared Lives offers personalised, quality care where carers share their lives and often their homes with those they support. In 2010, England's care inspectors, the Care Quality Commission, gave 38% of Shared Lives schemes the top rating of excellent (three star): double the percentages for other forms of regulated care.

There are now around 15,000 people supported through Shared Lives schemes, but the scope for expansion is significant. Over the last six months, with the support of the Cabinet Office, Social Finance, Shared Lives Plus and Community Catalysts have been working closely with four local authorities – Lambeth, Leeds, Manchester and Newham – to explore a model for expanding Shared Lives with social investment. A central element of the work has been identifying which groups of people would most benefit from Shared Lives, and for whom support in Shared Lives would be more cost-effective than other forms of care.

Although the primary reason for expanding Shared Lives is the social benefit, the conclusions drawn from this work also indicate that expanding Shared Lives could provide significantly greater value for money than many other forms of care. Key findings include:

- The average net cost of supporting people with learning disabilities in traditional forms of long-term residential care, nursing care and supported accommodation is £60,000 per person per year, and for people with mental health needs £28,000 per year.
- The average net cost of a long-term Shared Lives arrangement for a person with a learning disability is £34,000 per year, and for someone with mental health needs £20,000 per year.
- The average net savings from a long-term Shared Lives arrangement per-person per year are £26,000 for people with learning disabilities and £8,000 for people with mental health needs.
- Expanding a scheme by 75 placements, 50 for people with learning disabilities and 25 for people with mental health needs, requires around £250,000 of up-front investment and should generate savings of around £1.5 million per year once the scheme reaches full capacity.

Shared Lives may also be a good option as a form of respite care for certain client groups, providing potentially significant cost savings for some individuals, and a more flexible and personalised form of respite care than alternatives.

The successful expansion of Shared Lives requires attention to ensuring that the person-centred ethos of Shared Lives is central to the aims and practices of a scheme; for instance in referring people to Shared Lives who would benefit from a placement, matching them with a carer who can meet their needs, as well as securing support from a local authority in referring appropriate people to a scheme.

Despite evidence of the cost-effectiveness of Shared Lives, and its focus on caring for people in a supportive setting, expanding schemes so that they can achieve positive outcomes for individuals and deliver cost savings for commissioners, has not been easily achieved. Barriers to further expansion include:

- a lack of up-front investment to support the growth in the capacity of a scheme;
- the challenge of effective implementation to sector best practice standards, for instance in ensuring efficient but appropriate matching of carers with individuals in need of support; and
- poorly developed incentives for sustainable expansion within some funding models.

Social investment, combined with professional and organisational support, may offer an effective means of overcoming these barriers. Such investment, from investors who seek a combination of a social and finance return, can provide up-front capital required and also support the development of rigorous and sustainable approach to expansion.

As a response to these findings, Shared Lives Plus, Community Catalysts, MacIntyre and Social Finance are establishing an incubator to support the expansion of Shared Lives sector, which will jointly provide social investment and management support to Shared Lives schemes. This can enable the establishment of Shared Lives arrangements at scale. We look forward to working with commissioners and schemes as the Shared Lives Incubator develops.

## 2 Shared Lives

Shared Lives is an alternative to home care and care homes for people with a mental health need, people with a form of disability and older people. It is used by around 15,000 people in the UK and is available in nearly every area. Shared Lives carers are recruited, vetted, trained and supported by local Shared Lives schemes, who have to be registered with the government's care regulator.

In Shared Lives, a Shared Lives carer and someone who needs support get to know each other and, if they both feel that they will be able to form a long-term bond, agree to share family and community life. This can mean that the individual becomes a regular daytime or overnight visitor to the Shared Lives carer's household, or (for 4,500 people in England) it means that the individual moves in with the Shared Lives carer. These relationships can be life-long. People who use Shared Lives have often lived in many different institutions, and some have been considered too "challenging" to live in an ordinary household. But many find, for the first time, a sense of belonging with the Shared Lives carer. They will go to family events like weddings with the Shared Lives carer and get to know the Shared Lives carer's friends and neighbours.

Shared Lives carers are paid a modest amount to cover some of their time and expenses, but they are not paid by the hour and they often do significant amounts without being paid. There is no clocking on and clocking off. Other forms of care for adults can be focussed on keeping clear professional boundaries around the care giver/customer relationship. In Shared Lives, everyone gets to contribute to real relationships. The goal is ordinary family life.

Combining paid and unpaid contributions in an approach which offers both a family life and the back-up and safeguarding of regulated local schemes creates the potential for exceptional value for money. It is vital to recruit the right people to become Shared Lives carers, support caring relationships and help people move on when those arrangements end. Each Shared Lives Officer can support around 25 arrangements, so expanding a scheme safely and sustainably requires investment in the local scheme.

Shared Lives is used mainly by people with learning disabilities but there is well-established provision in some areas for people with mental health needs, older people, care-leavers, disabled children becoming

young adults, parents with learning disabilities and their children, people who misuse substances and (ex-)offenders. There are already 8,000 Shared Lives carers in the UK, recruited, trained and approved by 152 local schemes, which are regulated by the government's social care inspectors.

The development of Shared Lives varies enormously by area and sector. On average, 9.4% of people with learning disabilities living in a care setting are supported in a Shared Lives arrangement, but there is considerable variability, with the lowest percentage 2.5% in Eastern England and the highest 17.9% in the North West. Whilst 23% of Shared Lives users in London have a mental health need, and an NHS Trust has commissioned a successful Shared Lives scheme for people in the acute phase of mental illness, the figure is as low as 4% for the other regions. If all regions simply caught up with the current leading region, use of Shared Lives as a live-in arrangement would quadruple.

In 2010, England's care inspectors gave 38% of Shared Lives schemes the top rating of excellent (three star): double the percentages for other forms of regulated care. Shared Lives also has a strong safeguarding record. The Care Quality Commission logged 3,473 safeguarding alerts related to social care provision in England in the reporting year 2011/12. Of those, just one alert arose from Shared Lives.

A report by Age UK Oxford for the Campaign to End Loneliness<sup>1</sup> argues that traditional services have failed to find solutions to loneliness and social isolation among the elderly and vulnerable. The 2012 Care and Support White Paper<sup>2</sup> identifies Shared Lives as an approach which effectively tackles social isolation through helping people to grow their social networks. Anecdotally, Shared Lives carers appear to be much more successful at helping disabled and older people to join in with their communities and to gain training and employment.

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1 *Loneliness - the state we're in*, Age UK, 2012

2 *Caring for our Future: Reforming Care and Support*, Department of Health, 2012

## CASE STUDIES



Paul,\* 50, has recently moved in with registered Shared Lives carer, Sheila and her family. Sheila helped Paul to get a bus pass, to learn to use public transport and to cross roads safely, so that he can make use of the community for the first time in his life. He bought his first bicycle and enjoys long bike rides with Sheila and her husband, who have helped Paul become a visible and popular member of the community. He knows local shopkeepers, library staff and even bus-drivers by name. Sheila encourages everyone to look out for Paul. Paul doesn't have a lot of speech, but when asked if he understands what 'independent' means, he smiles and says 'walk'.



Alan,\* 23, who has Asperger's Syndrome, had moved between several expensive out of area services, after his family and then a local residential service had found his behaviour and excessive drinking too challenging to manage. When he met his local Shared Lives scheme, Alan said, "I hate it here and want to get out". Alan was carefully matched with registered Shared Lives carers and lived with them successfully for 12 months, accessing community education and rebuilding relationships within his community, before moving to his own tenancy, with occasional support.

\* Not their real names.

### 3 Cost-benefit analysis

The prime motivation for the development of Shared Lives services has been to better support those with a care need, helping them stay more connected to their wider community, forge stronger relationships and maintain greater independence. However, the cost-benefit rationale for Shared Lives can also be strong and is of increasing importance as social care budgets across the country face severe pressures.

There is already some evidence of the cost-effectiveness of Shared Lives. A previous cost-benefit analysis was undertaken by Improvement and Efficiency South East, based on the costs of schemes in the South East of England in 2009. This concluded that significant levels of savings are possible in Shared Lives; however the analysis was based on Personal Social Services Expenditure (PSSEX) unit costs, rather than client-level analysis of local authority data. Work by Community Catalysts with Shared Lives schemes across the country to look at the local possibilities of improving services, has also suggested that sizeable savings may be possible through this form of care.

However, in order to provide the strongest possible basis for expanding a Shared Lives scheme, an understanding is required of the precise local costs for each individual supported by a local authority and the potential savings for expanding Shared Lives.

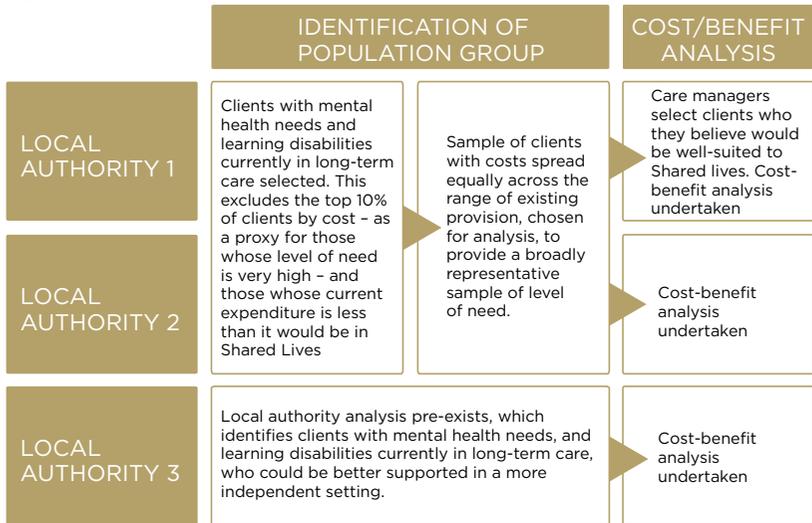
Social Finance and Community Catalysts analysed, line-by-line, the anonymised records of client-level expenditure, provided directly from the client management databases of local authorities, and, where possible, based savings on expanding Shared Lives for individuals identified as suitable for the scheme. This cost-benefit analysis is of a greater level of detail than any carried out previously.

#### WHEN IS SHARED LIVES SUITABLE?

Shared Lives is used by people with a very wide range of care support needs across the UK. The bespoke nature of Shared Lives arrangements, in which someone in need of support is carefully matched with a carer who can meet their care needs and with whom they are suited to develop a strong personal relationship, means that there are few upper limits to the level of support that can be provided in Shared Lives. Of

existing Shared Lives schemes, 100%<sup>3</sup> support clients with learning disabilities; 64% support clients with mental health support needs and 44% support clients with dementia. Other groups are also supported by a significant number of schemes – for example 22% support young people with learning disabilities as they transition from children’s services – with the potential for these numbers to grow as the sector becomes more widely developed. Shared Lives is a flexible form of care, with bespoke arrangements between carer and client capable of supporting a very wide range of needs.

**Figure 1.**

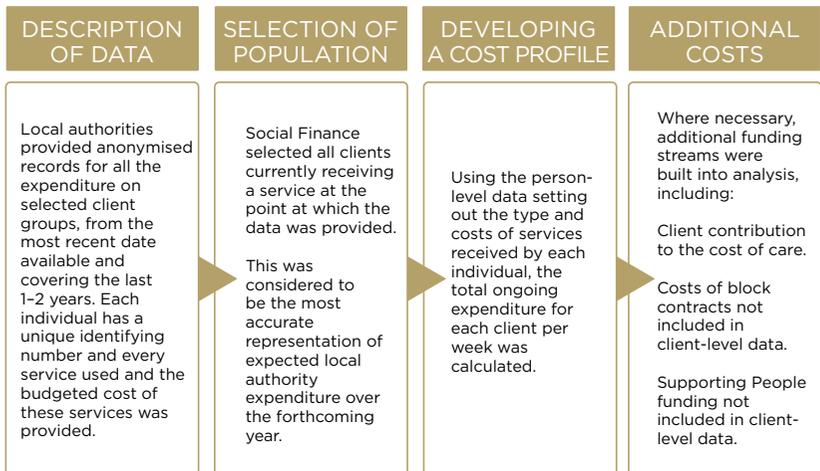


3 Shared Lives Plus Briefing: Research and Evaluation Opportunities, Shared Lives Plus, 2011

In identifying people for whom the costs and benefits of Shared Lives have been assessed within this analysis, efforts have been made to identify a group of people in each local authority for whom Shared Lives would be a suitable, as well as cost-effective form of care. This is the case where a local authority has identified a specific group of individuals that care managers, who are responsible for managing their cases, believe have a support need that could be met in a Shared Lives arrangement, or in a setting similar to Shared Lives (i.e. a more independent form of long-term care). The process of identification in each of the three local authorities where the costs and benefits of long-term Shared Lives arrangements was assessed is outlined in Figure 1.

Where care managers have identified clients currently in long-term care whose care needs could be supported in Shared Lives, 25% of individuals assessed have been deemed suitable for the model of care, suggesting there is scope for expansion of Shared Lives at scale.

**Figure 2.**



## TYPICAL COSTS OF CURRENT LOCAL AUTHORITY PROVISION FOR THIS GROUP

In assessing the level of expenditure on clients supported by the local authority, the process outlined in Figure 2 was followed.

In developing an estimated cost of provision for a year of services provided, an 'implied annual cost' for each client was developed, which assumed that the expenditure on each client in the most recent week for which client-level data was provided would be replicated throughout a calendar year. This level of expenditure is used as the comparator against Shared Lives costs for this cost-benefit analysis, rather than future projected or historic costs. Many care records demonstrated an increasing trajectory of care costs, and so this may under-estimate full future costs.

Aggregated costs for clients with mental health needs and clients with learning disabilities, based on analysis across the three local authorities where the expansion of long-term arrangements was an aim, is shown in Table 1a and 1b.

**Table 1a: Clients with learning disabilities.**

	No of clients	% of total	Total spend/ week (£)	% of total	Implied annual cost (£)	Average per person per week (£)
All	779	100%	535,967	100%	27,945,337	688
Day care	229	29%	58,533	11%	3,051,913	255
Home care	116	15%	24,595	5%	1,282,399	211
Individual budget	155	22%	74,907	14%	3,905,632	483
Nursing care	12	2%	18,263	3%	952,250	1,522
Other	66	9%	9,813	2%	511,630	148
Residential care	140	22%	150,587	28%	7,851,590	1,076
Supported accommodation	218	25%	199,270	37%	10,389,923	914

- The percentage of clients using each service, when totalled, sums to over 100% because some clients use multiple services.

**Table 1b: Clients with mental health needs.**

	No of clients	% of total	Total spend/ week (£)	% of total	Implied annual cost (£)	Average per person per week (£)
All	491	100%	184,241	100%	9,606,332	375
Day care	31	6%	5,126	2%	267,274	167
Home care	86	17%	10,509	5%	547,924	122
Individual budget	28	6%	4,243	2%	221,208	153
Nursing care	42	8%	25,200	13%	1,313,936	600
Other	26	8%	1,915	1%	99,837	74
Residential care	158	34%	81,409	47%	4,244,654	516
Supported accommodation	157	31%	55,840	29%	2,911,498	355

The tables above illustrate the average costs of services to the local authority per person. As many clients receive multiple services, the average total cost of a client receiving a given service is greater than the individual expenditure on each service. Services provided on the basis of a block contract and/or tracked outside of care management systems (such as community transport) are excluded from the tables above, but are incorporated in the cost-benefit analysis. Local analysis revealed that these averages concealed a significant variation in care costs across individuals.

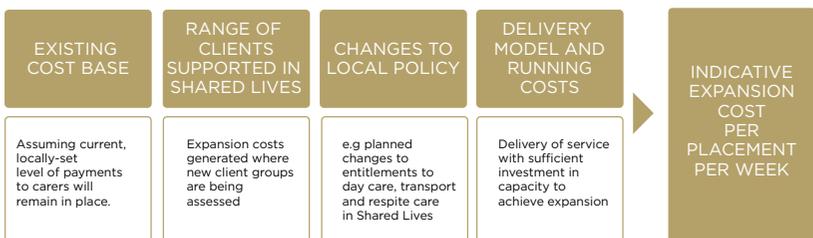
Average costs across each local authority showed some variation but were not significantly different. These costs are also similar to the

Personal Social Services Research Unit (PSSRU) costs of provision where available, indicating that the costs of the three local authorities assessed in this analysis are not dissimilar from those of most local authorities nationally. It is noted that the strength of this analysis is dependent upon the integrity of the data provided by the partner local authorities. However, following extensive probing and testing of the quality of the data with local authorities, for instance in identifying any costs that are significant and not stated in the data received, it is clear that the analysis accurately represents the net costs of provision in each local authority.

### COSTS OF SHARED LIVES AS AN ALTERNATIVE CARE OPTION

In developing a cost of Shared Lives as an alternative to other forms of local authority-funded care, a combination of this locally-set expenditure on Shared Lives, planned policy shifts, and a running cost based on sector benchmarks and the investment required to expand a scheme, were used to generate a cost of expansion. Simply applying current Shared Lives costs was not used as the basis of the cost-benefit analysis given the range and scope of the changes in delivery and care models being explored locally. This process is outlined in Figure 3.

**Figure 3.**



### Existing cost base

Much of the existing cost base of Shared Lives in each of the local authorities where analysis was undertaken was built into an indicative expansion cost, against which the costs and benefits of other forms of care were assessed. This ensures that the aggregated cost-benefit analysis takes into account locally-specific factors as far as possible.

For example, some local authorities have a policy of offering more day care to people in Shared Lives than others.

Gross costs include:

- scheme management fees;
- payments to carers;
- respite care payments to carers;
- additional services that people supported in Shared Lives are entitled to (e.g. day care, home care, personal budgets); and
- transport costs associated with accessing day care facilities.

Net costs to the local authority include:

- client contributions to care costs;
- client contributions to board and lodgings; and
- contributions from other public sector bodies.

In one local authority, where current payment levels have been reassessed and are due to change, payment levels assumed when developing the cost of Shared Lives as an alternative draws upon average payment levels from across the sector rather than the locally-set level of payments.

### **Range of clients supported in Shared Lives**

Where a local authority does not currently support one of the client groups assessed as part of this analysis, the cost of Shared Lives for this group is developed by building upon on the existing cost base, modified with additional assumptions specific to the client group in question. For example, where a scheme currently supports clients with learning disabilities, but does not support clients with mental health needs, the level of day care assumed for clients with mental health needs in Shared Lives is not necessarily assumed to be the same as for clients with learning disabilities. Rather, it is based on sector-wide assumptions about the average level of day care used by this client group in Shared Lives and checked against local policy. We feel that this provides a more accurate expectation of what costs would be if a scheme was to start supporting this client group.

### **Planned changes to local policy**

Planned policy changes in each local authority – for example to the level of respite care that Shared Lives carers are to be entitled to – are also built into an expansion cost, so that each costing reflects locally-evolving approaches to care as far as possible. Given the inclusion of locally-specific costs and policies, there is some variation in the expected expansion costs of Shared Lives across each local authority. Planned policy changes are also built into the analysis of clients in other forms of care, e.g. residential care, so that the levels of expenditure across each form of care are comparable.

### **Delivery model and running costs**

Running costs are based on the delivery of Shared Lives by an independent scheme, independent from the local authority. This could include a scheme that spins out from the local authority or is newly established.

Core scheme running costs are based on modelling of the expected investment required to provide the capacity necessary to expand a scheme by 75 arrangements. This assumption is not based on any commitment by any of the local authorities. Rather it reflects an ambitious but achievable medium-term expansion target. This cost includes:

- the cost of up-front investment in the capacity of a scheme, such as members of staff who recruit carers and match them with clients;
- significant investment in the management capacity of a scheme from sector-specific experts in order to help each scheme develop as an effective independent provider with policies and procedures aligned with sector best practice (see the Shared Lives Incubator described later in this report for further detail on this model).

Costs are based on conservative assumptions wherever possible; for instance even where a local authority has indicated that it would plan not to offer day care to clients in Shared Lives, some day care has been assumed to account for clients with complex needs – the carers of whom may require some additional support. This should in turn ensure that the level of savings possible through Shared Lives, as determined by this analysis, are reasonably conservative.

Table 2.

	Average total spend per person per week (including day care and transport costs, £)	Implied total annual cost per person (£)
Expansion of Shared Lives - long term placement for client with learning disabilities	657	34,240
Expansion of Shared Lives - long term placement for client with mental health support needs	385	20,099

## NET COST-BENEFIT FINDINGS

The cost-benefit analysis compares the costs of current expenditure in alternative forms of care with a conservative expansion cost of a placement in Shared Lives. In all cases, costs are net costs to the local authority. See Appendix 1 for further details on the methodology.<sup>4</sup>

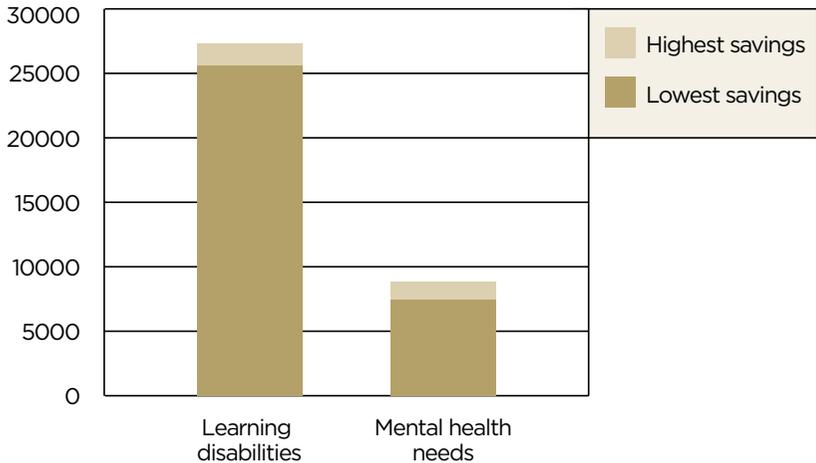
Cost-benefit analysis suggests that there are potentially significant savings in Shared Lives for clients with mental health needs and clients with learning disabilities.

Figure 4 shows that the range of average potential savings across the local authorities is between £25,000 and £27,000 per person per year for the identified clients with learning disabilities, and £7,000 to £9,000 per person per year for clients with mental health needs.<sup>5</sup>

4 This analysis has been validated by Matrix, an independent advisory firm specialising in health economics. Matrix work with policy makers, regulators and service delivery organisations to provide economic and data analysis. Matrix assessed and validated both the cost-benefit analysis itself, and the methodology underlying it, giving further assurance that it is accurate and underpinned by a robust theoretical basis.

5 In each local authority the sample size on which these savings are based was driven by local approaches to identifying suitable clients from a sample of the total care population. The number of clients identified/assessed ranged from 47-284. In each case the care costs for the individuals selected were broadly representative of the range of costs across all clients; therefore it is expected that savings figures would be replicated across a larger sample.

**Figure 4: Potential savings per client in Shared Lives per annum (£)**



Given that potential clients were being assessed on the basis of both having care needs which could be appropriately supported in Shared Lives and those for whom Shared Lives could potentially provide a more cost-effective care setting than current provision, only clients for whom Shared Lives was a cost-effective option were included within the analysis.<sup>6</sup> Given the quality of care which Shared Lives is able to provide at relatively low levels of cost, this was the majority of clients identified for cost-benefit analysis – an average of 65% of clients with mental health needs and 84% of clients with learning disabilities across the three local authorities.

<sup>6</sup> Given local authority time constraints limiting the number of individuals with mental health needs selected by care managers in one local authority, the costs and benefits of Shared Lives here are assessed for all individuals selected by care managers, rather than just those for whom it is a cost-effective form of care, in order to provide a reasonable sample size.

## CASHABILITY OF SAVINGS AND APPLICABILITY ACROSS OTHER LOCAL AUTHORITIES

Savings in Shared Lives are immediately cashable upon supporting a client to move into Shared Lives provision where alternative provision, e.g. in residential care or supported accommodation, is purchased by the local authority on a spot-purchase basis (subject to contractual terms such as residual void guarantees and purchase level agreements). Savings could apply both to people moving from such forms of care to Shared Lives, and to those who would otherwise require a greater escalation in the support they receive. In the local authorities where this analysis was undertaken, the overwhelming majority of alternative care provision was contracted on a spot-purchase basis, as would be expected to an increasing degree nationally, as local authorities take further steps towards the personalisation of social care. Some additional care accessed by individuals beyond their core care support (i.e. transport to day care) is also provided on a block contract basis. Where this is the case there may be an impact on the cashability of savings.

This analysis joins other reports in finding that Shared Lives could be a high-quality and cost-effective care setting for a range of client groups.<sup>7</sup>

The savings analysis is expected to be applicable to a range of local authorities for the following reasons:

- The local authorities where cost-benefit analysis was undertaken are geographically spread across the north and south of the UK.
- The costs of provision in these local authorities is similar to the comparator costs of care for clients with mental health needs and learning disabilities set out in the PSSRU Unit Costs of Health and Social Care report.<sup>8</sup>
- The majority of potential savings in Shared Lives appear to be consistent across each local authority.

It is acknowledged that, where people are currently supported in an alternative form of care, there are costs associated with identifying

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<sup>7</sup> See for example 'A business Case for Shared Lives', Improvement and Efficiency South East, 2009

<sup>8</sup> PSSRU Unit Costs of Health and Social Care, 2012

people who could benefit from support in Shared Lives and helping them move to a new arrangement. However in many local authorities, including some of those where this analysis was carried out, there is a movement towards encouraging clients currently in expensive or inappropriate forms of care to explore other care options. This is driven both by a desire to support people to live in a care setting that can help them achieve the best possible quality of life, and by budgetary constraints. Where such policy initiatives are already in place, many of the costs of exploring Shared Lives as an option may be incorporated within existing work streams. Such costs have not been incorporated into the cost-benefit analysis presented here, as they are considered to be widely variable based on local circumstances.

### FURTHER ANALYSIS

There is scope to assess the costs and benefits of Shared Lives for a wider range of client groups. Our analysis in one local authority, where the costs and benefits of Shared Lives for disabled people and older people were also assessed, suggests that there are potentially significant savings for certain clients within these groups. Shared Lives' strength in providing bespoke local arrangements for clients also makes it suitable to support small numbers of clients with complex needs – clients that other care settings can struggle to accommodate in a cost-effective manner.

Shared Lives is a flexible approach to providing long-term, short-term and episodic care. For the purposes of this analysis the focus was on the potential savings to local authorities from expanding long-term care placements. Analysis of the costs and benefits of respite care in a fourth local authority suggests that Shared Lives may be a cost-effective form of care for certain clients with learning disabilities. It has been suggested that there are potentially significant additional benefits provided by Shared Lives – for instance in supporting family carers of people with dementia to provide care within the family home for longer.<sup>9</sup> However further work is required to more fully assess the costs and benefits of this form of care, which was not the main purpose of this analysis.

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9 Discussions with Memory Clinics in one local authority, who provide support for people with dementia, found that staff members were very positive about the impact a form of home care provided by a Shared Lives scheme was having on reducing the burden of care on family carers and the social isolation of both carer and person cared for.

The analysis of potential savings was conducted on the basis of comparing the potential costs of providing care within Shared Lives to the costs of current care settings. No analysis has been conducted on the potential impact of Shared Lives on social isolation or on the lifetime use of other public services. Across the country local Shared Lives schemes work hard to support individuals to develop and to maintain skills and independence within their local communities. It is the opinion of the project partners that in supporting individuals in this way, Shared Lives care could have a measurable impact on lifetime client usage of other health and social care services and a more in-depth analysis of the potential savings from Shared Lives should address this point.

This analysis was focused on local authorities in urban areas. There is scope for assessing the costs and benefits of Shared Lives in more rural areas, where the practicalities of providing a scheme – e.g. the transport costs associated with managing placements – may necessitate greater expense. However, given the level of savings shown by this analysis, Shared Lives should remain a good option in such instances.

## 4 Developing an effective Shared Lives scheme

Shared Lives may appear to be a comparatively simple model of care and support but it can be challenging to deliver effectively.

Shared Lives arrangements are provided by approved individuals or families (Shared Lives carers) working in partnership with the Shared Lives scheme. The Shared Lives carers are asked to take on a complex role – they are expected to work professionally with the people they support, delivering the outcomes set out in the service plan, while including them in their life and their family and friendship networks. This is far more than just a job – the people who become Shared Lives carers are making a lifestyle choice. The Shared Lives scheme is responsible for finding these unusual people and through a rigorous assessment and approval process ensuring that they are safe and have the skills, values and attitudes that will enable them to deliver excellent outcomes for the people they support.

Shared Lives carers are self-employed, not employees, but work under the direction of the Shared Lives scheme. The scheme receives referrals and works carefully with the individual, their family and their care manager/social worker to find a Shared Lives carer who can provide them with not just tailored support but also the right lifestyle and opportunities. This matching process is integral to creating a successful Shared Lives arrangement.

Shared Lives carers work semi-autonomously within the framework of a carer and service agreement. The Shared Lives scheme is responsible for supporting and monitoring each arrangement. Achieving the right balance between the two is critical in ensuring excellent outcomes for the individual supported. Too much emphasis on monitoring may leave the carer feeling unsupported and demotivated. Too little emphasis may mean that poor practice is not challenged immediately.

Good resourcing is only part of the requirement for an effective scheme. The scheme will need a strong and creative manager, capable of articulating the vision, able to drive the development of the service and ensuring high standards of practice. The scheme will have imaginative recruitment strategies designed to attract people who have potential to become good Shared Lives carers. They will have all the policies, procedures and processes in place required by Shared Lives Plus, which will ensure that approved Shared Lives carers are safe and have the necessary skills, values and attitudes, that matching is done well and that carers are supported and monitored in a way that ensures high standards of practice.

A good Shared Lives scheme needs to combine an energetic and imaginative approach to growing the service with an approach to recruiting capable Shared Lives carers which draws on effective UK practice and maintains a total commitment to high standards of assessment and approval. The scheme will have an absolute focus on a matching process that is central to this model of care and ensures carers and individuals supported will enter an arrangement that meets the needs of both parties. This can be a difficult balance to strike, but if investment in the capacity of a scheme is well-directed and well-managed, it can create an environment conducive to highly effective care.

## 5 Developing a social investment model

In order to expand Shared Lives locally, investment is often required. Whilst investment will vary from scheme to scheme, average investment requirements are likely to be in the region of £250,000 for 75 new arrangements. Investment is used to recruit and train scheme staff and carers, and to develop expertise in supporting new client groups. However, even with investment, local and national experience has shown that delivering an expanded Shared Lives service of the highest quality can be challenging.

Where strong and sustainable expansion has been achieved, a number of success factors have been identified:

- Schemes are committed to implementing national best-practice models, particularly around safeguarding and efficiency of carer recruitment and establishment of placements.
- Even where schemes have delivered a high-quality service and initial expansion, a continual focus on implementation and rigour in delivery is required to grow and develop schemes.
- In responding to client and care manager need, delivering significant expansion requires close partnership with a local authority.

A social investment model should therefore provide both up-front investment in an expanding scheme but also development support and rigour in delivery. The support of investors who explicitly value the social impact created by supporting people to live fulfilling lives within the community is well-aligned with the ethos of Shared Lives and makes them the most appropriate external funding partner for scheme expansion.

### THE REQUIREMENTS OF ANY SOCIAL INVESTMENT MODEL FOR SHARED LIVES

Work to date has identified the scale of potential savings available from extending the provision of Shared Lives amongst clients with learning disabilities and mental health support needs, but the flexibility exhibited by the model nationally also shows that innovation and expansion of services to other client groups could be developed from



well-run and well-capitalised schemes. In light of this, the project has explored how social investment could best be deployed to expand schemes.

None of the local authorities in which the work was conducted have committed themselves to a particular contractual or investment model for Shared Lives expansion at this stage, but the project work has sought to develop a model that reflects the needs that we have heard from them and other local authorities, to develop a model which could support the robust expansion of Shared Lives across the country.

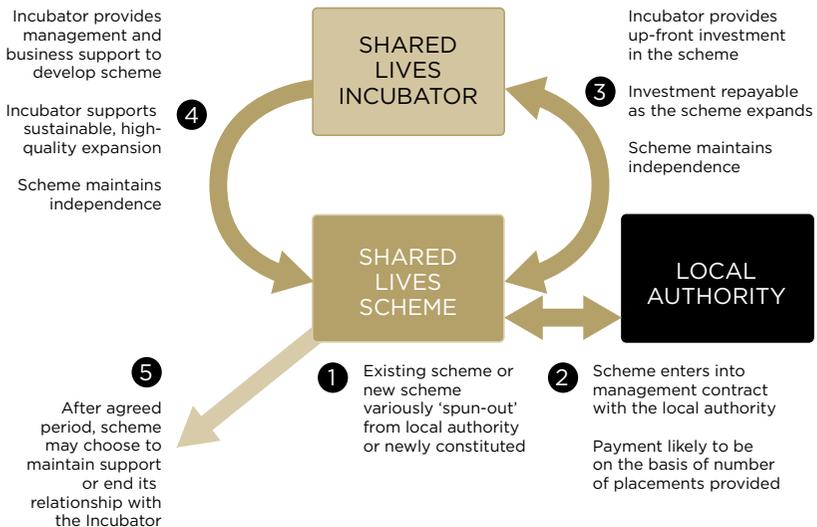
Given the particular challenges outlined above of expanding Shared Lives effectively, the social investment model should make provision for up-front investment to scale activities and the provision of advice and support while meeting best-practice guidelines for scheme operation, client and carer support. Given the extent of internal local authority provision, the investment model should be well-equipped to invest in and support staff spinning-out from local authorities, forming independent organisations for the first time. The investment model should also seek to support the development of local schemes, invest in their growth and infrastructure and place them on a path to sustainability and independence, rather than simply acquiring local contracts. Finally, the model should have a clear commitment to the sustainable growth of the entire Shared Lives sector, and be committed to reinvesting its income in supporting schemes across the country to develop and to expand.

## 6 The Shared Lives Incubator model

In response to these findings, a new investment and support organisation, the Shared Lives Incubator, is being established to meet these challenges. The Shared Lives Incubator will provide capital to enable expansion of local schemes across the country, whilst also supporting the development of new providers.

The Shared Lives Incubator will be established in July 2013 as a partnership between Community Catalysts, Social Finance, MacIntyre Charity and Shared Lives Plus. The breadth of expertise brought by each partner will ensure that the Incubator is able to support schemes with capital and organisational support, and local authorities with advice on Shared Lives expansion, whilst retaining a clear commitment to the wider Shared Lives community. A brief description of each organisation is set out in Appendix 3. It will be a not-for-profit organisation that aims to support and grow local schemes in a sustainable way.

**Figure 5: The Shared Lives Incubator model.**



The Shared Lives Incubator will look to support existing third sector providers, in-house schemes planning to spin-out and, in partnership with local authorities, the development of new independent local schemes. On the basis of the scheme's management contract with a local authority the Shared Lives Incubator would invest up-front in the scheme to enable expansion, and support it in the delivery of high-quality management and expansion. Schemes would retain their independence and after an agreed period, the relationship with the Incubator would end.

## 7 Conclusions

Shared Lives is known to be a high quality form of care, with many examples of people in Shared Lives arrangements significantly improving their quality of life in ways that have not been possible in other forms of provision. This analysis, which has brought a rigorous, analytical approach to assessing the costs and benefits of Shared Lives, provides strong evidence of significant savings that could be made by supporting people in Shared Lives relative to more established forms of care.

On average, the net cost of long-term Shared Lives arrangements was 43% cheaper than alternatives for people with learning disabilities, and 28% cheaper for people with mental health needs, saving an average of £26,000 and £8,000 per year respectively.

This analysis does not take into account potential wider benefits of Shared Lives, which may be providing further cost savings. For example, case studies suggest that a Shared Lives arrangement can significantly reduce someone's need for other support, such as day care. Additionally, Shared Lives is considered an example of best practice in reducing social isolation and strengthening support in communities,<sup>10</sup> as people in Shared Lives arrangements are encouraged to become part of a community and develop greater levels of independence from services.

When considering the evidence of cost savings in Shared Lives, and of the efficacy of this form of care, there is a compelling case for expanding the number of Shared Lives arrangements.

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10 Caring For Our Future. Social Care White Paper, 2012.

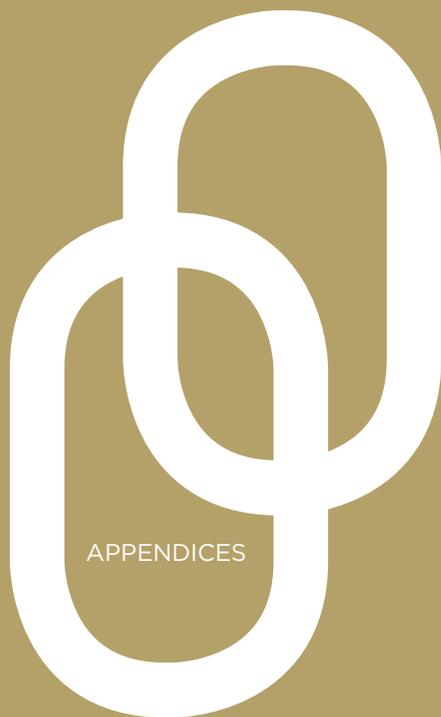
This project also found a number of barriers that are prohibiting the expansion of Shared Lives at present. These include:

- a lack of clarity regarding the cost effectiveness of Shared Lives;
- the up-front investment required to expand a Shared Lives scheme;
- ensuring that investment leads to an increased number of arrangements, e.g. that Shared Lives is considered as an option for people thought to be in need of care support, and that best practice is followed in managing a scheme; and
- an under-developed market of providers of Shared Lives schemes, limiting the competitiveness of the sector.

In developing a thorough cost-benefit analysis of Shared Lives, this project has gone some way to addressing the first barrier. Social investment in the expansion of Shared Lives schemes, through the Shared Lives Incubator, can help to overcome the other barriers, as it would:

- provide up-front investment to enable a scheme to expand;
- provide support with effective delivery of Shared Lives from experts in this field, combined with the rigour brought by social investors who would seek ongoing assurance that the providers of Shared Lives schemes are achieving the outcomes intended; and
- support the development of new Shared Lives providers, through provision of investment and management support to schemes spinning out of local authorities, as well as newly-established schemes, helping them to become well-run, independent organisations.

The need for more cost-effective forms of care, which promote greater independence and a reduced burden on publicly-funded services, is a pre-eminent one. Shared Lives is an excellent option for meeting such a need – reducing costs for commissioners, and applying a focus on achieving greater independence amongst users of the service. This analysis provides strong evidence in support of the case for expanding Shared Lives at scale in the immediate term.



APPENDICES

## Appendix 1. Status of cost analysis

This analysis sought to develop a net cost to local authorities of supporting people in Shared Lives and other forms of care, thereby enabling a calculation of the exact costs and potential savings to a local authority of expanding Shared Lives. Costs of provision are therefore net of contributions to the cost of care, enabling comparability across each local authority, and between people supported in Shared Lives and other forms of care.

Additionally, costs which do not always appear in the client management database of budgeted costs, such as the cost of 'voids' in block contract arrangements, or the costs of transport to day care facilities, have been accounted for to ensure a comprehensive picture of costs.

The tables overleaf set out the status of these costs in each of the three local authorities where the costs and benefits of expanding long-term Shared Lives arrangements were assessed.

**Table A1: Care for people in forms of care other than Shared Lives.**

<b>Type of expenditure</b>	<b>Local authority 1</b>	<b>Local authority 2</b>	<b>Local authority 3</b>
Budgeted costs of care provision	Based on anonymised client-level records of expenditure and services used by each individual, provided by the local authority	Based on anonymised client-level records of expenditure and services used by each individual, provided by the local authority	Based on anonymised client-level records of expenditure and services used by each individual, provided by the local authority
Client contributions to residential and nursing care costs	Records are net of locally-set client contributions to the cost of residential and nursing care for people with mental health needs. Records for people with learning disabilities are also thought to be net of health contributions, although this could not be absolutely confirmed	Records are net of client contributions to the cost of residential and nursing care, using records from a nearby local authority as a proxy, as local authority-specific data were not available	Records are net of locally-set client contributions to the cost of residential and nursing care

Type of expenditure	Local authority 1	Local authority 2	Local authority 3
<p>Client contributions to the cost of non-residential forms of care</p>	<p>Records are net of locally-set client contributions to the cost of non-residential care for people with mental health needs. Records for people with learning disabilities are also thought to be net of health contributions, although this could not be absolutely confirmed</p>	<p>Records are net of locally-set client contributions to the cost of non-residential care. The level of contribution for people with learning disabilities is used as a proxy for the level of contribution for people with mental health needs, as data for the latter were not available</p>	<p>Records are net of locally-set client contributions to the cost of non-residential care</p>
<p>NHS contributions to the cost of care</p>	<p>Records are net of locally-set contributions to the cost of care from local health authorities for people with mental health needs. Records for people with learning disabilities are also thought to be net of health contributions, although this could not be absolutely confirmed</p>	<p>Records are net of contributions to the cost of care from local health authorities, using records from a nearby local authority as a proxy, as local authority-specific data were not available</p>	<p>Records are net of locally-set contributions to the cost of care from local health authorities</p>

Type of expenditure	Local authority 1	Local authority 2	Local authority 3
Block and spot contracts	For people with mental health needs, all provision is on a spot purchase basis except for some forms of supported accommodation. There is a small amount of spot purchase provision for clients with learning disabilities. Whilst the former is accounted for in the analysis, there may be some minor costs associated with the latter which are not, as this information was very difficult to ascertain	All provision for people with learning disabilities and mental health needs is on a spot purchase basis, except for one day care facility. The costs of this block contract are accounted for in the analysis	All provision for people with learning disabilities and mental health needs is on a spot purchase basis
Transport costs to day care facilities	Transport costs are accounted for in the analysis	Transport costs are accounted for in the analysis	Transport costs are accounted for in the analysis

**Table A2: Care for people in Shared Lives.**

Type of expenditure	Local authority 1	Local authority 2	Local authority 3
Payments to carers	Understood based on Shared Lives scheme client-level records	Understood based on Shared Lives scheme client-level records	Understood based on Shared Lives scheme client-level records
Client contributions to care costs	Records are net of locally-set client contributions to the cost of non-residential care, housing benefit and living support	Records are net of locally-set client contributions to the cost of non-residential care, housing benefit and living support.	Records are net of locally-set client contributions to the cost of non-residential care, housing benefit and living support
NHS contributions to the cost of care	Records are net of locally-set contributions to the cost of care from local health authorities	Records are net of locally-set contributions to the cost of care from local health authorities	Records are net of locally-set contributions to the cost of care from local health authorities
Block and spot contracts	The cost of managing a scheme is based on the assumption of the level of expenditure required to successfully expand an independent scheme. Assumptions are based on sector best practice	The cost of managing a scheme is based on the assumption of the level of expenditure required to successfully expand an independent scheme. Assumptions are based on sector best practice	The cost of managing a scheme is based on the assumption of the level of expenditure required to successfully expand an independent scheme. Assumptions are based on sector best practice
Transport costs to day care facilities	Transport costs are accounted for in the analysis	Transport costs are accounted for in the analysis	Transport costs are accounted for in the analysis

## Appendix 2. Developing a contracting model

Current block contracting arrangements do not always support Shared Lives providers with incentives to expand, nor allow local authorities to transfer any risk associated with investment to other parties.

Any outline contractual model should seek to support a local authority to do the following:

- better-align payment terms with value for the local authority;
- better-align payment terms with positive impact delivered for service users;
- transfer an appropriate level of risk from the local authority;
- incentivise the right behaviour amongst service providers, including supporting a robust safeguarding approach, quality assurance, and providing an incentive to work with all cases; and
- encourages partnership working towards key objectives, such as the expansion of Shared Lives.

In addition to directly connecting contractual payments, commissioning the service on the basis of outcomes offers an opportunity to drive further benefits:

- freeing service providers to innovate in their pursuit of agreed outcomes, rather than deliver defined outputs;
- incentivising increases in productivity amongst service providers; and
- focusing providers on service-user impact, not input or process metrics.

### OUTLINE PAYMENT MODEL

Across the local authorities, a simple common contractual theme was developed: that payment to a Shared Lives scheme for the management of care could be made on spot-purchase rather than a block contract basis. Payment for managing long-term placements could therefore be made on the basis of payment-per-week per placement delivered.

In this way management costs to the local authority are aligned with carer costs incurred, care services provided and, on the basis of the findings above, additional costs associated with alternative care provision are avoided.

This would move Shared Lives more in line with purchasing arrangements common in other forms of social care and would also help to transfer risk from commissioners and to incentivise providers to achieve expansion targets. Such an arrangement would also support greater moves towards personalisation, such as the continued roll-out of personal budgets for social care.

A payment-per-placement model should support local schemes to expand provision of placements in a sustainable way. However, more than in other forms of care, significant expansion of Shared Lives has proven challenging, even when allied to the significant potential savings available to local commissioners. Expanding the number of local placements involves work up-front by scheme managers to recruit carers; a scale of provision that is cost-effective for a given scheme may not meet the scale of potential ambition at local authorities focused on reducing costs whilst maintaining high quality care options. In order to encourage controlled expansion, an additional weekly premium on the management payment for the first two years of a long-term placement could support providers in recovering this cost. Similarly, a two-tariff structure, with enhanced weekly management payments after a locally agreed expansion target has been met could support providers to invest in services which deliver value for local authorities.

## POTENTIAL VARIATIONS TO CONTRACTUAL MODELS

Across the local authorities two particular variations to this outline model have been explored.

### **1) Payment for improved client outcomes**

Any contract for Shared Lives management should have a central commitment to providing a service of the highest quality. This could be enshrined in contractual commitments to follow Shared Lives Plus guidance on best practice policies and procedures and reporting commitments for key processes (such as the time taken to train carers, or to match clients with carers) against best practice in Shared Lives across the UK.

In order to further incentivise a focus on quality of delivery, a proportion of contract value could be assigned to pay for improvements in client outcomes or care evaluation frameworks. A Personal Social Services Research Unit research project is currently ongoing which is investigating the possibility of measuring the outcomes for people in Shared Lives by using the Adult Social Care Outcomes Framework (ASCOF). ASCOF may provide a good means of measuring care outcomes for people in Shared Lives.

## **2) Scope of scheme management payments**

Whilst carers would remain self-employed, local commissioners and schemes have variously explored whether they should assume responsibility for setting the level of carer payments. Schemes could be paid a management fee which includes a level of payments to carers, which schemes are then required to manage. This enables local authorities to task schemes with responsibilities for setting local carer payment rates.

## Appendix 3. Partners in the Shared Lives Incubator

**Community Catalysts** is a Community Interest Company that stimulates and supports the development of high quality and sustainable Shared Lives schemes and other local enterprises. This includes unrivalled expertise in effectively implementing Shared Lives. Community Catalyst's CEO is Sian Lockwood OBE, former CEO of Shared Lives Plus and before that one of the country's most successful Shared Lives schemes. They were established by, and work closely with, Shared Lives Plus.

<http://www.communitycatalysts.co.uk>

**MacIntyre** is a leading national charity that provides learning, support and care to over 1,000 children and adults with learning disabilities in the UK. MacIntyre has been an established social care provider since 1966, and now delivers care services in over 120 locations. Services include registered care homes, supported living schemes, residential specialist schools and lifelong learning services.

<http://www.macintyrecharity.org/>

**RSA 2020 Public Services** is a research and policy development hub created from the legacy of the 2020 Public Services Trust in early 2011. It specialises in research into long-term, strategic options for public service and local government reform. RSA 2020 Public Services encourages a 'social productivity' approach to public services, arguing for a greater focus on demand management; preventative and innovative services; and devolving decision-making or co-creating services with local areas and local people. Based at the RSA, RSA 2020 Public Services works with a range of national bodies including local authorities, public sector bodies, businesses and the third sector to put this approach into practice.

<http://2020psh.org/>

**Shared Lives Plus** is the UK network for family-based and small-scale ways of supporting adults. Shared Lives Plus has 129 Shared Lives scheme members (the vast majority of schemes) and over 3,500 Shared Lives carer members. As an organisation it is at the forefront of leading a transformation in social care to develop a system which is socially and financially better than today's.

<http://www.sharedlivesplus.org.uk>

**Social Finance** is a not-for-profit social investment intermediary that aims to develop the social investment market to generate long-term social change. Social Finance's experience includes developing the first Social Impact Bonds (SIBs), and it has a track record of taking a hands-on role in the delivery of investments. For example, in the Peterborough SIB and three other SIBs, Social Finance employs staff in local areas to ensure that social and financial outcomes are achieved.

<http://www.socialfinance.org.uk>

For more information on the Shared Lives Incubator, please contact Shared Lives Plus, Community Catalysts, MacIntyre or Social Finance.



## ABOUT THE AUTHORS

### **Richard Todd**

Richard is an Associate Director at Social Finance and focuses on health care and social care, leading Social Finance's project to support the growth of Shared Lives. Richard works to support commissioners in the development of new approaches in the design and financing of public services and also with third sector organisations to help them to raise social investment. In 2012 Richard led Social Finance's technical development of London's first Social Impact Bond for vulnerable rough sleepers in London. Prior to joining Social Finance, Richard worked in corporate finance at Rothschild, specialising in debt restructuring, M&A and capital raising transactions. Richard volunteers with the outreach team of a London rough sleeping charity.

### **Ben Williams**

Ben is an Analyst at Social Finance where he works on the development of social investment propositions in health and social care and criminal justice. Ben has worked on the Shared Lives project throughout its duration to date, carrying out much of the cost-benefit analysis. Prior to joining Social Finance, Ben completed a graduate trainee programme for the charity sector – Charity Works – in which he worked in a variety of roles within different charities.





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SUCCESSFULLY, THE  
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TO SOLVE THEM NEED  
SUSTAINABLE REVENUES  
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