

FAIRER CHARGING REPORT

PROGRAMME AREA RESPONSIBILITY: SOCIAL CARE ADULTS AND HEALTH

CABINET

7TH JUNE, 2007

Wards Affected

County Wide

Purpose

To recommend to Cabinet a number of changes to be made under the Fairer Charging regulations governing non-residential services in Adult Social Care.

Key Decision

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards. It was included in the Forward Plan.

Recommendation

That Members agree the recommendations as set out in Appendix 1 to this report. These are highlighted as follows:

- a) **The revised and updated Fairer Charging Policy and Appendices are approved including the specific changes set out in the Appendix;**
- b) **Changes are made to the maximum weekly charge so the current absolute ceiling charge is replaced by one defined as the 'full cost of the service';**
- c) **Tariff income is included in the financial assessment from savings and capital between £13,000 and £21,500;**
- d) **100% of occupational/private pensions are included in the financial assessment;**
- e) **A flat rate for meals and transport is continued to be charged;**
- f) **Increase charges for homecare and day care services to reflect the actual cost of providing the service;**
- g) **Direct payments charges to be set using the same principles as day care and homecare;**
- h) **Services for carers remain free of charges; and**
- i) **Members are also asked to approve an eight-week consultation period which will take place with all stakeholders, including service users.**

Reasons

Members are required to approve significant changes in the charging for non-residential care services as set out in Appendix 1.

Considerations

Background

1. The Review of Fairer Charging

1.1 In September 2006 the Council commissioned OLM Consultants to carry out a review of Fairer Charging to support the delivery of the overall Improvement Proposal following the CSCI inspection. It was one of five work-streams part funded by the Department of Health. The objective was to:

- Develop and draft a new charging policy in respect to charging for non-residential services which provides equity in charging and seeks to maximise the income available.

More specifically the review would:

- Benchmark Herefordshire's income and charging position in relation to other authorities in a sample group;
- Develop and draft a charging structure which more accurately reflects the costs of providing those services.

1.2 This report highlights specific recommendations made by the review in regard to the charging structure. In addition the review recommended procedural improvements which have been taken on board by the Directorate and will improve the overall level of service user contributions across all social care services in the future.

2. The Drivers for the Fairer Charging Review

2.1 There are were three main drivers for the Fairer Charging Review:

- The Needs Analysis report approved by Cabinet in December 2006 highlighted the increasing demand on social care services into the long term, most notably a 50% increase in older people by the year 2020.
- The recent White Paper, *Our Health, Our Care, Our Say* emphasises the importance of the individual being given greater choice and control over the way their needs are met with the assumption being that the implementation of this policy direction will be cost neutral.
- Herefordshire's Adult Social Care Services has been assessed as only serving some people well with uncertain prospects for improvement. It is constrained by a number of factors therefore in improving overall services and a review of charging was necessary to ensure maximisation of available financial resources.

2.2 Adult Social Care is, and will continue to, overcome these challenges within its overall Improvement Plan. It is very clear however that significant financial capacity will need to be made and sustained into the long term to ensure the books are balanced. Efficiencies will be sought at every opportunity and these will materialise

through Herefordshire Connects and moving towards a modernised pattern of services. Income has to be a key contributor to this capacity creating agenda however, and the Council will need to ensure that service user contributions reflect the cost of services.

3. Income Comparisons

- 3.1 Herefordshire's net income collected from clients has declined by over a third in the past three years without a corresponding fall in the number of clients or service activity levels.

Service	INCOME GENERATED (£)		
	2003/04	2004/05	2005/06
Home Care	699,000	540,000	494,000
Day Care	202,000	128,000	89,000

- 3.2 There are a number of reasons for this, the main one being the increase in the applicable income threshold set by the DWP, which is outstripping the increase in care costs.
- 3.3 CIPFA Benchmarking shows Herefordshire to have one of the lowest income received per service user figures of all their members. In comparison with other similar authorities, a larger proportion of Herefordshire's service users make no contribution or pay only a small proportion of the full charge. The Needs Analysis report in 2006 highlighted the fact that overall Herefordshire's net income per service user was 50% lower than the average of the three high performing comparator authorities, namely Shropshire, Somerset and East Riding. There was strong evidence therefore for a review to be commissioned looking at charges levied for services where the Council has jurisdiction together with the overall charging policy.

4. The Principles underpinning Fairer Charging

- 4.1 Unlike residential charging, which is governed by a statutory framework, local authorities have a discretionary power to charge for non-residential services. Consequently authorities can choose whether to levy client charges for non-residential services or not. Prior to the issue of Government guidance in 2001 there were a variety of client charges and income practices.
- 4.2 To encourage a consistent approach to the calculation of charges for non-residential services, the Government issued guidance in 2001 with the aim of helping local authorities ensure that their charging policies are fair and reasonable. This guidance is known as the Fairer Charging Guidance ("Fairer Charging Policies for Home Care and other non-residential Social Services Practice Guidance"). The Fairer Charging Policy came into force in April 2003 (backdated to October 2002) and has not been reviewed since this date.

The main principles of the policy are:

- That a reasonable and equitable approach to charging is taken and that no group is unfairly discriminated against;

- Individuals are left with sufficient money, after taking client charges into account, to meet their day-to-day spending needs;
- The costs of disability are recognised;
- The charges for services are reasonable and do not exceed the cost of providing those services;
- Charges are means-tested with the service user receiving a financial assessment. The financial assessment process looks at a service user's income, benefits, savings and expenditure;

4.3 From an income maximisation view, this last point is important because it means the financial assessment will determine the most that a service user can be charged for all the non-residential services they receive. This could be all, some or none of the calculated charge for services. Therefore increasing home care charges by, say, 10% will not lead to a 10% increase in income as many clients will already be paying the maximum amount that they have been assessed to pay.

Thus there are two key elements when structuring a charging policy for non residential services:

- Determining the unit charge for the service- per hour/session etc, and
- The financial assessment process.

4.4 The re-drafted Fairer Charging policy therefore seeks to address these issues and is available in the Member's Room and on the Intranet.

5. Recommendations made in the Review

5.1 Appendix 1 contains in detail the recommendations made in the review which Cabinet are being asked to approve. The full year effect of these recommendations will be an additional £435,000 in income which will be required by Adult Social Care in moving towards the modernised pattern of service as set out in the Needs Analysis report. There will be strong potential to raise income further through improved assessment procedures and these include the transfer of residential financial assessments from social workers to dedicated finance staff.

5.2 It is recommended that the changes proposed are implemented from the 1st January 2008. Appendix 1 sets out the reasons for each change to the current Fairer Charging arrangements together with the approximate number of service users who will be affected.

5.3 The recommendations seek to follow principles set out in the revised policy. They will result in increased income to the Council but some, such as the equitable treatment of Direct Payment recipients will have the effect of reducing income. The last recommendation to maintain free services to carers is clearly in line with the policy to support the invaluable service provided by carers. The changes in charging will be supported by the work of the Welfare Rights Team who are making significant progress in increasing the take up of benefits, not least Council Tax Benefit, Attendance Allowance and Pension Credits. It is also worth noting that there are a significant number of nil charge payers who will not pay for home care or day care attendance. They will still have to pay a flat rate charge for meals and transport which will only be increased by the annual inflation factor as is normal practice.

Alternative Options

Given the immediate requirement to move towards a modernised pattern of social care services no options are being proposed to those set out in Appendix 1.

Risk Management

By not addressing the issue of Fairer Charging the Council will be severely hindered in creating the capacity to move towards a pattern of service where it is serving most people well.

Consultees

The recommendations in this report will be subject to an eight week period of consultation.

Background Papers

The revised Fairer Charging Policy

OLM Consulting report on Fairer Charging (a full copy of which is available in the Members room)