

UPDATE ON THE IMPLEMENTATION OF THE REVISED FAIRER CHARGING POLICY

Report By: Joint Team Manager (Welfare & Financial
Assessments)

Wards Affected

County-wide

Purpose

To provide the committee with an update on the Implementation of the revised Fairer Charging Policy, and the effects of its introduction.

Financial implications

Based on the charges raised for non-residential care packages covering the period ending 29th June 2008, there has been an increase in income of £4,700 per week. So additional income for the year 2008/9 is likely to be £244,400. This is £3,000 per week below the forecasts provided to cabinet in October 2007. Some analysis has been undertaken to establish the cause of this and is detailed within this report.

Background

To ensure that the council adopts a revised and equitable fairer charging structure in order to sustain care services in to the future, Cabinet approved a number of changes to the Council's Fairer Charging Policy for non-residential Social Services in October 2007. The full year effect of these changes was an estimated additional income of £404,000 for the authority. This was made up as follows:-

- £40k from removing the maximum weekly charge of £272.00 per week
- £66k from the inclusion of tariff income from savings and capital.
- £269k by including 100% of occupational/private pensions in the financial assessment.
- £34k from increased charges for day and home care to reflect actual cost of service
- - £5k reduction in income from changes to direct payment charges using the same principles as day and home care

Actual Income projections for the year 2008/9

Having undertaken some analysis of current client charges following the re-assessment of all service users affected by the changes in the policy, the above figures have been revised as follows:-

- 5, 322 from removing the maximum weekly charge of £272.00 per week. Currently only 2 service users have packages where their contribution is above the previous maximum

charge, and these generate in total an additional income of £102.35 per week. (**£34,678 shortfall**)

- £84,118 from the inclusion of tariff income from savings and capital. Based on current assessments there are 39 service users who were getting a service before the 14th April 2008 that are paying more as a result of applying a tariff income on savings over the current disregard of £13,500. Around the same number of service users with capital above £13,500 have not seen an increase in their charge due to their income and expenditure remaining either lower or the same as their allowances. (**£18,118 increase**).
- £144,528 by including 100% of occupational/private pensions in the financial assessment. Initially increased income projections from the removal of the 55% disregard of occupational pensions was based on £8,600 additional occupational pension income being generated per week from 328 service users, and it was assumed that 40% of these service users would be on low cost packages, therefore £5.16k (£8.6k x 60%) per week would be generated from this measure resulting in an additional income of £269,000 per year. There are currently 361 service users receiving an occupational pension, however some of these people also have savings over £13,500 and have already been included in the additional income figures above. 54% of service users with an occupational pension have either seen their contribution remain the same or reduce following re-assessment under the new policy. The additional income currently being generated each week from those that have seen an increase in assessed charge is £2,779.38 per week, some £2,381 per week short of original estimates (**£124,472 shortfall**)
- In addition to the above, £10,482 extra income has also been generated. This has resulted in part from an increase in charges, however some of the proposed income has been offset by allowances for pensioners increasing by a higher percentage than pension levels in the annual uprating of allowances and benefits in April 2008. The standard minimum guarantee rate was increased by AEI 4.2%, but pensions and other income related benefits increased by 3.9% RPI

Impact for Service Users

During the implementation of the new policy the area that caused most concern amongst service users was the increase in the rate for day care from £2.90 to £4.00 per week, despite this increase being significantly lower than original proposals. So far there does not appear to have been a significant reduction in the overall numbers of people attending day centres. Some analysis was undertaken comparing the overall number of day centre attendances in June 2007, March 2008, and June 2008. The findings showed an additional 89 attendees in March 2008 (1,126) compared with June 2007 (1,037), however this had reduced by 7 to 1,119 by June 2008.

Analysis of the number of hours of home care provided since the implementation of the policy show similar findings. In June 2007 34,383 hours were provided, this had reduced to 32,269 by March 2008, but had increased to 33,776 by June 2008.

Notification letters, charging statements, and leaflets for service users explaining how financial assessments have been worked out, have all been reviewed to make them easier to read and understand. There has been some positive feedback on these, however we have been asked by some service users representatives to review the appointment letters issued to service users as they still come across as being very formal. These will be looked at shortly.

It was anticipated that there would be a considerable increase in the number of people appealing against their increased contribution when the new policy came into effect, however this has not been the case. So far only 13 appeals have been received and 7 of

these have been upheld. The majority of these appeals have been made on the grounds of financial hardship.

Policy updates applied from April 2008

The allowances for disability related expenditure used in the financial assessment have been reviewed in line with guideline amounts, and the appendices to the policy have been amended to reflect these updates. These include an increase in the heating allowances for the west midlands region, which have been uplifted by the RPI Fuel Index at November 2007, plus an additional 7%.

The policy appendices have also been amended to take account of other changes effective from April 2008, these include an increase in the Capital limits (set by CRAG regulations) used to calculate tariff income and determine when someone becomes a full charge payer, and changes to the minimum contribution required from a local authority for all new applications received by the Independent Living Fund.

The policy has also been updated for the annual increase in charges in line with the cost of providing the service. OLM consultants identified the unit cost of an hour of homecare and a session of day care from the PSSEX1 return as part of their brief. The charges for 2008/09 have been increased by 2.5%, this being the average percentage increase awarded to external care providers during the last twelve months. Charges effective from 14th April 2008 are as follows:-

- Day Care £ 4.10 per session
- Home care £ 13.90 per hour
- Meals £2.60 per meal
- Transport £1.30 per journey

The updated version of the policy has been made available to service users on the councils website.

Further proposed changes to the Policy

Since the Fairer Charging Policy has been implemented and become a working document, some areas have been identified where a change in approach is required and these are detailed below.

- **Calculation of tariff income from Capital for Couples**

Fairer Charging guidance advises local authorities that they can apply a tariff income from capital investments when working out a service users weekly income, but the treatment of income from capital must not be less favourable than the calculation applied by CRAG regulations for residential charging. This guidance goes on to advise that even though CRAG regulations do not permit joint assessments, where it is in the service users best interest a joint assessment based on a couples income can be applied to fairer charging.

The current policy uses the same capital disregards, upper limit, and tariff calculation as CRAG when calculating a financial assessment for a single service user, however when a joint financial assessment is carried out only the upper capital limit is changed to double the amount used in CRAG. When this tariff income calculation was applied to service users assessments from April, the software currently used to calculate financial assessments (abacus) automatically applied a

capital disregard of double the single rate in CRAG when calculating a joint assessment, and this is not in line with the current policy. Other authorities have been approached to find out how they calculate tariff income in a couple situation and it would appear that they also double up on the disregard amount as well as the upper limit when carrying out a joint assessment, as it could be argued that applying the single rate disregard to a couple is less favourable than CRAG regulations. However it could also be argued that as CRAG doesn't apply to joint assessments then the joint calculation as stated in the current policy could apply unless it was less favourable than a single assessment. Currently 8 service users are being jointly assessed with tariff income, however only 3 of these people have capital above the current limit.

It is proposed that due to the small number of service users affected by this and the risk of being challenged over the current calculation being less favourable than CRAG, that our approach be amended to double the capital disregard amount in CRAG for joint assessments.

- **Treatment of War Pensions**

Current policy allows for the first £10.00 of any war widow/disablement pension to be disregarded when calculating a service users weekly income. This is the same disregard that is applied to other state benefits. However fairer charging guidance states "Councils should take account of any higher disregards applied in "local schemes to war pensions for Housing and Council Tax benefit purposes".

Herefordshire Council currently disregards war pensions in full under its local scheme for Housing and Council Tax benefit. Therefore in order to treat war pensioners in Herefordshire equitably across all council administered charging schemes it is proposed that a full disregard is applied to war pensions. Currently 9 service users would be affected by these proposals.

- **Charitable Income**

Currently charitable income is treated as a weekly income if payments are received on a periodic basis and £20.00 of the weekly payment is disregarded. However Department for Work and Pensions guidance states that for the purposes of calculating weekly income for other state benefits such as Housing and Council Tax Benefit, and Income Support, "Any charitable or voluntary payment which is made or due to be made at regular intervals should be fully disregarded". Application of a partial disregard has been problematic when carrying out a financial assessment as many charitable payments are made to help top up a service users contribution towards a care package after a financial assessment is conducted, so any changes to the charges affect the charitable payment which in turn affects the assessed charge.

It is recommended that charitable payments are disregarded in full to enable people to get financial assistance with care packages without it affecting the service users contribution. Currently only 1 service user is affected.

- **Appeals Process**

The Appeal process that is covered in appendix 13 of the policy requires that if the team manager upholds a decision on appeal, the next stage of the process is to implement stage 2 of the statutory complaints procedure and that requires formal investigation by an independent body with the costs being incurred by the local authority. The policy also allows for charges to be waived where the service user is deemed to be at risk without receipt of the service and is refusing to pay or

complete the financial assessment. However, the policy does not make it clear who authorises such a waiver and the process to be followed when a waiver is applied. Whilst this doesn't necessarily have to be included in the policy written procedures do need to be issued to social work managers so that policy is applied in a consistent manner.

It is proposed that the appeals process at appendix 13 of the policy is revised to show clearly the different routes that need to be taken when a service user is not happy with the outcome of an assessment or is at risk, i.e, they can go down the appeal or complaints route. And, where the team manager upholds an appeal, stage 2 of the Council's complaints procedure should deal with the next stage of the appeal. This will be a more cost effective method of dealing with such disputes.

- **Individualised Budgets**

At present the policy provides information on what services are chargeable and informs service users that their contribution towards these charges will be based on a financial assessment (excluding meals and transport which are charged at a flat rate). It explains that charges are based on a unit charge per hour/session for the services received.

The policy needs to be updated to clarify current practise with Individualised Budgets so that service users are made aware that they will still be assessed under the current fairer charging policy to establish any contribution to be collected from an individual budget whether it is arranged by direct payment or the council purchases the services on the service users behalf.

It will also need to be made clear to the service user that their assessed contribution will be deducted from any individualised budget payment that is made regardless of whether the budget is used to purchase services that are chargeable or non chargeable.

The following changes in our approach will be beneficial for service users and are amendments to the policy agreed by the Director and the Cabinet member for Adult social care.

- Change the lower capital limit disregard for couples from £13, 500 to £27,000
- Apply a full disregard of War Disablement/Widow pensions in line with the local scheme applied for housing and council tax benefits
- Replace the current £20.00 per week income disregard for regular charitable payments to a full disregard
- Include provision for client contributions to be deducted from Individualised Budgets regardless of type of service provision
- The Appeals process is revised to remove the requirement for an independent investigation through the complaints process unless the service user is making a formal complaint.