

Leicester
City Council

WARDS AFFECTED
ALL

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Social Services and Personal Health Scrutiny Committee 16 September 2002
Cabinet 23 September 2002

IMPLEMENTING FAIRER CHARGING GUIDANCE

Report of the Service Director, Resources, Social Care and Health

1. Purpose of Report

- 1.1 The purpose of this report is to inform Members of a review of current charging arrangements with a view to implementation of statutory guidance on charging for Home Care and Other Non-Residential Social Services (Fairer Charging).

2. Summary

- 2.1 Statutory guidance was issued in November 2001 in Local Authority Circular (2001)32, under section 7 of the Local Authority Social Services Act 1970. Local Authorities are obliged to have regard to guidance issued under this section.
- 2.2 The Department of Health (DoH) issued a consultation draft of its practice guidance in February 2002. The final version of this practice guidance was not received until 22nd August.
- 2.3 The Government has been concerned for some time about the wide variations in charging regimes in different councils. This guidance is an attempt to create greater consistency across the Country and remove the so-called "post code lottery", in terms of charging.
- 2.4 The guidance explains that charging for non-residential social services (including services for carers) remains a discretionary power for local authorities. However, where local authorities choose to charge, they must:
- ◆ Ensure that flat rate charges for meals, transport and laundry (i.e. services that substitute for ordinary living expenses) are reasonable;
 - ◆ Ensure, by means of a financial assessment, that charges for other services do not reduce users' incomes to an amount below the basic Income Support level with a 25% buffer;

- ◆ Take account, where disability benefits are treated as income, of users' disability related expenditure in assessing what the service user can be charged;
 - ◆ Ignore all earnings in assessing income;
 - ◆ Provide benefits advice at the time of the financial assessment.
- 2.5 We will have to review all of our existing charging policies for non-residential social care services, however it is likely that the most significant impact will be to service users receiving Home Care. Here the guidance suggests charges should be based not only on ability to pay but also on hours of service received. This is a major change to our current flat rate banding charge.
- 2.6 Before implementing the guidance, local authorities are required to consult service users in particular on proposals for change to current arrangements.
- 2.7 Local authorities are required to implement the guidance in two phases:
- 2.8 **By 1st October 2002:** while our current understanding is that all service users can continue to be charged for meals, transport and general laundry,
- ◆ All service users who are charged against their disability benefits and who receive more than 10 hours per week home care (approx. 400 people) are to have an assessment of their disability related expenditure to ensure that charges do not reduce their incomes to below the basic Income Support level with a 25% buffer;
 - ◆ All service users who receive Income Support but do not also receive a disability benefit cease to be charged for services;
 - ◆ All earnings are to be disregarded in the assessment of income.
- 2.9 **By 1st April 2003:** all other parts of the guidance must be implemented no later than this date.
- 2.10 The Supporting People Core Strategy and Development Group have a keen interest in the development of Fairer Charging as it is seen as a requirement that charges for Supporting People services follow the same financial assessment as Fairer Charging.
- 2.11 In order to implement the changes required by the guidance, the Health and Social Care Directorate has established a Project Board and Project Team. A number of detailed proposals have now been worked up and are included as Appendix 1 to the Supporting Information to this report.
- 2.12 Officers from the project team have carried out a major consultation and communication exercise in order to publicise these proposals and the possible impact of Fairer Charging. This process is ongoing but details of this consultation exercise are included as Appendix 2 to the Supporting Information.

2.13 Fairer Charging is being implemented on a national basis and therefore consideration is being given to the approach being taken by other Authorities. This information is attached as Appendix 3.

3. Recommendations:

3.1 That Cabinet:

- a. note the work completed so far in meeting the Government's timescales for implementing the statutory guidance;
- b. approve the changes to the charging policy and actual charges as detailed in the report;

4. Headline Financial and Legal Implications

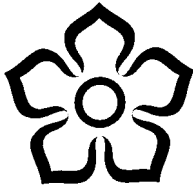
- 4.1 No extra resources have been allocated by central government to assist with the implementation of the guidance, the guidance inferring that implementation will be at least cost neutral.
- 4.2 The net impact of the proposals are not yet fully known due to the ongoing nature of the assessment process. Initial estimates are that the changes detailed in this report could lead to an increase in income of £106,000. This will be required to meet additional staffing costs estimated at £132,000 to implement the new charging regime, and is consistent with the Government's approach set out in the above paragraph. It should be noted that without this additional infrastructure the Authority would not be able to continue to charge for Home Care and would lose income in the region of £1m per annum.
- 4.3 The current estimate of increased income of £106,000 is net of the possible impact on the Voluntary Sector of lost income from day centre charges of a maximum of £33,000. This figure is currently being verified with the organisations concerned.
- 4.4 It is proposed that, with the exception of Home Care, the changes detailed at Appendix 1 to the Supporting Information be implemented with effect from 1st October 2002. In order to allow a proper notice period for Home Care users, it is proposed that any change in charge for the 400 service users affected by the first phase of implementation be delayed until 1st November 2002 and that phased transitional protection be given to existing service users of the Home Care Service until March 2003.
- 4.5 These charging proposals are based on the Directorate's existing financial strategy. Members may be asked to consider further changes, in line with the general principles, as part of the 2003/04 budget setting process.
- 4.6 The Council is obliged to have regard to the guidance issued in developing its policy in this area. Further work needs to be undertaken in respect of charging for laundry services (Guy Goodman, Assistant Head of Legal Services. Tel. 252 7054).

5 Report Author/Officer to Contact

David Oldershaw
Service Director, Resources, Social Care and Health
☎ 0116 252 8305

DECISION STATUS

Key Decision	Yes
Reason	Significant effect on more than two
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)



Leicester
City Council

WARDS AFFECTED
ALL

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Social Services and Personal Health Scrutiny Committee 16th September 2002
Cabinet 23rd September 2002

IMPLEMENTING FAIRER CHARGING GUIDANCE

SUPPORTING INFORMATION

1. Report

- 1.1 Statutory guidance issued under LAC(2001)32 requires Councils who decide to charge for non-residential social services to do so in accordance with the guidance.
- 1.2 The purpose of this supporting information is to inform Members of the steps taken to review and implement the three-phased approach required by the guidance.
- 1.3 The attached appendices describe:
 - Appendix 1: the detailed proposals for Members' consideration;
 - Appendix 2: the steps taken to consult on specific issues as required by the guidance;
 - Appendix 3: comparison of current and proposed charges with other family authorities.

FINANCIAL, LEGAL AND OTHER IMPLICATIONS

2. Financial Implications

- 2.1 No extra resources have been allocated by central government to assist with the implementation of the guidance, the guidance implying that implementation will be at least cost neutral.
- 2.2 Based on the proposals in this report, income from Day Centre charges is expected to fall by £4,000. Income from Home Care is expected to increase by £120,000 by replacing fixed bands with an hourly charge, and charging up to a maximum of £35.00 per week. Income from

equipment and minor adaptations would fall by £10,000. Overall, the impact would be increased income of £106,000.

- 2.3 The costs of staff to implement the new arrangements are expected to be in the order of £132,000. It should be noted that without this additional infrastructure the Authority would not be able to continue to charge for Home Care and would lose income in the region of £1m per annum.
- 2.4 These estimates will become more certain as the process continues, and any net effect will need to be included in the 2003/04 revenue budget process.
- 2.5 These charging proposals are based on the Directorate's existing financial strategy. Members may be asked to consider further changes, in line with the general principles, as part of the 2003/04 budget setting process.

3. Legal and other Implications

- 3.1 Legally, the local authority must have regard to guidance issued under section 7 of the Local Authority Social Services Act 1970

OTHER IMPLICATIONS	YES/NO	NOTES
Equal Opportunities	Yes	Charges for services to vulnerable groups can affect access to services
Policy	Yes	The current charging policy will not comply with the new statutory guidance
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	No implications identified
Elderly / People on low incomes	Yes	The majority of Home Care users are elderly and/or on low incomes. The stated intention of the guidance is to make charging fairer by ensuring that people will be charged only if they can afford to pay.

4. Background Papers – Local Government Act 1972

Local Authority Circular LAC(2001)32
Draft Practice Guidance issued by the Department of Health

5. Consultations

- 5.1 Substantial consultation is underway with the voluntary sector, users, social care and health staff, and the community in general, as detailed in appendix 2.

6. Report Author/Officer to contact:

David Oldershaw
Service Director, Resources, Social Care and Health
☎ 0116 252 8305

“FAIRER CHARGING” - DETAILED PROPOSALS

1. Introduction

- 1.2 In accordance with the guidance issued under LAC (2001) 32 “Fairer Charging”, the Department has reviewed all of its current charging policies in respect of non-residential social services. The following report presents detailed proposals in respect of the charging policies for each of these services and analysis of the financial implications of the recommended options.
- 1.3 The new guidance differentiates between charges for services that substitute for ordinary living expenses and those that do not. Where charges do fall into this category the authority can continue to charge a flat rate fee, subject only to the requirement that the charge must be reasonable.
- 1.4 Where charges for services do not substitute for ordinary living expenses a full financial assessment must be carried out before any charge can be levied. This financial assessment not only includes a means test but also has to assess any additional costs of disability and the service user must be supported in claiming their full benefit entitlement.
- 1.5 These recommendations are, by their nature, complex and a summary of the current and proposed charges is included at the end of this report for ease of reference.

2. Detailed Proposals

Mobile Meals & Lunch Club Meals

- 2.1 Charges for these services substitute for ordinary living expenses. The current policy of charging a flat rate of £2.20 per meal **does** comply with the new guidance and it is recommended that there is **no change** to the current charge.
- 2.2 Income from mobile meals and lunch clubs is approximately £571,000 per annum.

Day Centre Charges

- 2.3 Meals:- although the current policy of charging a flat rate of £1.65 **does** comply with the guidance, the current charge for meals taken at a Day Centre differs from the charges for mobile meals etc.
- 2.4 It is recommended that the current Day Centre meals charge be **increased** to £2.20 to bring it in line with the mobile meals charge.
- 2.5 Attendance:- the current policy of charging a flat rate fee for attendance at a Day Centre **does not** comply with the new guidance as the charge

does not substitute for ordinary living expenses. In order to continue to charge the Department would have to carry out a full financial assessment with each service user, which is not considered to be a cost effective option.

- 2.6 It is therefore recommended that we **remove** the current £1.00 Day Centre attendance fee.
- 2.7 Transport:- It is the view of the DoH that this charge does substitute for ordinary living expenses. Although the current policy of charging a flat rate of 50p per day **does** comply with the guidance, the current charge for transport has not been changed since it was first introduced in 1992.
- 2.8 It is proposed that the charge for transport is **increased** to £1.00 per day, which it is considered, still represents value for money. The current exemptions for anyone over pensionable age would remain.
- 2.9 The overall impact on people attending a Day Centre and paying the above charges for meals and transport will, in most cases, be minimal. The increases in meals and transport of £1.05 will be almost offset by the abolition of the attendance charge of £1.00, leaving a net increase of 5 pence per day.
- 2.10 The financial impact on the Directorate's own Day Centres will be additional income of £29,000. This comprises additional income of £77,000 on meals and transport and the loss of £48,000 from the abolition of the attendance charge.
- 2.11 There will also be an impact on voluntary sector providers to whom the charges will also apply. A net reduction in income of a maximum of £33,000 is anticipated which will need to be reflected in the funding arrangements.
- 2.12 These figures are based on budget projections and further detailed analysis of actual income collected is required in order to fully understand the financial impact of this proposal on the voluntary sector budget.
- 2.13 Overall, therefore, income is expected to remain broadly the same with a net reduction of just £4,000.

Laundry Service.

- 2.14 The DoH guidance on laundry charges is somewhat unclear. However, our current understanding is that our current policy of charging a flat rate of £3.00 per load **does** comply with the new guidance and it is recommended that there is **no change** to our current charge. Laundry charges currently generate income of approximately £44,000 per annum.

Further legal advice is being taken as to the legitimacy of our existing charging arrangements under the new guidance. If this should suggest

that our existing flat rate charges cannot continue then further proposals will need to be drafted for Members' approval.

Day Care at Older Persons' Homes (OPH's)

2.15 The charges for attendance and meals are combined. While the element for meals **does** comply with the guidance, the attendance charge **does not**.

2.16 As with the charge for Day Centre attendance above, it is recommended that the attendance charge for Day Care at an OPH is **removed**. Similarly, meals should be charged at the same rate as other meals, although a tariff for different meals/drinks is recommended as follows:

Breakfast	£0.50
Lunch	£2.20 (as recommended for Day Centres)
Tea	£0.50
Drinks	£0.35 per session

2.17 Income from charges for Day Care at OPH's is in the region of £4,000 per annum.

Minor Adaptations

2.18 The current charging system **does not** fully comply with the new guidance. In order to continue to charge service users the Department would need to carry out a full financial assessment, which is not considered to be a cost effective option.

2.19 It is recommended that we **remove** our current charge for minor adaptations, which can be a maximum contribution of £32.90 towards the cost of the work. This charge generates approximately £10,000 per annum.

Home Care

2.20 The current charging system **does not** fully comply with the new guidance. In general terms the Government is encouraging all authorities to adopt a system of charging that involves an hourly rate, charged to service users up to a maximum level. The maximum level should be set somewhere below the minimum charge for residential care to avoid any incentive to move into residential care.

2.21 It is recommended that an hourly rate of £4.20 is introduced and that this is charged initially up to a maximum level of £35.00 per week. It is also recommended that this hourly rate and maximum charge be reviewed again in April 2003 when better data will be available as to the effect of the change to service users.

- 2.22 The £4.20 hourly rate is the same as the current minimum hourly wage and the maximum charge of £35.00 per week is some £3.00 higher than our current highest banded rate for home care.
- 2.23 The current income generated by home care charges is approximately £964,000 per annum. It is difficult to forecast the impact of the change in charging level in detail, however the sub-group of 400 service users who we must reassess in October account for approximately £240,000 of this income per annum.
- 2.24 Based on analysis quoted in the Government's guidance an estimate of the impact of the proposed hourly charge of £4.20 with a maximum weekly charge of £35.00 has been produced for these first 400 service users. This suggests that **additional income** of approximately £120,000 could be generated in a full year.
- 2.25 It should be noted that these are early estimates based on national data and until further analysis has been carried out of our own service users they should be treated with some caution.
- 2.26 Due to the timescales within which we are working it is recommended that any increase in charge be waived for the month of October in order to allow proper time for service users to be informed of their new charges. It is further recommended that any service user facing an increase in their charge due to the changes in Home Care charging from October should receive phased transitional protection until March 2003.
- 2.27 As with our existing banding process the new scheme will place the onus on the service user to inform the Directorate of any change in their financial circumstances and to confirm the details of their annual financial assessment. Should the Authority make any error in calculating the service users charge it is recommended that:-
- a) In the case of undercharging the charge will be amended as soon as the error is identified but no action will be taken to recover retrospective charges;
 - b) In the case of overcharging the charge will be amended as soon as the error is identified and repayment will be made to the service user to a point in time no further than 12 months prior to the error being reported.

3. Additional Infrastructure Costs

- 3.1 In order to carry out the three phase financial assessment and benefits advice that the statutory guidance recommends, it will be necessary to recruit additional staff. It is estimated that the full year costs of the Financial Assessment and Benefits (FAB) team will be approximately £132,000 per annum.
- 3.2 These early estimates are based on a team of four Financial Visiting Officers and a Team Manager plus on-costs. This team would need to be

recruited towards the last half of this financial year in order for them to be ready to carry out the required assessments by April 2003.

3.3 The costs of this team would need to be met from additional income generated from the proposals in this report and failing that, then either by savings, charging for non-residential social care services and increased benefits take-up by service users.

4. Summary of Proposals

Service Type	Current Charge	Proposed Charge	Comments
Mobile Meals & Lunch Clubs	£2.20	£2.20	No Change
Day Centre Meals	£1.65	£2.20	Increase 55p
Day Centre Attendance	£1.00	None	Decrease £1.00
Transport	50p	£1.00	Increase 50p
Day Care at OPH	£2.60	£nil	Meals and drinks to be charged separately
Laundry	£3.00	£3.00	No Change
Minor Adaptations	£32.90 (max)	None	Decrease £32.90 (max)
Home Care			
- Band 1	No Charge	Hourly	Maximum Charge of £35.00
- Band 2	£10.00	Rate of	
- Band 3	£21.00	£4.20	
- Band 4	£32.00		

“FAIRER CHARGING” - CONSULTATION

1. Introduction

- 1.1 This paper describes the steps being taken to conduct meaningful consultation on options for changes to charges to non-residential social services for adults.
- 1.2 Prior to its final release, the Government consulted widely on the features of statutory guidance LAC(2001)32, issued under section of the Local Authority Social Services Act 1970. Some specific points of discretion were left for local authorities to consult on locally.

2. Consultation

- 2.1 A leaflet and poster have been widely circulated, via Home Care agencies, at council establishments and other public buildings, and health centres and GP surgeries. They have been available in various community languages, as well as on tape and in Braille. A copy of the full consultation document has been available on the Council’s website.
- 2.2 The issues under consideration are complex and consequently the decision was made to distribute the full consultation document to advocacy and voluntary sector groups as a matter of course and to request that these groups discuss among their members with a view to obtaining their views to be reported back to the Fairer Charging Project team. Consultation was hampered by the complexity of the questions to be asked and concern that a comprehensive understanding of the benefits system would be required in order to make sense of the context of the guidance and the options for local implementation.
- 2.3 The full consultation document has been distributed to:
 - Voluntary Action Leicester (VAL) for further distribution to voluntary organisations that they represent
 - Mosaic
 - Advocacy Centres
 - CVS Community Partnership
 - Staff in Social Care and Health
 - And all the organisations and fora listed overleaf
- 2.4 The issues have been put forward at various City fora and a list of these is overleaf.

Date	Venue	Organisation Group/Forum	Information Tabled and Presented
13.08.02	'A' Block – New Walk Centre	Domiciliary Forum Independent Sector	Consultation Document Poster Leaflet
14.08.02	'B' Block New Walk Centre	City Disability Consultation Group	Consultation Document Poster Leaflet
21.08.02	Douglas Bader	Service Users Day Centre	Consultation Document Poster Leaflet
22.08.02	Voluntary Action Leicester Newarke Street	Voluntary Sector Providers and advocacy groups	Consultation Document Poster Leaflet
28.02.02	South Lodge Day Centre	Key Workers	Consultation Document Leaflet Poster
04.09.02	'B' Block New Walk Centre	Physical & Sensory Joint Planning Forum	Consultation Document Poster Leaflet
05.09.02	'B' Block New Walk Centre	Ethnic Minority Providers	Consultation Document Poster Leaflet Translation Materials
11.09.02	Carers Centre	CLASP Advocacy Forum	Will already have been distributed
11.09.02	'B' Block New Walk Centre	Older Persons Forum	Consultation Document Poster Leaflet

2.5 The closing date for receipt of comments is 13th September 2002.

3. Supporting People

3.1 Some of the issues for local discretion will affect local implementation of Supporting People for whom a similar assessment must be provided if requested. It is felt that consulting the sheltered housing population, and explaining which particular parts of the Fairer Charging guidance applies solely to that group, should take place separately lest the exercise become considerably more complicated. This process is ongoing.

4. Report Author/Officer to Contact

David Oldershaw
Service Director, Resources, Social Care and Health