

Background and current charging process

1. Legislative Framework

Section 17 of the Health and Social Services and Social Security Adjudications Act 1983, gives local authorities discretionary powers to charge adults for non-residential services.

Statutory guidance, “Fairer Charging Policies for Homecare and Non-residential Services” was issued in 2003 under section 7 of the Local Authority Social Services Act 1970.

This was updated by, “Fairer Contributions Guidance: calculating an individual’s contribution to their personal budget”, issued in November 2010. This guidance provides information about how Councils should calculate the user contribution for recipients of a Personal Budget. In future, users of social care services will receive Personal Budgets with which to purchase their support instead of being provided with available services.

The key themes of the 2010 Fairer Contributions guidance are :

- Charges should not be levied for any one service in isolation but for the overall package of care.
- Councils have discretion not to charge for services at all or to charge for services selectively. This will result in a reduction of the person’s personal budget.
- Non personal budget holders should not be treated less favourably than personal budget holders.
- No one should be expected to contribute any more than the financial assessment shows is reasonably practical for them to pay.
- Consideration for charging is not purely budget based, but takes into account service needs.

2 Financial Assessment for Contributions

Currently local residents who can afford to do so are asked to make a contribution towards the cost of their homecare.

Identifying the Net Disposable Income

This is achieved by carrying out a financial assessment which compares the total income from all relevant sources with normal living expenses. Normal living expenses plus an amount for the costs of living with a disability are subtracted from the income and this leaves us with an amount of money which is called the Net Disposable Income (NDI). If someone’s expenses exceed their income then their NDI will be “Nil” and no contribution will be payable. Normal living expenses are calculated at 125% of the basic level of Income Support plus actual housing costs.

Table 1 – Normal living expenses used in calculating Net Disposable Income

Age of service user	Income Support Level +25% per week
60+	£165.75
25-59	£133.82
18-24	£116.87

Welfare benefits advice is offered alongside the assessment to make sure that people receive all the income they are entitled to. In the event that some people choose not have an assessment, or have savings above £23,250, then they are expected to meet the full costs of their care.

Disability Related Expenditure

In Barking and Dagenham, we only include 25% of disability related benefits are included in calculating relevant expenses. This is unusually low. Most Councils in London include between 65 and 75%. By only including 25% of peoples' disability related benefits, it is estimated that a minimum of 344 people are not contributing towards the cost of their care because they live in Barking and Dagenham.

The Council have also applied this formula to the Severe Disability Premium and only taken 25% into consideration rather than 100% in keeping with national practice as it should be part of income support benefits.

3 Calculating Charges and Contributions

The Council heavily subsidises homecare and provides a significant number of services at no cost. This means that any changes will affect many people who currently do not contribute to the cost of services. The transitional protection proposals are designed to phase in changes.

The Council implemented a banding system for charging for homecare in 2003, having previously had a flat rate charge of £10 a week.

The level of banded contribution has risen annually since March 2003 increasing between 2.5% and 3.5%. This system was an attempt to design a contributions policy based upon fairness and ensured that no service users, no matter what their level of need is, pays more than £25.10 per week towards the cost of their care. This is less than the real cost of two hours care.

However, the banded system has proved with time to be unfair as the costs discriminate against people who receive lower levels of services, and in no way reflect the real costs of services as illustrated by the table below. This table shows the new banded charge agreed at Cabinet on 21 December 2010 compared with the real cost of care. The real cost of care is based on the average hourly rate of home care providers in the borough which is £14. It must be noted that the hourly rate agreed for home care full cost clients is still £1.75 lower than the average hourly cost of home care provision.

Table 2 – Current banding for home care

Current banding	Hours per week	Maximum Charge	Range of real cost of care	Current Contributors
Lower band	0 - 2	£19.60	Up to £28	2%
Middle band	2 - 10	£22.50	£28 to £140	49%
Higher band	10+	£25.10	£140 to £1372 (for 98 hours)	49%

Currently, 40 (4%) of all home care packages cost over £1,000 a week and another 55 (6%) home care packages are costing over £500. The maximum charged is £25.10. These charges can be compared to Redbridge and Havering where currently people will pay the full cost of their homecare up to £250 and £240 respectively per week.

Currently 3305 people receive community based services, including home care, day care transport and equipment. Of these 1100 people receive on-going services. We currently only charge for home care and of the 922 home care packages, 58 (5%) people pay the full cost of their care and 167 (15.5%) people pay a contribution towards their care.