

**THE EXECUTIVE**

**23 MARCH 2004**

**REPORT FROM THE DIRECTOR OF SOCIAL SERVICES**

<b>SOCIAL SERVICES CHARGING AND BENCHMARK PRICES FOR 2004/5</b>	<b>FOR DECISION</b>	
<p><i>This report requires a decision in respect of the level of charging and payments for a variety of Social Care Services in 2004-5.</i></p> <p><b><u>Summary</u></b></p> <p>This report reviews the level of charging for Social Care Services for 2004/5 and proposes Benchmark Prices for Care placements.</p> <p><b><u>Recommendation</u></b></p> <p>The Executive is asked to:</p> <ol style="list-style-type: none"><li>1. Endorse Option 2 for the level and range of non-residential charging at Paragraph 4.3 of the report;</li><li>2. Endorse Supporting People Charging as outlined in paragraph 6.3 of the report;</li><li>3. Endorse the level of charge for Welfare Meals as per paragraph 8.4 of the report;</li><li>4. Agree the Residential and Day Care charges for other Local Authorities (and full payers) together with benchmark prices alluded to at Paragraph 10.5 , 10.6 , and 10.7 of the report; and</li><li>5. Agree the level of charges for Nursery Places at Paragraph 9.1 of the report.</li></ol> <p><b><u>Reason</u></b></p> <p>To implement the required changes to the above charging from the 12th April 2004 (the date at which state benefits are increased), except for Nurseries from 1 May.</p>		
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## 1. **Background - Social Services Charging**

- 1.1 This report takes forward previous reports to the Executive on charging for Social Care services. It presents options and makes recommendations regarding levels of charges for the 2004/5 financial year.
- 1.2 There is statutory guidance “ Fairer Charging “ on Councils in deciding on charges for any non-residential services .The Guidance was issued under Section 7 of the Local Authority Social Services Act 1970, as such the Guidance is mandatory and must be followed if the Council implements a non-residential charging scheme.
- 1.3 To recap, the framework described by the guidance includes a number of key points, the main ones being:-
- The Fairer Charging guidance requires non-residential charges to take account of both the users ability to pay and the level of service received.
  - The level of charge should be set in order to prevent service users net disposable income from falling below basic levels of Income Support plus a 25% buffer (£132 per week for 2004/5). Service users with an assessed weekly income below this level **should not be charged**. This requirement in effect necessitates the need for a form of means test to be undertaken.
  - Full account should be taken of an individual’s disability related expenditure when assessing net income available for charging. Previous charging policies had assumed disability benefits are a form of income to pay charges. It is strongly argued by User Groups that these allowances are entirely to meet the additional costs related to disabilities (i.e. heating, clothing, aids and equipment) and not to pay for care.
- 1.4 The Fairer Charging Guidance is very similar in its principles to the Council’s Charging Policy Commission. The Council set up a Policy Commission on Charging in 2001. The commission recommended that full cost recovery charges should be levied wherever possible, and where powers exist for all services except where subsidies are agreed to meet community priorities.

## 2. **Current Charging Policy and (Income Base)**

- 2.1 Social Services charging policy was revisited last year , with the introduction of new guidance eluded to at 1.2 (Fairer Charging) This was informed by a Consultation process with Users . It is not proposed to change the policy this year, and only to review levels.
- 2.2 Income levels from Service Users is not large, being in the order of £200k for home care and £4m for residential and nursing care. Total gross expenditure in Social Services is in the region of £100m.

2.3 The current charges for Home Care services are:

<b>Bands of Services</b>	<b>Charge 2003/2004</b>
0 to 2 hours per week	£15.00 per week
2 to 10 hours per week	£17.50 per week
10 hours plus per week	£20.00 per week
Variable – Full paying Service Users	£7 per hour of service

2.4 Welfare meals (meals on wheels) are provided to approximately 360 clients per week, by Appetito Catering Services and the current charge to the Service User is £1.86 per meal.

2.5 Residential care charges are governed by statute (National Assistance Act 1948), whereby services users are financially assessed (including their properties) to pay towards their care. The charges levied on Users range from between £84 and £490 per week. The full charge also applies to other Local Authorities who place people in Barking & Dagenham establishments, although this is rare.

2.6 Charging can also be viewed as a component to contribute to service change and promoting inclusion and independence. Current Policy is that the department only charges for traditional residential and home care services, not for supported or sheltered employment, or for forms of independence building support.

2.7 There are some services Social Services currently do not charge for, these are Transport, Day Centres and Clubs, and Mental Health services. The Council also has the power under Schedule 3 of the Childrens Act 1989 to make a charge for Childrens Services. At present (in line with the vast majority of Boroughs) the council does not charge, but retains the option to charge in appropriate cases.

### **3. Ability to Pay and Assessment Process (“Means Testing”)**

3.1 Social Services provide services to some of the most disadvantaged residents in the Borough. Consultation found that many clients find the financial assessments required under the statutory guidance as being intrusive and confusing. Complex means testing is also labour intensive and has its own costs, which may outweigh the income generated, (particularly in a Borough where residents have demonstrably low incomes, poor health and disability levels). Therefore, given the above factors it was agreed that the financial process and assessment adopted include the following aspects.

- 75% of a users disability benefits will be disregarded for charging purposes, to go towards their additional disability related expenditure. Service users have the option of asking for a full review if they feel that their disability related expenditure is greater than this. This is not un-common in low income Boroughs.
- There are approximately 10 questions to ascertain a client’s weekly income, largely in a simple tick-box format.

- In line with residential care statutory guidelines for 2004/5, a service user with in excess of £20,000 capital (i.e. savings and investments) will be assessed to pay the full cost of their services (based on current average unit costs). Approximately 5% of Service Users fall into this category.

3.2 Members are advised that the above policy and approach, has greatly assisted Users in completing their assessment forms, and has kept financial administration to a minimum.

#### 4. **Charging Levels for Home Care – Options**

4.1 Home care income reduced with the introduction of Fairer Charging, due to the number of service users falling into the non paying income support levels. Currently, approximately 75% of current service users do not pay and receive a full subsidy. This is not un-common in low income Boroughs, some neighbouring Boroughs do not levy a charge at all, as the costs of the assessment and collection process outweigh the revenue collected. .

4.2 Three options for Home Care charges are provided for illustrative purposes. It is recommended to go for Option 2, which represents a £1 per week increase for the 100+ users assessed to pay ( approx 5% increase ) , and an increase of £0.50p per hour for full payers ( approx 38) . Option 3 is based upon a full cost recovery, but is included for indicative purposes only, and is included to give an indication of the levels of charge required for full cost recovery. It is not viable due to service user income levels in the Borough.

4.3

##### **Option 1 – increase current charges by 2.5%**

Hours of Service Per Week	Charge Per Week £	Subsidy Per Week £	Service Users	Annual Income £k	Estimated Subsidy PA
Up to 2 hours	15.40	4.60	5	4	1k
2 to 10 hours	18.00	32.00	68	64	113k
10 hours plus	20.50	129.50	45	48	303k
Variable	Full cost £7.20	0.00	38	75	0k
Total			156	£191k	£417k

##### **Option 2 – increase current charges by approx 5%**

Hours of Service Per Week	Charge Per Week £	Subsidy Per Week £	Service Users	Annual Income £k	Estimated Subsidy PA
Up to 2 hours	16.00	4.00	5	4	1k
2 to 10 hours	18.50	31.50	68	65	111k
10 hours plus	21.00	129.00	45	49	302k
Variable	Full cost £7.50	0.00	38	80	0k
Total			156	£198k	£415k

### Option 3 - Full Cost Recovery

Hours of Service Per Week	Charge Per Week based on Full Cost £	Service Users	Full Cost £k	Estimated Subsidy PA
Up to 2 hours	20	5	5	0
2 to 10 hours (Ave. 5)	50	68	177	0
10 hours + (Ave 15)	150	45	351	0
Variable	Full cost £7.50	38	80	0
			£613k	£0k

It should be noted that even if Members chose to adopt Option, 3 because of the means test, actual income collection would not be significantly different to 1-2. Assessment information has indicated that approximately 75% of clients who are assessed to pay have less than £30 of assessable income to pay charges.

## 5. Other Service Areas (currently not charged)

### 5.1 Transport Services and Day Care

It is not recommended by Social Services that Policy changes, and charges be made for transport and day centres at this stage (approximately 100 clients). The Education Department have previously advised that under the Public Passenger Vehicle Act 1981, the direct or indirect charging for transport services will contravene current fleet licensing regulations. It is also estimated that charging in this area will result in minimal income due to the assessable income of the client groups (possibly 15 to 25 clients only). The majority of them who could pay will be assessed to pay for home care services also. This service to Users is thus subsidised fully, in the order of £900k per annum.

### 5.2 Frail Elderly Centres

The Council is commissioning approximately 120 places at 5 Frail Elderly Centres since May 2003, the majority (estimated at approximately 80 %+ ) of frail centre users will also be receiving home care and are thus being assessed accordingly for those services. A separate charge would not raise significant income due to clients not having sufficient disposable income to pay (if anything) on top of their home care charge of up to £20. This service to a very frail elderly client group is thus subsidised fully by approximately £100 per week (approximately £650k per annum).

### 5.3 Mental Health Day Care Clients

Under Section 117 of the Mental Health Act 1983, it is not permissible to charge mental health clients for services (deemed as aftercare services). A significant number of clients fall under the provision of S117. It is also proposed to continue to not charge the remaining non S.117 mental health clients. They are not receiving the traditional homecare services as other client groups. The service is more a “bridge to independence”, and a “key to engagement” with the emphasis on maintaining a contact with clients who might otherwise disengage. A charge for such services is likely to discourage service users from engaging. It is estimated that the costs of this subsidy is in the order of £20k per annum.

5.4 All areas of non-charging will be reviewed during 2004/5 and annually for reconsideration.

## **6. Supporting People**

6.1 Supporting People is a complex piece of legislation, it is a relatively new (2003/4) revenue funding regime for the Support Housing sector. Supporting People unifies various funding streams (e.g. the support element of Housing Benefit, Supported Housing Management Grant, Probation Accommodation Grant, and Home Improvement Agency funding). A budget of £5m is paid to a range of service providers (e.g. LBBB Housing, Outlook Care, London Quadrant) via contracts.

6.2 Where services are eligible for client charging, the contracts will be paid to the providers net of the estimated income collected from clients. Collection of charges will remain with the service provider, and the financial assessment of clients to pay charges is aligned with Fairer Charging Guidance.

6.3 Supporting People users receiving Housing Benefit are exempt from charges. The remaining clients (approximately 10 to 20%) will be paying charges which range from £12 to £45, depending on the diverse range of support services offered by each provider. The charge is based on full cost recovery.

6.4 People living in Council sheltered accommodation are receiving a Supporting People service and this includes the warden and Careline service. The funding for these services has been un-pooled from the Housing Revenue Account and is paid as SP Grant. This service is also subject to a charge and is £12.77 p.w.

6.5 Existing tenants prior to the inception of the Supporting People regime as of the 31<sup>st</sup> March 2003 have not been paying for this service and will be transitionally protected. The length of the transitional protection is locally determined and lasts until the first scheme review (prior to 2006), at which time we can assess the funding needed to protect people for the duration of the tenancy.

## **7. Welfare Benefits Advice**

7.1 We have had considerable success with Independent Sector partners in increasing benefits uptake in recent years. Social Services has a service agreement with the Disablement Association to provide benefits advice to Borough residents and service users. We will continue to work with partners to ensure service users maximise the uptake of benefits.

## **8. Welfare Meals**

8.1 In line with other charging it is proposed to increase the charge to service users for Welfare Meals. Currently Appetito (External Meals Provider) is providing an estimated 130,000 meals (full year figure) and their charge is £3.93 per meal to the Council. Approximately 360 service users benefit from the service. The charge to Social Services is determined in accord with demand levels, as per the contract.

- 8.2 Currently service users pay £1.86 per meal (representing a £2.07 subsidy per meal). The meals service is categorised as 'moderate plus' service in terms of "Fair Access to Care Eligibility Criteria " , i.e. a service that should be provided to prevent a person falling into critical / substantial care needs , thus justifying the subsidy levels in the region of £260,000 per annum.
- 8.3 Appetito will be increasing the charge for their meals in accordance with demand levels and allowable inflation from September 2004 (the anniversary of the contract) – and it is estimated that the increase will take the price to approximately £4.05.
- 8.4 Members are recommended to apply to service users a 6.5% increase from £1.86 to £1.98, in effect matching Appetito's expected increase of 12p to the Council, which would maintain current subsidy levels at just over £2 per meal.

## **9. Nursery Charges**

- 9.1 It is necessary to review Nursery Place Charges to working parents at Eastbury and Kingsley Hall Nursery – It is proposed to increase the current charge of £110 p.w. to £135 per week from May 1st to further eliminate the subsidised cost of a placement (full cost circa £150 p.w.) – This is felt acceptable in the current "market "and is further supported by the benefits available to working parents to help towards such costs. The policy of eliminating the subsidy is in line with the Early Years Development and Childcare Partnership (EYCDP) recommendation.

## **10. Charges to Full Cost Fee Payers and Other Local Authorities for LBB&D Residential and Day Care Places in 2004/5 and Benchmark Prices.**

- 10.1 It is necessary to determine the charge to be applied to other local authorities on the occasions where their residents occupy places in the Council's residential homes and day centres. The charge also applies to a relatively small number of London Borough of Barking & Dagenham residents (approximately 5%) who are financially assessed to pay full costs for their residential care.
- 10.2 Basically the method of calculating the charge is the estimated running costs of the homes divided by the number of places provided (i.e., a full cost recovery basis), subject to a statutory means test for contributions under the National Assistance Act 1948.
- 10.3 Proposed Charges for 2004/5
- 10.4 The proposed charges are based on the principle mentioned in 10.2 above. Previous advice of the Director of Finance Officer that all income estimates should be increased in aggregate of at least inflation has also been a salient factor in determining charges.
- 10.5 The proposed charges are summarised below and will come into effect from 12<sup>th</sup> April, 2004.

	<b>Present Charge</b>	<b>Proposed Charge</b>
Elderly Residential Homes	£460 pw	£505 pw
Learning Disability Res. Homes	£710 pw	£726 pw
Mental Health Day Centres	£28 per day	£29 per day
Gascoigne Centres	£47 per day	£50 per day
Heathlands	£120 per day	£123 per day*

\* Up to 3 sessions per day (at £41 each)

## 10.6 **Benchmark Prices 2004/5**

With regard to Nursing Homes, this Authority has a 'bench-mark' price of £490 per week. This is the limit at which the Authority would normally pay for nursing home accommodation and the level at which if exceeded, residents' relatives would normally be asked to 'top up' charges. Given extremely competitive current market conditions, and after consultation with the Director of Older People's Services, Placements and Commissioning Managers, it is recommended that Members endorse a benchmark price of £515 (+5%) for 2004/2005. This will also facilitate speedier discharge from hospital, and prevent un-necessary Fining by the Hospital Trusts.

- 10.7 It is also proposed to increase the bench mark price for residential homes from £387 to £406 (i.e. a 5% increase). Again this is the limit at which the Authority would normally pay for older people's residential accommodation, and the level at which, if exceeded, residents' relatives would normally be asked to 'top up' charges. As alluded to the market for residential care beds is becoming extremely competitive, the increase in benchmark will allow the department to continue to place clients speedily and local.
- 10.8 The benchmark prices also act as guidelines and limits for packages of community care, in accord with the Department's Scheme of Delegation.

### **Background Papers**

- Department of Health – Charging for Residential Accommodation Guide
- National Assistance Act 1948 – (Assessment of Resources Amendment) Regulation 2002
- Fairer Charging Statutory Guidance – Department of Health 2001/2002