

CHESHIRE EAST COUNCIL

REPORT TO: Cabinet

Date of Meeting:	14 March 2011
Report of:	Adult and Community Health & Wellbeing
Subject/Title:	Adult Services Charging Policy Review
Portfolio Holder	Cllr. R Domleo

1.0 Report Summary

- 1.1 A formal consultation on Adult Services Charging Policies and Scheme of Delegated Commissioned Care Charges occurred between 2 November 2010 to 31 January 2011, to seek views on options available to increase income to enable reinvestment in front line services. This consultation addressed the inequity between commissioned care service charging and personalised services.
- 1.2 A summary of the consultation responses, Equality Impact Assessment and proposed Scheme of Delegated Charges is attached to this paper. The full detailed responses to consultation are available on the Cheshire East Council website and the Members page within Adult Services Intranet.
- 1.3 In summary, people generally accepted that there would be an increase in care costs but were not happy to see this set at 100% of disposable income as a contribution. Many people objected to the charging policy outright and felt income could be generated through alternative means such as officer pay or council tax increases. Increases to flat rate fees for Transport and Meals were generally accepted as having to increase to protect valued services.

2.0 Decision Requested

- 2.1 Agreement to set the Scheme of Delegated charges (including flat rate fees for Transport) at a suitable level to remove significant subsidy from commissioned care prices. This to include Council overhead costs and enable the recovery of additional income from customers who can afford to pay, whilst ensuring the level of charges provide Care4CE with competitiveness in the open market.
- 2.2 Note that customers will continue to have the choice to meet their needs in the open market through a personal budget as an alternative to choosing commissioned care services.
- 2.3 To levy a one-off administrative charge (approx £400 to cover the costs of administrative and legal time) for deferred charge agreements.
- 2.4 To apply interest at contract end to deferred debt at base rate plus 5%, capped at 8% whilst base rate is below 7.5%, then base plus 1%, in accordance with statutory guidance.

- 2.5 Approval to maximise the use of Direct Debit for income collection. Offering this as the preferred payment option in new cases and applying an administrative fee to those who could pay via Direct Debit but chose to pay through alternative methods.
- 2.6 Approval to maximise the use of the Empower processes as the primary method of receiving a Direct Payment and as the single option to new service users unless in exceptional cases and where legally required to commission services on behalf of the customer.
- 2.7 Agreement to move to a process where the Council encourages net payments to care providers through revised contract terms, thus reducing Council overheads in income collection.
- 2.8 Agreement to introduce a one-off charge for the administration of managed individual personal budgets by the Council, should the Council's provider service (Care4CE) move to be able to trade independently, and for signpost access to Third Sector support, where the customer can reasonably afford to pay a suggested charge of £25.
- 2.9 Approval to explore options to streamline the Council's Appointeeship and Deputyship system via electronic banking/Empower processes and to introduce a moderate annual fee for administration of the service where possible from interest gained on accounts.
- 2.10 Approval to remove subsidy from the Non-Residential charging formula taking account of the strong public view not to increase this to 100%. This is currently set at 90% of disposable income taken as a maximum charge. It is proposed this moves to 97%, from 9th April 2011, however the impact of this change should be reviewed again at 2012/13 to consider a move to 100% of disposable income as a charge from April 2012, subject to Cabinet approval.
- 2.11 To consider the strong public opinion to the Council's proposal to extend the Non-Residential Charging policy to include strategically commissioned care services for carers and to withdraw this proposal from consideration.
- 2.12 Agree to extend the Non-Residential Charging policy to recipients of Independent Living Funds subject to guidance on the continuation of this funding.
- 2.13 Agree to revise and tighten the disability expenditure assessment framework to ensure consistent and fair application and to account for personal budgets which cover many disability costs reducing the dual funding in this area.
- 2.14 Approval to review the structure of charges within Extra Care Housing by mid-year 2011; to move away from banded average charges to actuals based on hourly provision, aligned to hourly home care charges. To protect those people who receive no care services in their own right (partners of service users or people who have made a life-style choice), at their current contribution through transition and as part of the full review of charges to introduce a Health & Wellbeing charge.
- 2.15 The hot meals unit price to the customer will remain at the current level of £3.25 per meal whilst the contract is reviewed due to the reduction in demand for commissioned hot meals and increased private sales. To agree that care managers from April 2011 offer a personalised service to new customers directing people through the open market for their provision of meals, with support as required, only commissioning meals in exceptional circumstances and where legally required to do

so. Adult Services will support ineligible Hot Meals service users to access private purchased meals, Extra Care Housing Restaurant, brokerage, re-ablement services to promote independence, IT training to facilitate on-line ordering, personal budget via Empower Card removing the need for cash transactions or assisted technology for checking on safety of customers who have no other services.

- 2.16 To charge customers for the actual number of double handed staff hours of care commissioned subject to the means test, removing inequity between those who choose commissioned care and those who have their care provided through a personal budget where subsidy is already removed.

3.0 Reasons for Recommendations

Customer Impact:

- 3.1 Adult Services support approximately 4000 people in the community.

3.2 *Moving to 97% of disposable income as a contribution would affect:*

- 53% (2139) people are not able to contribute towards their care services and will feel no impact of these proposals unless receiving meals or transport services.
- 7% (280) are paying the full cost due to high capital and are likely to see a 7% increase in their charges. These people could be supported to access alternative care from the open care market if that is their choice.
- 36% (1416) people are paying an assessed contribution towards their care and are likely to see on average a 4% increase (£1.58 per week per person on average).

3.3 *Deferred Charges*

- Approximately 3 new deferred arrangements are made each week - from April 2011 each new deferred agreement would include an administrative charge to cover the costs to the Authority of land registry searches, legal charges being placed, renewed and removed, legal and administrative time..
- One deferred charge contract is due to be settled per week on average, applying interest on the 1st day due rather than 56 days after the contract end would encourage prompt settlement of new and existing agreements (subject to legal advice).

3.4 *Admin Charges*

- Approximately 300 Corporate Appointeeships and 20 Deputyship cases are managed by Adult Services where the customer is not able to manage their own finances. The proposal is to modernise banking processes to make efficiencies and to attract interest on accounts and to levy an annual fee of around £25 per annum on appointeeship accounts once the review is completed.
- Around 2 people every 4 weeks are referred onto brokerage services for assistance to arrange their own care. These are people who can afford to fund their care privately due to high capital. It is proposed Adult Services levy an administrative charge of £25 per person for signposting to a service which the Council funds.

3.5 Flat Rate Charges

- 7% (289) people receive a commissioned hot meal at a charge of £3.25 per meal. The Council incurs the costs of invoicing and income collection averaging out at a cost to the Authority of £6 per meal. 210 people are likely to be ineligible for the meals service as they receive no other care service. Removing ineligible users would force a full review of the contract. As demand for commissioned meals has declined over the year, the actual cost per meal to the council by the provider will be reviewed to £5.91, to be implemented from January 2011 in line with the contract terms and conditions. It may be possible to negotiate an equalisation of price with the current provider to around £5.25 per meal for a private meal (currently costing £5.77) and a commissioned meal cost to the Council. There is no incentive for an eligible individual to purchase their hot meal directly from the provider whilst the cost through the Council remains at £3.25. To facilitate choice and personalisation via alternative providers would require Cabinet approval to increase the cost of a commissioned meal to £5.25 (subject to negotiation with the current contractor).
- 10% (420) people use Adult Services Commissioned Transport to and from day care. The proposal is to increase the flat rate charge from £2 to £4 per one way trip. Consultation showed people to be willing to pay up to £4.55 per one way trip. The future of fleet transport and associated unit price is detailed in a separate paper for Cabinet consideration.

- 3.6 As government funding is reduced at a time when greater demands are placed on social care services, many local authorities are looking for ways to raise additional income.
- 3.7 Other Local Authorities such as Liverspool, Manchester, Lancashire and Warrington are consulting on their charging policies. The Council's nearest neighbour, Cheshire West and Chester revised their non-residential charging policy in 2010, moving to recover 100% of disposable income as a contribution.
- 3.8 Cabinet expect Adult Services to raise an additional £450k in income in the 3 years from 2010/11 through to 2012/13 (phased £100k/£150k/£200k). These targets are part of the existing 2010/11 Medium Term Financial Strategy that has been rolled forward. The proposals for 2011/12 include a further increase of income for the Adults service of some £500k, over and above the policy that commenced in 2010/11, requiring £650k of additional income to be generated during 2011/12. This report details how £510k will be generated during 2011/12, with further work in hand to detail how the balance of £140k will be generated.
- 3.9 A major strand of achieving these targets will be moving from commissioned care packages to personal budgets for new and existing service users, as consulted on in 2008/09 "The Personalisation of Services".

4.0 Wards Affected - All

5.0 Local Ward Members - All

6.0 Policy Implications :

- **Adult Services Fees and Charges Policy:** To be prepared following consultation and Cabinet approval of changes.
- **Public Information:** in accessible format for all. Brokerage exists to assist customers to access alternative services where needed.
- **Whole System Commissioning:** Children's, Adults Services and Health – welfare benefit advice and information to ensure maximum take up of benefits through partnership working.

7.0 Financial Implications 2010/11 and beyond (Authorised by the Borough Treasurer)

- 7.1 The anticipated savings or additional income from implementing these changes are set out below:

£185,000	Removing subsidy from commissioned care prices, although some people may choose to purchase their care privately and so this figure would reduce.
£165,000	Move to 97% of disposable income as a client contribution
£60,000	Application of administrative charges on deferred debt
<u>£100,000</u>	Annual welfare benefit increase
£510,000	Total full year effect

- 7.2 Transport charges will generate a further £200,000 income towards transport saving targets subject to current volume of customers being maintained, it is anticipated that some people will choose to find alternative transport due to the price, others will be reviewed and provided with alternative transport in accordance with a programme of transition. This income target is accounted for within the £800k reduced cost of providing transport that the Adults service is required to deliver in 2011/12.
- 7.3 Meals charges remaining at £3.25 per meal will cost Adult Services a further £52k net per annum on top of the current £104k net costs based on current volume, for a full year which will impact on the meals saving target of £100k. This additional cost will need to be met from elsewhere within Adult Services. It is anticipated that the trend for people choosing to purchase directly from their current supplier will continue and will result in the contract for meals becoming unviable early in 2011/12 as the volume reduces to an unsustainable level.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 Section 17 of the Health and Social Services and Social Security Adjudications Act 1983 gives councils a discretionary power to charge for certain non-residential services. The charge can be set at any level that the authority considers reasonable, subject to complying with other legislation in respect of charging and trading.
- 8.2 The current guidance in respect of charging is contained in 'Fairer charging policies for home care and other non-residential social services: Guidance for Councils with Social Services Responsibilities' issued in September 2003. Under this guidance a local authority is required to consult if considering changing its charging policy.

- 8.3 Statutory guidance is issued by the Department of Health in “Charging for Residential Accommodation Guidance” which is applied to all long or short term residential/nursing care commissioned services in England.
- 8.4 The changes being proposed to the Charging Policy comply with statute and the relevant guidance.
- 8.5 Cabinet should satisfy itself that the consultation undertaken has abided by Case law which states that consultation must contain four elements:
- 1 It must be at a time when proposals are still at a formative stage
 - 2 It must give sufficient reasons for any proposal to permit of intelligent consideration and response
 - 3 Adequate time must be given for any consideration and response
 - 4 The result of the consultation must be conscientiously taken into account in finalising any proposals
- 8.6 In order to comply with the final requirement (as set out in the previous paragraph) for proper consultation, members of cabinet should ensure that they have familiarised themselves with the views expressed during the consultation period and ensure that those views are taken into account in any decision made.
- 8.7 When a Local Authority is considering amending policies it should assess the actual or likely affect of its policies on the community in respect of gender, racial and other equality issues. To ensure that these issues have been considered and appropriately taken into account, an Equality Impact Assessment has been completed before presenting the recommendations to Cabinet. A copy is attached and, as with the consultation, Cabinet should ensure that the results of that assessment are taken into account when making its decision.

9.0 Risk Management

- 9.1 There is a risk of vulnerable people refusing services due to the cost of care. Adult Services would ensure that the financial assessment is fair and affordable within the individuals means and will offer financial assessment review where someone falls into debt or where someone appeals their charge assessment following established processes.
- 9.2 Some individuals may be unable to pay their care costs by Direct Debit as they operate a basic bank account. Individuals will be supported through the Empower processes which will offer a solution in most cases.
- 9.3 Long term care charges will be implemented at a point when the financial systems within Adult Services change to facilitate new payment and charging processes – these processes require testing and there is a risk that these revised charges may not be implemented within year.

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