

Agenda



Cabinet Member for Adult & Community Services

Date: Tuesday, 15 December 2015

Time: 10.00 am

Venue: Cabinet Member's Office

To: Councillor P Cockeram

Item		Wards Affected
1	<u>Fairer Charging Policy and Service Charge Rates 2015-16</u> (Pages 3 - 12)	All Wards

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Report

Cabinet Member for Adult & Community Services

Part 1

Date: 15 December 2015

Item No:

Subject Fairer Charging Policy and Service Charges Rates 2015/16

Purpose To consult with the Cabinet Member for Adult and Community Services on revised service charges for 2015/2016 and amendments to the Fairer Charging Policy

Author Matthew V Evans – Finance & Income Manager

Ward All

Summary This report seeks approval for the following:

- to make adjustments to the service charges in 2015/16 for residential, day care and domiciliary services so that they more accurately reflect the cost of these services to the Authority;
- To update the Fairer Charging Policy matrix and remove the Severe Disability Premium additional disregard rates.

Proposal To implement revised service charges for residential, day care and domiciliary services for 2015/16 from the date the report is agreed. To update the Fairer Charging Policy matrix and the removal of the Severe Disability Premium additional disregard rates as agreed in February 2015 cabinet budget setting process.

Action by Chris Humphrey, Head of adult and community Services

Timetable Immediate

This report was prepared after consultation with:

- Corporate Director - People
- Head of Adult and Community Services
- Social Services Accountant
- Legal Section
- Business Improvement Team

Please list here those officers and members you have consulted on this report.

- Chris Humphrey
- Darren McCarthy

Signed

Background

Service charges are set to enable the Council to cost packages of care for those Service Users who are charged for residential and non-residential services received. These service charges also form the basis of any Inter-Authority charges for Service Users receiving care from Newport City Council that have been placed by other local authorities.

Residential Services

With regard to Newport City Council's provision of Residential Homes, there are currently 65 long term placements. All residents are subject to a full financial assessment under the Government's "Charging for Residential Accommodation Guide" (CRAG) which determines the contribution, if any, they have to make. The CRAG is used when financially assessing Service Users who may be charged under Section 22 of the National Assistance Act 1948. At present, there are 7 Service Users paying full cost with the remainder paying assessed charges at varying levels dependent on their income and savings, therefore any amendments to these charges will only affect the full cost paying service users.

Details of the service charges that are currently applied and a range of proposed rates are shown in Appendix I as a comparison against the actual cost of the service (Unit Cost Average). It is worth noting that some of these charges would reduce as part of this proposal due to efficiencies that have been made in the budgets, however this would reflect the cost of delivering that service for which we are not permitted to charge above.

For the last couple of years, the charge for the in house provision of Residential homes (Part III) has differed somewhat to the cost of delivering the service whereas service users placed with independent homes are financially assessed against the rate which we pay to the provider. This had resulted in "full cost" service users being charged more when we contract through the independent sector than with our own Part III homes. For 2015/16, it is therefore proposed to amend these charges to more accurately reflect the cost to the Authority and align the rates with the rates that the Authority pays for a similar service in the independent sector. It should also be noted that the adjustments in this respect would only affect the "full cost" paying service users whose capital and savings exceed the current threshold set by the Welsh Government, these currently number 7 people.

It is worth noting that for this years' fee setting process for our internal residential homes, we have assumed an occupancy rate of 92%, to bring this in line with our basis for working out what we need to pay private residential homes, as part of a fee modelling partnership exercise that Newport CC participates in jointly with Torfaen CBC.

Based on current numbers for "full cost" service users in Residential homes, it is anticipated that if the proposed service charges are approved we will be able to raise an additional £675 per annum in charges for residential services.

Non Residential Services

In March 2010 the Social Care Charges (Wales) Measure 2010 was approved. This is the power under which local authorities in Wales now charge for non-residential social services. The Measure replaced all previous legislation and enables Welsh Assembly Ministers to make provisions in charging regulations for non-residential social services. Using these powers the Deputy Minister for Social Services introduced the First Steps Improvement Package from April 2011 which was intended to introduce even more consistency in charging policies between local authorities in Wales.

Welsh Government has advised that for 2015/16, the cap to charge for the full cost of services will be £60 per week. For 2014/15, the charge was £55 per week.

The maximum weekly charge applies predominantly to those service users financially assessed as "full cost" and so Newport's Fairer Charging Policy uses a matrix when setting charges for those service users with an assessed charge. A banding system is in place which applies a set weekly charge to a

range of package costs. This matrix was updated in 2014 as it had previously not been increased since the introduction of the Fairer Charging Policy in 2003 and so had not been reflective of increases to the rates we pay providers for the care they deliver on our behalf. To continue to bring the assessed charge in line with the external costs we pay, It is proposed to uplift these bandings by £3 per week for 2015/16; the existing and proposed matrices are included as Appendices II and III to this report.

Based on current service user numbers, packages and financial assessment profiles, it is anticipated that if the proposed service charges and matrix changes are approved we will be able to raise an additional £130,000 in charges for non-residential services per annum. These proposed changes to the matrix would result in assessed charges increasing by up to £3 per week depending on individual financial circumstances.

As part of the financial assessment applied to Service Users through the Fairer Charging Policy, Newport City Council has always applied an extra, discretionary disregard to those individuals in receipt of Severe Disability Premium (SDP). In effect, this means that they have a “buffer” in addition to the 10% and 35% Income Support “buffers” which were made mandatory when the First Steps Improvement Package was introduced. For 2014/15 the “buffer” currently applied was reduced from 25% to 20%. The “buffer” is a discretionary disregard and it is proposed that the Fairer Charging Policy is amended so that the “buffer” is removed which would allow the Authority to raise an additional £130,000 per annum in charges. In proposing this, it is recognised that 500 Service Users currently receiving this disregard would be affected and see their weekly assessed charge increase and 127 service users assessed as not having to contribute anything towards the services they receive in 2014/15, would become chargeable as their “net disposable income” would increase upto approximately £12 per week.

This proposal is part of the authorities Medium Term Financial Plan (MTFP) and business case 38 and would bring the authority in-line with other local authorities. A full investigation into the financial vulnerability and/or modelling data which would assess and indicate who will be affected is currently underway.

It should be noted that if we apply the recently adjusted unit costs to our Inter Authority charging rates, there would be an increase to the Council in charges raised of approximately £1,548 per annum based on current activity.

Direct Payment Rates

Following an increase in 2014/15 in the hourly rate paid to Direct Payments users to bring this in-line with external providers, there is no proposal to change this for 2015/16. However please be aware that following the closure of the Independent Living Fund (ILF) in July 15, the number of users using Direct Payments could increase, which may have an effect on the rates for the remainder of the financial year.

The proposals contained in this report are made in accordance with:

- Section 22 of the National Assistance Act 1948
- Section 7 of the Local Authority Social Services Act 1970
- The Social Care Charges (Wales) Measure 2010 (replacing Section 17 of the Health and Social Services and Social Security Adjudications Act 1983)

It is proposed to introduce these changes from April 2015.

There are no staffing implications attached to these proposals.

Financial Summary:

There would be no costs involved with the amended charges or Fairer Policy amendments and the Direct Payment rates are already included within the community care budgets so no additional cost would be incurred. Following the introduction of specific software, we are able to set this additional

income from 6 April 2015, maximising the full year. Years 2 and 3 are based on no further changes but in reality charges should be reviewed again at the start of each financial year.

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)	(£130,000)	(£130,000)	(£130,000)	(£130,000)	Income Generation budget Part III Homes budgets Inter Authority budgets
Net Costs (Savings)	(£675)	(£675)	(£675)	(£675)	
Net Impact on Budget	(£1,584)	(£1,584)	(£1,584)	(£1,584)	
	(£132,259)	(£132,259)	(£132,259)	(£132,259)	Across all the above budgets

Risks:

Any increase to a service user's charge could lead to a request for a review which, in accordance with the Social Care Charges (Wales) Measure, can lead to an official complaint if the service user is not satisfied with the outcome of the review. Therefore, if there is a large volume of increases applied to service user charges, it could potentially lead to an increase in the number of requests for review. It should be possible to guard against some of the potential review requests by communicating the reasons for the increased charges i.e. in line with benefit increases and inflationary in terms of the matrix in addition to the need to increase revenue due to Welsh Government funding shortfalls in terms of the non-residential maximum weekly charge. A consistent and transparent approach to assessing the reviews (which is already in place) can potentially prevent an upturn in complaints.

It should be noted that if the decision is made to adjust the SDP additional disregard then, there could be up to 600 service users currently assessed being asked to now contribute more towards the services they receive. In addition to this, with the Welsh Government planning to increase the maximum weekly charge that Councils can impose, there will likely be challenge and/or complaints on more than one aspect of the Fairer Charging Policy.

This situation would need to be monitored closely with additional administrative support potentially needing to be drawn temporarily from other areas. Non-payment of charges is a risk to income collection even before charges are amended but this is already dealt with through the application of the corporate debt management strategy and a dedicated debt liaison officer within Social Services.

Any increase in charges may result in services not being taken up and although this would represent a short term financial gain for the authority it could result in higher cost packages needing to be delivered further down the line. This risk needs to be managed by ensuring all departments and teams are fully made aware of these proposed changes and to ensure social work teams are working closely with service users to ensure they continue to take up the care they are assessed as needing.

It should be noted that all the estimated figures contained within this report are based on current service user numbers, packages and financial assessment profiles. Any deviation from these numbers may bring about changes to the charges that are able to be raised. Also, the impact of the welfare and benefits system reforms are still unknown and this will affect financial assessments, although it is impossible to tell yet just how much of an impact this will have.

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for managing the risk?
Increase in number of reviews and complaints	High	High	Communication, transparent and consistent review processes, liaison with social work teams.	Finance and Income Team
Non-payment	Medium	Medium	Communication, work with	Finance and

of charges			service users to set up repayment plans, application of the corporate debt management strategy	Income Team / Revenue Section
Reduced take up of services	Medium	Low	Working closely with service users	Social Work Teams / Finance and Income Team

Links to Council Policies and Priorities

This proposal links to business case 38 and the MTFP in terms of the increases to service charges and adjustment to the Fairer Charging Policy matrix.

Options available

Option 1 – Do Nothing

This would result in the MTRP and business case 38 being unachieved adding to financial pressures of the authority and a missed opportunity to generate additional revenue for Social Services.

Option 2 – Implement all the proposals in the report

This would generate approximately £130,000 per annum of additional charges for Social Services and the Authority but would also bring charges in line with the actual cost of the service and align them with external providers. This option would also bring the charging matrix up to date in-line with external costs.

Preferred Option and Why

Option 2- Implement all the proposals in the report

This option would bring charges in line with the actual cost of the service and also align the rates with those paid to external providers. In doing this it would be possible to generate approximately £130,000 of additional charges to the Authority per annum and meet responsibilities of MTRP.

Comments of Chief Financial Officer

The £130,000 increase in income as a result of changes to the matrix and the increase in the cap for charges for non-residential service users, is captured within the Council's MTRP process. If option 2 is not implemented, this will mean the non-achievement of this MTRP saving, which will have implications on the service area's ability to avoid an overspend position. The change within the Council's in house residential homes yields a small increase to income but brings the charges in line with that paid to private residential homes, which is a desirable position.

Comments of Monitoring Officer

The proposed revisions to the Fairer Charging Policy and the amended charges are in accordance with the Council's statutory powers under Section 22 of the National Assistance Act 1948 and the Social Care Charges (Wales) Measure 2010. The Council has discretionary powers to set reasonable charges for the provision of both residential and non-residential social care services. In exercising this discretion, the Council has to have regard to statutory guidance, the actual costs of providing the services and also the financial ability of the service users to pay the charges. The MTFP proposals and budget pressures are relevant factors that can be taken into consideration but only to the extent that the current charges do not cover the full costs incurred by the Council in providing these services. The charges cannot be set at a level which exceeds the cost incurred by the Council in providing the services. For residential care, the proposed charges better reflect the actual costs incurred by the Council in delivering the services and also bring the charges for Part III Council residential care accommodation into line with the costs of placements in the independent homes. For domiciliary care, the updated charging matrix and

the removal of the discretionary Severe Disability Premium additional disregard also bring the charges in line with the actual costs incurred by the Council.

Staffing Implications: Comments of Head of People and Business Change

There are no staffing implications as a result of this report. This report is in in line with local strategy and policy.

Comments of Cabinet Member

This report has been approved by the Cabinet Member for Adult & Community Services for circulation.

Comments from Non Executive Members

None received.

Dated: 15 December 2015

APPENDIX I

Unit / Establishment	Unit Cost Average incl. SLA	Current Charge	% Adjustment	2015/16 Charge Proposed
Residential Services / 24 Hour Support (£/week)				
Older Peoples Homes (Part III)				
Blaen y Pant (Older People)	£503.10	£448.84	+13%	£509.00
Parklands	£691.61	£502.37	+1%	£509.00
Spring Gardens	£648.31	£507.15	+0%	£509.00
Supported Living for Learning Disabilities	£834.30	£861.85	-0%	£834.30
The New Willows	£1,526.61	£1,328.83	+5%	£1,395.27
Day Services (£/day)				
Day Services/Opportunities	£54.93	£44.36	+5%	£46.58
Spring Gardens Resource Centre	£54.33	£54.11	0%	£54.33
Domiciliary Services (£/hour)				
In House Home Care	£17.56	£12.29	+5%	£12.90

All of these calculations are based on a 92% occupancy rate, to match the fee modelling work done in relation to service users in private sector homes.

All unit costs are based on proposed 2015/16 budgets.

APPENDIX III

PROPOSED MATRIX FOR NON-RESIDENTIAL WEEKLY CHARGES (+£3/wk)

SERVICE LEVEL	NON-CHARGABLE BAND UP TO INCOME SUPPORT RATES PLUS 45% BUFFER	CHARGABLE BAND ALL OTHER INCOME	SAVINGS BAND £24,000 + FULL CHARGE UP TO MAXIMUM OF £60.00
	CHARGE BAND A	CHARGE BAND B	CHARGE BAND C
£0.00 - £10.00	NIL	£9.00	
£10.00 - £19.99	NIL	£13.00	
£20.00 - £29.99	NIL	£16.00	
£30.00 - £39.99	NIL	£17.00	
£40.00 - £49.99	NIL	£18.00	
£50.00 - £59.99	NIL	£19.00	
£60.00 - £69.99	NIL	£20.00	
£70.00 - £79.99	NIL	£21.00	
£80.00 - £89.99	NIL	£22.00	
£90.00 - £99.99	NIL	£23.00	
£100.00 - £109.99	NIL	£24.00	
£110.00 - £119.99	NIL	£25.00	
£120.00 - £129.99	NIL	£26.00	
£130.00 - £139.99	NIL	£27.00	
£140.00 - £149.99	NIL	£28.00	
£150.00 - £159.99	NIL	£29.00	
£160.00 - £169.99	NIL	£30.00	
£170.00 - £179.99	NIL	£31.00	
£180.00 - £189.99	NIL	£32.00	
£190.00 - £199.99	NIL	£33.00	
£200.00 - £249.99	NIL	£40.00	
£250.00 - £299.99	NIL	£45.00	
£300.00 - £349.99	NIL	£50.00	
£350.00 - £399.99	NIL	£55.00	
£400.00 +	NIL	£60.00	

APPENDIX II

CURRENT MATRIX FOR NON-RESIDENTIAL WEEKLY CHARGES

SERVICE LEVEL	NON-CHARGABLE BAND UP TO INCOME SUPPORT RATES PLUS 45% BUFFER	CHARGABLE BAND ALL OTHER INCOME	SAVINGS BAND £24,000 + FULL CHARGE UP TO MAXIMUM OF £60.00
	CHARGE BAND A	CHARGE BAND B	CHARGE BAND C
£0.00 - £10.00	NIL	£9.00	
£10.00 - £19.99	NIL	£10.00	
£20.00 - £29.99	NIL	£13.00	
£30.00 - £39.99	NIL	£14.00	
£40.00 - £49.99	NIL	£15.00	
£50.00 - £59.99	NIL	£16.00	
£60.00 - £69.99	NIL	£17.00	
£70.00 - £79.99	NIL	£18.00	
£80.00 - £89.99	NIL	£19.00	
£90.00 - £99.99	NIL	£20.00	
£100.00 - £109.99	NIL	£21.00	
£110.00 - £119.99	NIL	£22.00	
£120.00 - £129.99	NIL	£23.00	
£130.00 - £139.99	NIL	£24.00	
£140.00 - £149.99	NIL	£25.00	
£150.00 - £159.99	NIL	£26.00	
£160.00 - £169.99	NIL	£27.00	
£170.00 - £179.99	NIL	£28.00	
£180.00 - £189.99	NIL	£29.00	
£190.00 - £199.99	NIL	£30.00	
£200.00 - £249.99	NIL	£35.00	
£250.00 - £299.99	NIL	£40.00	
£300.00 - £349.99	NIL	£45.00	
£350.00 +	NIL	£50.00	