

NORTH YORKSHIRE COUNTY COUNCIL

CARE AND INDEPENDENCE OVERVIEW AND SCRUTINY COMMITTEE

4 NOVEMBER 2010

Charging and Assessment of Client Contributions

Report of the Corporate Director Adult and Community Services

1. Purpose of the Report

- 1.1 To provide members of the committee with a further update regarding the proposed changes to the way charges for social care services are provided in the community. This is a follow up report to the report dated 3 June 2010 and subsequently presented to members of the Area Committees during July and September (Appendix 1).
- 1.2 To share comments and observations made by members of the Area Committees.
- 1.3 To advise of the next stages of the consultation prior to policy changes being introduced.

2. Background

- 2.1 A report was presented to members of the Care and Independence Overview and Scrutiny Committee on 3rd June 2010. This report outlined the proposed changes to the way charges are levied for social care services provided in the community.
- 2.2 It was requested that that this report was presented to the Area Committees, prior to the planned consultation with service users and representative groups.

3. Update of actions

- 3.1 Officers from Adult and Community Services attended the following Area Committees;

1 July	Yorkshire Coast and Moors
8 July	Craven area
26 July	Selby
29 July	Harrogate
6 September	Hambleton
15 September	Ryedale
22 September	Richmondshire

The report was duly presented and members of each of the committees, having also been provided with a copy of the report, were given the opportunity to ask any questions, make observations or seek further clarification on the proposals being put forward.

- 3.2 A full explanation was provided by officers, including the rationale behind the proposed changes, links to the DoH Fairer Contributions guidance and the principle that people would be charged based on the associated cost of the personal budget. This would lead to a fairer and more equitable charge for services across the County.
- 3.3 The specific example was used to illustrate the inequalities within the current approach; a person receiving day time support in a Day Centre currently paying £2 per day, whereas that same person would pay £16 per hour for day time support, if it was delivered in their own home.

- 3.4 Officers gave reassurance that all charges would continue to be subject to a means tested financial assessment and that clients would be offered a full welfare benefits check to ensure that they were receiving the maximum entitlement to welfare benefits.
- 3.5 New clients would be subject to the proposed revised method of determining client contributions as this would be aligned with the receipt of a personal budget. However existing clients would be offered twelve months transitional protection, following a reassessment of their overall support needs. The reassessments would be completed using a phased approach, taking account of the availability of existing resources.
- 3.6 Adult Services currently support approximately 16,000 people in the community through the provision of a variety of services. Around 9,000 receive a service which is subject to a charge. If the proposals are implemented we would ultimately expect to carry out reassessments of all of these clients to establish a true contribution towards their support services.
- 3.7 The following information illustrates the possible impact of a change in policy of which 31% of clients would not be subject to a charge and 43% partial increase in charge dependent upon the cost of their personal budget.

A further analysis has been completed taking account of the new clients who were subject to a financial assessment, during the period 1 April to 30 September 2010, in relation to the provision of support in the community.

902 new clients were subject to a financial assessment and the outcome of the financial assessment is as follows-

- 619 part payers, i.e. due to the level of capital and weekly income they would be expected to make a contribution towards their support or they declined the option of a financial assessment;
- 283 nil cost i.e. due to the level of weekly income they would be deemed as not able to afford to contribute anything towards their support in the community.

- 3.8 Concerns were raised about the level of disposable income which would be retained following the application of the charge. Consequently it was felt necessary to give a further explanation;

'Disposable income' is the amount of money left from a persons total weekly income after taking account of a number of factors.

This total weekly income could be made up of a number of components including welfare benefits, Income Support/Pension Credit, Attendance Allowance and Disability Living allowance (care component) are awarded to a person because they incur extra costs due to their disability/ill health.

We look at the total weekly income and deduct an amount of money which equates to Income Support/Pension Credit levels PLUS a further 25%

The Income Support/Pension Credit level is the amount of money which Central Government advises that a person needs to live on, to pay for food, utilities and other daily living expenses, as well as taking account of their age, disability and other factors.

NYCC in effect 'gives back' a further 25% over and above that standard figure.

NYCC then only takes 90% of that remaining amount (after giving back the additional 25%) as being available to pay towards charges for support services.

To illustrate:

- A person under 60 in receipt of Disability Living Allowance (middle rate care) would still retain * **£116.81** per week, made up of £65.45, personal allowance, the disability premium of £28.00 plus 25%, **before any charges are made**
- A person over 60 in receipt of Disability Living Allowance (middle rate care) would still retain* **£165.75** per week, made up of the pension credit standard minimum guarantee, **£132.60 plus 25%, before any charges are made**
- A couple, both aged over 60, regardless of income, **would still retain *£253 per week**, made up pension credit standard minimum guarantee of £202.40 plus 25%, **before any charges are made**

**These amounts are to cover food, utilities other sundries and not housing costs which are taken into account separately in the financial assessment.*

Members of the committee are asked to note that the combinations of welfare benefits entitlements are many and varied, according to a persons individual circumstances and the examples above are aimed at reassuring members that the proposed changes to the way we charge for service will not affect those minimum amounts which a person retains.

3.9 A summary of comments and observations is as follows;

- (i) Concerns regarding the amount of 'disposable income' that a person would have left, which could be taken into account as a reasonable contribution towards charges. This has been addressed in paragraph 3.8 of this report.
- (ii) Concerns as to how a person would be able to adjust to a potentially high increase in weekly contributions. This was addressed by way of advising members of the committees that people would be offered a period of twelve months transitional protection to help them to adjust to new levels of charges. Members were advised that other local authorities have charged a more realistic price for services, particularly day care for many years.
- (iii) Observations that the material originally presented to Area Committees was a little confusing so would need to be adapted for use at any subsequent consultation events. This became clearer in later meetings as practical examples were given.
- (iv) Many of the committees asked for a further opportunity to consider the outcome of the consultation process. This will be a matter for the Executive Committee to determine.

4. Next steps

- 4.1 As part of our 'duty to involve', comments and concerns raised have been considered and will be addressed, when planning further consultation within service user forums.
- 4.2 Officers will be required to consult with all representative groups and will use the existing consultation network to facilitate this exercise.
- 4.3 The Equalities Impact Assessment acknowledges that extensive monitoring will be required if proposals are implemented, in order to support people through the transitional period and ensure that no specific groups of clients are detrimentally affected.

5. Recommendations

- 5.1 Members of the Committee are asked to note the progress to date, consider the comments contained in this report and advise of any further modifications to the proposals in light of these comments.
- 5.2 Members of the Committee are also asked to note further, detailed consultation with service users and representative groups, as part of our 'duty to involve'. As part of that further consultation the material previously used will be adapted taking account of the comments and concerns detailed in this report.

DEREK LAW MBE
Corporate Director, Adult and Community Services

4 November 2010

Report author:
L Porritt
Benefits, Assessments and Charging Co-ordinator
Adult and Community Services

NORTH YORKSHIRE COUNTY COUNCIL

CARE AND INDEPENDENCE OVERVIEW AND SCRUTINY COMMITTEE

3 June 2010

Charging and Assessment of Client Contributions

Report of the Corporate Director – Adult and Community Services

1. Purpose of the Report

- 1.1 To inform members of the committee about proposed changes to the way we charge for social care services in the community.
- 1.2 To inform members of the committee about the proposed dialogue with members of the public and a wide range of representative groups regarding the proposed changes.

2. Background

- 2.1 The current charging regime, 'Fairer Charging' came into operation in March 2003. This means that we assess a persons' ability to contribute towards their care and support services, by completing a financial assessment.
- 2.2 The level of income from the existing charging arrangements equated to £6.2m for the year 2009/10 for personal care at home and day care services.
- 2.3 The changes in charging are necessary as a result of guidance issued by the Department of Health 'Fairer Contributions'. This is linked directly to the Personalisation agenda and a more detailed report entitled 'Shaping the Future' has already been submitted to the committee on 8 April 2010.
- 2.4 'Fairer Contributions' means that Local Authorities are required to consider the total level of financial assistance being made available through the form of a personal budget. The guidance also advises Local Authorities to consider charging a realistic and consistent price for services and in doing so, adopt a revised and more equitable approach to charging for social care services.

3. THE CURRENT CHARGING PROCESS

- 3.1 The current charging process ('Fairer Charging') means that people are asked to undergo a financial assessment to determine their ability to contribute towards the cost of their social care services. This is calculated using set rates for personal care at home and day care, currently £16 per hour and £2 per day respectively.
- 3.2 As part of the completion of the financial assessment people are also offered a full welfare benefits check, advice and assistance, to ensure that they are receiving their full entitlement to welfare benefits.
- 3.3 It should be noted however that if people have capital of more than the current limit of £23,250 (set by the Department of Health annually) they are expected to pay the full cost for their services.

4. THE PROPOSED CHANGES TO CHARGING ('Fairer Contributions')

- 4.1 Currently the cost of service, for charging purposes is calculated depending on the composition of an individual's care package and according to the policy of the local council regarding charges for personal care at home and day care.
- 4.2 This cost is then compared with the individual's available income, determined by a financial assessment in accordance with the Fairer Charging guidance. Currently, the individual charge is based on the lower value of the cost of service or available income. NYCC policy assumes that only 90% of the available income will be considered against the cost of the service.
- 4.3 Under the proposed new arrangements, the financial assessment process will remain the same, so individual's assessed available income is unaffected by these proposals.
- 4.4 The proposals relate to the basis on which the cost of service is calculated. Services will be costed on a more accurate reflection of the true cost of the service as provided within their costed support plan. Consequently this will remove hidden subsidies for services such as day care.
- 4.5 If the proposed changes to charging are agreed it will mean there is a more realistic basis for the pricing of services.
- 4.6 To smooth the implementation and allow existing clients sufficient time to accommodate the changes, we are proposing to offer transitional protection from the implementation of this charge. This will take place one calendar year from the date of notification of the increase in charge, other than for normal increases in inflation and service changes.
- 4.7 New clients however will be subject to a financial assessment under the proposed new approach once it has been agreed.
- 4.8 Examples of the effects on customers under the existing charging arrangements compared to the new approach can be found in Appendix 1. The case examples are designed to show a number of scenarios, and varying levels of welfare benefits awards, depending on persons' age, i.e. aged under 60 or over 60 and also the degree of disability. For example, Attendance Allowance can be awarded at either the lower rate (£47.80) or higher rate (£71.40). Disability Living Allowance (care component) is awarded at low (£18.95), medium (£47.80) or higher rate (£71.40).
- 4.9 The proposed changes will not affect those people who receive after care services under Section 117 of the Mental Health Act 1983, nor will it affect the financial assessment currently in place for calculating how much a person can contribute towards respite services. Additionally community equipment and minor adaptations continue to be exempt from charging.
- 4.10 The new guidance also advises Council's to take care not to charge more than the full cost of providing the service and in doing so exclude other related costs, for example the costs of assessment and operating the charging system.

5. DUTY TO INVOLVE

- 5.1 From April 2009 Local Authorities have to comply with a new statutory duty to 'inform, consult and involve' people when a major change in policy is being considered.

5.2 The duty requires authorities to take those steps they consider appropriate to involve representatives of local persons in the exercise of any of their functions, where they consider that it is appropriate to do so.

5.3 It specifies three ways of involving that need to be covered, including:

- providing information about the exercise of the particular function;
- consulting about the exercise of the particular function;
- involving in another way;

In this case 'representatives of local persons' does not refer to elected members.

5.4 Taking this into account now requires us to conduct briefing sessions with relevant groups. The approach we have outlined to ensure this obligation is carried out is by consulting with representatives from the Partnership Boards, Area Committees and other interested parties.

5.5 We aim to communicate the changes being placed on us under the Fairer Contributions Guidance and seek views on the approach being proposed as well as the transitional arrangements.

5.6 In order to achieve this we will provide an explanation of the way that the current charging regime is implemented, using a case study approach, covering various typical customer circumstances. We will then explain the effects on those same customers, under the proposed new charging arrangements. (refer to Appendix 1).

5.7 In addition we are proposing a series of questions to be included in the Citizens Panel, these are outlined in Appendix 2 for information and consideration.

5.8 We will ask all participants to express their opinions and issues arising from these proposals.

6. EQUALITIES DUTIES

6.1 We will make sure that we meet our duties under equality legislation, by completing the mandatory Equalities Impact Assessment.

6.2 In addition we will monitor the impact of these changes following implementation and the evolving changes arising from personalisation, procurement activity and market shaping within the care services sector.

6.3 We have recognised the possible impact on service users, by proposing a period of transition being one year from the date of being advised of the new charge except where the increase relates to normal increases in inflation and service changes.

7. OPTIONS

Option One

As this is guidance, we could opt not to change our current charging policy. However the current inequalities between those receiving home based services and day services would continue, resulting in significantly different subsidies from local authority funding.

Option Two

Implement the proposals as outlined in the report and detailed in Section 4. This would remove the inherent inequalities within the charging policy and move towards an arrangement where charges are more accurately reflected in the services being provided, and still within the context of a persons affordability as determined by their individual financial circumstances.

8. RECOMMENDATIONS

- 8.1 The Committee is asked to note the proposed changes to the charging regime, taking into account the requirements placed upon us by the Department of Health 'Fairer Contributions' guidance.
- 8.2 The Committee is asked to note the proposed formal dialogue exercise, to meet requirements under our 'Duty to Involve'.
- 8.3 The Committee is asked to discuss and share their views on the proposed changes to ensure that they too are taken into account in this process

DEREK LAW

Corporate Director, Adult and Community Services

Report author

Linda Porritt,
Benefits, Assessments and Charging Co-ordinator
Adult and Community Services

Appendices

- 1 - Examples of financial assessments now and under proposed new arrangements
- 2 - Questions for Citizens Panel

Example One – current process (personal care and day care for a person under 60)

- Weekly income is £213.85 (£66.75 Disability Living Allowance i.e £47.80 medium rate care component and £18.95 lower rate mobility component and £147.10 Income Support plus premiums)
- less weekly outgoings of £173.35
- leaving them £40.50 (disposable income)
- They would contribute £36.45 (90% of disposable income) towards 5 hours personal care at £16 per hour plus 3 day care sessions at £2 per day.
- The personal care and day care equates to £86 per week (full price)

Example One - proposed new charging arrangements (personal care and day care for a person under 60)

- Weekly income and outgoings remain the same
- This person would still contribute £36.45 (90% of their disposable income) towards their care and support of 5 hours personal care and 3 day care sessions
- The personal care and day care equates to £86 per week (full price)

Example Two - current process (personal care and day care for a person over 60)

- Weekly income is £255.76 (£71.40 high rate Attendance Allowance, £98.58 state retirement pension, £2 tariff income and £83.78 pension credit)
- less outgoings of £194.64
- leaving them £61.12 (disposable income)
- They would contribute £55.01 (90% of £61.12) towards 10 hours personal care at £16 per hour plus 3 day care sessions as £2 per day.
- The personal care and day care equates to £166 per week (full price)

Example Two –proposed new charging arrangements (personal care and day care for a person over 60)

- Weekly income and outgoings remain the same
- This person would still contribute £55.01 (90% of disposable income) towards their care and support of 10 hours personal care and 3 day care sessions
- The personal care and day care equates to £166 per week (full price)

Example Three – current process (day care only for a person under 60)

- Weekly income is £213.85 (£66.75 Disability Living Allowance i.e £47.80 medium rate care component and £18.95 lower rate mobility component and £147.10 Income Support plus premiums)
- less weekly outgoing of £154.40
- Leaving them £59.45 (disposable income)
- They would currently pay £6 for 3 day care sessions per week

Example Three –proposed new charging arrangements (day care only for a person under 60)

- Weekly income is £213.85 (£66.75 Disability Living Allowance, £147.10 Income Support plus premiums)
- less weekly outgoings of £154.40
- leaving them £59.45 (disposable income)
- They would potentially contribute £53.51 (90% of disposable income) for 3 Day Care sessions.
Depending on a more realistic cost of these sessions

Example Four – current process (day care only for a person over 60)

- Weekly income is £255.76 (£71.40 high rate Attendance Allowance, £98.58 Retirement Pension, £83.78 Pension Credit, £2 Tariff Income)
- less weekly outgoings of £194.64
- Leaving them £61.12 (disposable income)
- They would currently pay £6 for 3 day care sessions per week

Example Four –proposed new charging arrangements (day care only for a person over 60)

- Weekly income is £255.76 (£71.40 high rate Attendance Allowance, £98.58 state retirement pension, £2 tariff income and £83.78 pension credit)
- less weekly outgoings of £194.64
- leaving them £61.12 (disposable income)
- They would potentially contribute £55.01 (90% of disposable income) for 3 Day Care sessions, depending on a more realistic cost of these sessions.

**A Revised Approach to Charging for Social Care Services
Questions for Citizens Panel**

The Department of Health have recently issued guidance, 'Fairer Contributions' to all Local Authorities. This requires us to adopt a revised and more equitable approach to charging for social care services. It also requires Local Authorities to charge a more realistic and consistent price for services.

As a result of this we are now proposing to change the way we charge our customers for these services.

Currently the full cost to our clients, for social care services is £16 per hour for personal care delivered at home and £2 per session for attendance at a Day Care. For most people however the charge is much less, being the lower of either the assessed level of disposable income or the cost of these services which they received. People are offered a financial assessment to work out how much they can afford to pay towards the current cost.

Q1 – Do you or any of your relatives currently receive social care and support from North Yorkshire County Council, Adult and Community Services?

YES/NO

Q2 – If YES, did anyone explain how we decide on the amount of money a person can afford to pay for services?

YES/NO

We are proposing to retain the current approach to assessing the level of disposable income however change the basis for calculating the cost of those services being received. Instead of services being costed on national values they will be based on the costed support plan being delivered and received. For example, people are currently charged £2 per day to attend a Day Centre, whilst the real cost of providing such a service is substantially more. By removing subsidies, some people will pay more for their services, however this will be dependent upon their individual financial circumstances.

Q3 – Do you think that this is a fair approach?

YES/NO

If you have any further comments, please write them in the box below